

## Economics Chapter 33 – International Trade

1. **Comparative Advantage** – the situation in which a country can produce a good at a lower opportunity cost than another country
2. Nations trade because it is cheaper to buy the good from another nation rather than to make it themselves, or because they can't make it themselves
3. If both specializing in making different products and trade, they will both end up with more than if they tried to make both products themselves
4. **Tariff** – a tax on imports – can be used to protect local industries, or to discourage trade from certain countries
5. **Quota** – a legal limit on the amount of a good that may be imported
6. Some products can't be traded, such as weapons, because national security is at work
7. Restrictions are also used to protect infant industries so they have a chance to grow
8. **Dumping** – the sale of goods abroad at a price below their cost and below the price charged in the domestic market – although this is good to consumers, it puts domestic producers at a disadvantage
9. **Voluntary Export Restraint** – an agreement between two countries in which the exporting country “voluntarily” agrees to limit its exports to the importing country