

Benefits of international trade

Better standard of living
More variety for customers
Increase in government revenue
Business expansion
Better relations between countries

Interdependence of countries

One country has to depend on the other country for goods and services
Reasons for interdependence:
Some countries produce goods at a low price
Countries are promoting international trade
Increase in multinational companies

International trade terms

Imports
Exports
Visible trade
Invisible trade

Balance of trade

Balance of trade is
Visible exports-visible imports
Visible products does not include services

Balance of payments

Balance of payments
Visible exports + invisible exports – visible imports + invisible imports

Customs authorities

These are the authorities which control the foreign trade of a country
Keep the record of goods imported and exported
Enforce rules and regulations
Prevent smuggling and other crimes

Main features trading blocs

A bloc of countries which promote trade in between them

They discourage trade with countries outside the trading bloc

Main types trading blocs

ASEAN

European Union

SADC

Advantages of joining a trading bloc

Increase in trade

Consumers get a variety of goods to choose from

Improved relations between the countries in the trading bloc

Produce products at a lower price

Disadvantages of joining a trading bloc

Bad relations with countries outside the trading bloc

Countries may have to implement policies which are not in national interests

Local businessmen might suffer if a country in the trading bloc is providing the same good at a reduced price

Importance of free ports in international trade

Free port encourage trade

Goods are stored in the free port and then transported again

No duties or tariffs are paid on the free ports

Difficulties faced by exporters and importers

Distance

Language

Methods of payment