

## **International trade**

This is the buying and selling of goods and services between two or more countries which is also known as foreign trade

Forms of international trade include multilateral and bilateral international trade

### **Reasons for international trade**

1. Unequal distribution of resources as not all the countries have same material and in same quantity
2. Difference in technical skill and knowhow which leads to different kinds product
3. If the cost of production is cheaper a country can import goods
4. Country get involved international trade to expand their market
5. Difference in climate condition and agricultural product

### **Problems or obstacle or difficulties encounter in international trade**

1. Language problems as countries that speak different languages might find it difficult to understand each other
2. Difference Currency
3. Climatic problem
4. Transportation and communication
5. Problem of distance

### **Domestic or internal trade**

This is the buying and selling of goods and services within a country.

## **Difference between international trade and domestic trade**

1. Domestic trade takes place within the national boundaries while international trade takes place across national boundaries
2. Domestic trade involve one currency whole international trade involve more than one currency
3. International trade goods are moved across national boundaries while internal trade within boundaries
4. In domestic trade there are no trade restriction while foreign trade is subject to trade restriction
5. Domestic trade does not involve balance of payment problems while international trade may involve balance of payment problems
6. Government realizes more realizes more revenue from international trade than in internal trade
7. Domestic trade requires little or no distance while foreign trade involve more longer distance

## **Assignment**

Explain the following

Free trade

Protectionist laws

Infant industries

Tariffs

States 5 reasons why tariff are imposed