

Trade

Read the text.

International trade is the voluntary exchange of goods and services between people in different nations. For thousands of years people have benefited from international trade, which provides them with products not available in their homeland.

At the basis of international trade are the concepts of specialization and economic interdependence. When individuals or businesses produce a single or very narrow range of products, it is called specialization. Many individuals and businesses specialize because by concentrating their efforts on the production of a narrow range of products they are able to increase productivity.

Specialization, however, leads to a decrease in self-sufficiency. If individuals and businesses concentrate on the production of specific goods and services, they must rely on other people to furnish the remaining products that are needed to satisfy their wants and needs. Economists call such dependence economic interdependence.

Two concepts help people to decide which goods and services to produce for export: absolute advantage and comparative advantage.

Absolute advantage means that using the same resources one nation can produce a product at a lower cost than a second nation. Brazil, for example, enjoys an absolute advantage over the United States in coffee production. The United States, on the other hand, enjoys an absolute advantage over Brazil in many other areas, particularly in the production of manufactured goods.

A nation determines its areas of comparative advantage by calculating the economic benefits received from producing various goods and services. The nation then chooses to specialize in the production of those goods and services that provide the greatest economic benefits. International trade then allows each nation to enjoy the most products at the lowest opportunity costs.

Trade and investment is a two-way street, and with a minimum of trade barriers, international trade and investment usually makes everyone better off.

When a government wants to encourage a new trading partner, it removes restrictions and barriers to its internal market. Countries may also encourage trade by allowing importers and exporters to barter goods. For example, in order to overcome a temporary scarcity of hard currencies in the Soviet Union, Pepsi-Cola traded soft drinks for vodka.

At times, countries might want to encourage imports of foreign goods and services to decrease international tensions resulting from trade imbalances. One way for this is to increase the value of a country's currency, making foreign goods and services less expensive than locally-made products.

Another way to encourage imports is to give the economy a shot in the arm by lowering interest rates, stimulating purchases at home and abroad. This cheaper money usually means more sale of goods such as televisions and automobiles.

One more way would be to reduce cultural barriers that may limit purchases of foreign products.

Some trade barriers will always exist as long as any two countries have different sets of laws. However, when a country decides to protect its economy by erecting artificial trade barriers, the result is often damaging to everyone, including those people the barriers were meant to protect.

Translate the word combinations into Russian:

voluntary exchange

set of laws

absolute advantage

to decrease tensions

to concentrate efforts

make smb. better off

to remove restrictions

trade imbalance

to enjoy an advantage

comparative advantage

narrow range of products

Find in the text the English equivalents and write down them:

международная торговля
удовлетворять желания и потребности
с наименьшими затратами
промышленные товары
наибольшая выгода
торговые ограничения
внутренний рынок
временный дефицит

Watch the video and complete the sentences:

In this day and age, global trade happens on a _____ and involves in almost unimaginable amount of products.
Global trade is simply the _____ between countries. When you ship a product to another country that is _____. When you have a product shipped to you from another country, that's _____.

Global trade is part of our day-to-day life, even the most basic products we buy: bananas, chocolate, coffee- are products that _____ from other countries. Global trade has been happening for centuries. Even before the Egyptians built the pyramids, countries were exchanging everything from precious stones to spices. At one point in history nutmeg was actually more precious than gold. One of our favorite products – chocolate – was imported to California from Mexico in the 1800s. Companies like Ghirardelli in Guittard started to make chocolate with this imported cacao, and today they are exporting their chocolate products to dozens of countries around the world. In fact, only a few decades ago most people in China had never tasted chocolate. Chocolate _____ to be the most imported candy product to China in 2016, much of which will be imported from the United States and Europe. California wines have undergone a similar growth in popularity. Over one billion dollars' worth of California wine _____ around the world last year, most of it to Europe, but also to countries as far away as Nigeria, Singapore.

Global trade can help create, sustain and grow businesses. One California business Seabreacher exports nearly 80% of its _____ – recreational submersible watercraft. Located in Redding California, the company was founded in 2006 by Rob Innes and Dan Piazza. Their interest in design, mechanics and aquatics led them to building custom watercraft. Today they build their submersible watercraft for customers around the globe as far away as place like South Africa, the United Arab Emirates, Australia and Bulgaria.

We tend to think of global trade as applying only to products, but it also has a _____ on services. For instance, the US is a global leader in providing legal services, consulting services,

financial services, and services like royalty and licensing agreements. The US export at six hundred and five billion dollars' worth of services last year alone.

Of course, a huge driver of global trade is the Internet. If you have ever had a product shipped to you from another country, then you are an importer. The web is a platform for both _____ and global trade. Whether your company is very large or very small, the Internet creates an accessible global marketplace for your business. Importing and exporting happens all the time and it has a huge effect on people's daily lives and experiences. Whether you are a _____ that trades globally or just another person in line for a latte, global trade plays an important role in your life.

Render the article

Trump Poised to Announce China Summit Meeting as Trade Deal Nears Completion

By Ana Swanson

April 4, 2019

President Trump on Thursday is likely to announce plans for a future summit meeting with President Xi Jinping of China where the two will try to resolve remaining trade issues and sign a final agreement between the United States and China, people familiar with the matter said.

The announcement is expected to coincide with an afternoon meeting at the White House between Mr. Trump and Liu He, the Chinese special envoy, who has been in Washington this week for discussions with American negotiators.

The United States and China have not finalized a trade deal, and will continue to negotiate over remaining issues in the coming weeks. But an agreement to schedule a summit meeting suggests both sides are eager to come to a compromise that would end months of tensions between the countries and could prompt a rollback of at least some of the tariffs that the United States has imposed on Chinese goods.

Myron Brilliant, executive vice president and head of International Affairs at the U.S. Chamber of Commerce, said administration officials had expressed progress in the discussions, giving confidence to both sides to move forward with a presidential summit meeting.