



WORKSHEET 20
LESSON NOTES

School: Ba Sangam College
Subject: Commercial Studies

Year: 9

Name: _____

Strand 3	Economics 1
Sub Strand 3.4	International Economics
Content Learning Outcome C.9.3.3.1	Explore and evaluate international trade and how it contributes to economic growth and development within the country.

International Trade

Trade: refers to exchange of goods and services

Domestic Trade refers to exchange of goods and services within our country; for example from Suva to Labasa

International Trade refers to exchange of goods and services with one country and another for example Fiji to Australia.

Reasons for International Trade

❖ **Lack of resources**

Fiji has limited range of natural resources example, oil and petrol is not produced here.

❖ **To gain from specialization**

Specialization in certain skills and in the production of certain commodities results in a greater overall production as well as lower cost of production. Hence, international specialization increases the volume of goods and services which can be produced globally. Therefore comparative advantage leads to better utilization of resources as well as greater welfare of countries participating in trade.

❖ **Due to geographical and climatic condition**

The climate and geographical conditions limit the range of agricultural products that can be produced here and apples and grapes could not be grown here.

❖ **To strengthen trading relationships.**

❖ **Generate income through exports**

❖ **To raise the standards of living of residents**

Exports and Imports

Exports: refers to selling of goods and services to overseas countries and earning foreign reserves.

Imports: is the buying of goods and services and making payments for them.

