

## World Trade

**Primary products** = Are the raw materials that are naturally present in or on the Earth before processing. E.g. as oil, wood, gold and many other things.

**Primary industry** = Take the primary products and process them so that they are able to be used and made into something. For example, coffee making in both Brazil is a form of primary industry.

**Secondary products** = Are products that are made from Primary products such as wood into tables and gold into jewellery. **Secondary Industry** = They take the raw materials produced by the primary sector and process them into manufactured goods and products.

**Tertiary Products** = Products that are made and can't be refined any more.

**Tertiary industry** = They sell the products that are made by the secondary industry and so that other people can use them.

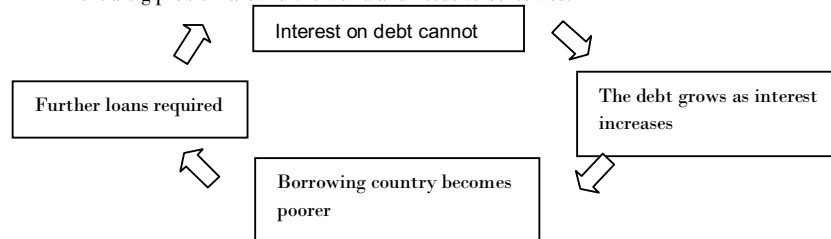
**Imports and Exports** = Countries can improve standard of living by selling more goods abroad (**Exports**)

By this they buy goods from other countries (**Imports**)

The difference between the value of imports and exports is called ' **balance of trade** '

**Invisible Trade** = Countries such as USA make loads of money out of other countries that doesn't appear on their world trade balance. For example Ford is owned by USA but it is made in another country, Spain and they sell it. It is made by Spanish people, on Spanish land and bought by Spanish people. However all the profit goes to USA as they own the company. Even though they didn't make the products themselves. This is invisible trade and many MEDC's don't go broke because of this. There are many other examples around the world. By this there are no tariffs and so USA don't need to export the cars to other countries.

**Aid** = Where MEDC's give help to LEDC's. When LEDC's are in need, say for example they had an earthquake this would be the time they give aid. The money is given as a loan at a low interest rate. Sometimes when they are in need of desperate help the MEDC's might cancel their debt. However this is not always the case. MEDC's may give money only if they spend it on their merchandise. Basically America gives 1000 dollars to help Haiti, but only if they can spend it on American merchandise. Most times they don't give enough to LEDC's to buy all the aid they need and so they have to use their own money. Which means Haiti go poorer while America goes richer. This is a big problem around the world and needs to be solved.



**Fair Trade** = A charity that tries to make sure farmers get the best price for their crops in poorer parts of the world. They try and make sure people in poorer countries get a decent salary, good working conditions and fair terms of trade. Companies in the scheme must pay sustainable prices to the farmers and workers, and these prices must never go below the market price.

**Free Trade** = Countries have grouped together and allow each country in their group to import as many goods as they wish. There are no quotas or tariffs between them. While others agree to sell the products at the same price. However, countries often subsidize goods from their own country, and put taxes on the same goods from other countries. For example, the EU has restrictions on cars that are imported from Korea and applies taxes to the cars. This is so that European consumers buy European cars instead, because they are slightly cheaper than the imported cars.

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**MEDC's** are More Economically Developed Countries. Countries such as UK, USA, Germany and China.

**Exploitation** = This is when companies take advantage of workers in poorer countries, and make them work in appalling conditions for under a dollar. For example, Primark makes its workers work for wages far lower than those in richer countries, and in unsafe factories. Critics also claim that it uses child labour in its manufacturing process.

**Ethical trading** = This is when only goods that have been made by workers who are paid a decent wage, and that work in good conditions are bought. Initiatives such as Fair Trade try to encourage this kind of trading as much as possible.

**TNC's** = Term stands for Trans-National Companies. Kraft and Nestle represent this kind of scheme. These countries use invisible trade to maximise their profits, since they own other companies in different countries across the world, meaning that whilst products may be sold in one country, all the profits go to the company that owns them all. For example, Honda has a car factory in Swindon, and it produces cars that are sold within Britain. However, whilst the cars are sold in Britain and Europe, all the profits go to Honda in Japan, as they own the factories.

**Consumerism** = Means that it is a society that places emphasis on buying materialistic items. These countries would usually import more than they export, because they would need to satisfy the demand for materialistic products from consumers, with less emphasis on making goods in factories. This would mean that most of a consumerist economy would consist of tertiary industries. On the other hand, countries that focus on producing goods rather than buying materialistic items export more than they import, because consumerist countries, which focus on buying materialistic items, have the demand for the goods. Also, producing countries would have most of what they needed from their own factories.

Group 6

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