

INTERNATIONAL TRADE



Modes of Transportation
Ocean/Air/Road/Rail/Terrain



Outside Factors Affecting Trade:
Natural Disasters
Terrorism
Changing Technology
War



Exports-when a country/provider sells its good or services to another country/consumer

Imports-when a country/consumer receives a product from another country/provider

the ability to produce a good service using fewer inputs than another producer

Output per day of work

	Food	Clothing
Country A	6	3
Country B	1	2

Absolute Advantage



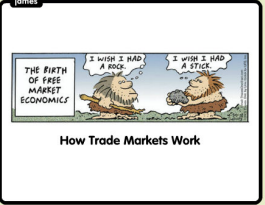
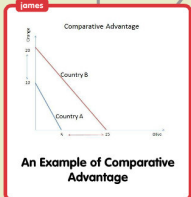
Opportunity Cost- the cost of a good or service measured in terms of forgone opportunity to pursue the best possible alternative activity with the same resources.

Comparative Advantage

Occurs when nations compare the opportunity cost of production for each good and service

Ideal World

Real World



SSEIN1 The Student will explain why individuals, businesses, and governments trade goods and services.
a. Define and distinguish between absolute advantage and comparative advantage
b. Explain that most trade takes place because of comparative advantage in the production of a good or service.