1. What is International Trade/Free trade	- Free Trade is trade between nations that is completely without government restrictions. - International trade is the exchange of capital, goods, and services across international borders or territories.
2. Understand the reasons for trade	- DOMESTIC NON-AVAILABILITY: a nation trades as it lacks raw materials, climate, specialist labour, capital or tech needed to manufacture a particular good. Trade allows a greater variety - COST EFFECTIVENESS: Its cheaper to buy from other countries rather than producing themselves
3. Discuss the ADVANTAGES of Trade	- Specialization is concentrating on the production of goods & services that a country is best at. - Producers have access to larger market thus they can produce more at lower costs & benefit from economies of scale. - Increased competition leads to an efficient allocation of resources - Lower prices for consumers - greater choice for consumers: they have access to variety of goods & services from different producers across globe - Allows for consumption of goods not otherwise available
4. Discuss DISADVANTAGES of Trade	- Overspecialization: too dependent on exporting very few goods or services. In some cases there's one major export - Unemployment - Externalities: increase in world trade has caused more pollution where & increased external costs from transport (air & sea) of finished goods, components & raw materials
5. Understand the meaning of Protectionism	An approach used by a government to protect domestic producers