3 different economies

Market economy
Planned economy
Mixed economy

Market economy

An economy where the resources are managed by the private sector
The government has minimal role, except providing some products

Planned economy

An economy where the resources are managed by the private sector
The government has minimal role, except providing some products

Mixed economy

An economy where both private sector and government play an important role in the allocation of resources

International trade

International trade is the import and export of products

Opportunities for businesses because of international trade

The businessmen can sell their products to a larger number of people
Imported raw materials available
Provide greater variety thus increasing sales

Problems for businesses because of international trade

Duplication of products as the same product may be produced by many countries
The domestic market may suffer due to the entry of multi-national companies

Problems of entering new market

Lack of knowledge
No contacts
Lack of appreciation

FET SYSTEM
Foreign Educator Teaching System

How to deal with this problem

To make aware with the laws and customs
The business should hire some local people in the country
A detailed market research should be conducted to determine the tastes, needs and wants of the people in the country

Impact of competition on business

Competition mostly has positive impact
Businesses strive to achieve efficiency
Sales are reduced as another business is also providing the same king of product
Businesses have to provide greater variety to the consumers

Consumer exploitation in uncompetitive markets

No variety
Businesses charge a greater price for products as there is no competition
Consumer is also exploited by given low quality products
No or bad customer service

Which things affect international trade

Quotas
Exchange rate
Tariff barriers

Impact of Quotas on international trade

Quota limits the number of imported goods entering the country
For example

> The government declares that only 10,000 bars of chocolate can be imported from a foreign country

Quota discourages international trade

Impact of Exchange rates on international trade

An appreciation in a country's exchange rate causes the price of imports to decrease and the price of exports to increase
Imports increase
Exports decrease

FET SYSTEM
Foreign Educator Teaching System

Impact of Tariff barriers on international trade

Tariff is a tax imposed by the government on the goods imported from a foreign country

Eg. Buyer has to pay $3 to the government for every bar of chocolate bought from a foreign country

Tariff barriers discourage international trade