**Goin’ Global** **Student Notes**

Fill in the blanks as we discuss the multi-media presentation. Keep this as a study guide.

**TERMINOLOGY:**

* NAFTA: North American Free Trade Agreement
* WTO: World Trade Organization
* EU: European Union
* International Trade: The sale of products/services to people in other countries
* Imports: Products/services purchased from another country
* Exports: Products/services sold to another country
* Indirect Exporting: Marketers with exporting experience represent the exporting company; arranges for the sale of products in other countries
* Direct Exporting: Company handles all responsibilities to market products in other countries
* Balance of Trade: The difference between a country’s imports and exports
* Foreign Production: A company owns and operates production facilities in another country
* Joint Venture: Two or more companies in different countries with common interests develop a relationship to join in common business activities
* Multinational Companies: Businesses that have operations all over the world and conduct planning for world-wide markets
* Pre-industrial Economy: Based on agriculture and raw material development; low standard of living
* Post-industrial Economy: Based on mix of business & consumer products/services produced & marketed in the global marketplace
* Gross Domestic Product: The total $ value of all goods/services produced within a country in one year
* Gross National Product: The total $value of all goods/services (including imports) produced within a country in one year
* Quota: Limits on the numbers of certain types of products foreign companies can sell in a country
* Tariffs: Taxes placed on imported products to increase the selling price
* Subsidy: Money provided to a business to help in the development and sale of products
* Standard of Living: A measure of the quality of life for the citizens of a country
* Productivity: The average output by workers for a specified period of time
* Purchasing Power: The amount of goods/services that can be bought with a specific $ amount of money
* Consumer Price Index: The variance in the cost of a specified set of goods over time
* Business Cycle: Consists of 4 stages: Prosperity, Recession, Depression and Inflation

Prosperity

Recession

Recovery

Depression

**U.S. and International Trade**

* The bulk of products that Americans use daily are imported.
* U.S. exports music, movies, cars, airplanes and food items. **International Trade is changing.**
* Raw materials once were an abundant commodity; today makes up less than 1/3 of world’s exports.
* Manufactured good/services are most popular.
* Services (communications, travel, education, and financial) are most popular exchanges between countries.
* Data is transferred via phone, fiber optics, or satellite on a daily basis.

**Businesses are Going Global**

* Markets are changing.
* Foreign markets are enticing to domestic businesses who experience dropping sales & profit.
* Foreign markets are another way to expand competition and increase worldwide demand for products.
* Benefit of international: Government support is available.

**Importance of International Trade**

* U.S. economy: over 250,000 businesses export products.
* Accounts for over 11% of GNP.
* 95% of U.S. exporting businesses are small to medium sized.
* Manufacturers export over $500 billion of products.
* Wholesalers export over $100 billion worth of products.
* U.S. is second largest exporter.
* Germany is #1 exporter.
* U.S. is #1 importer of products.
* Germany is #2 importer.
* U.S. had 1st trade deficit of the 20th Century in 1971 (imports exceeded exports by over $1 billion that year).