International trade is when companies from one country sell their products or services in other countries for example the uk produces cars machinery oil and chemicals which it exports overseas markets other british exports include services like banking and travel these earn foreign currency for the uk imports to the uk include ears food and electrical goods.

Many companies set up subsidiaries overseas either for manufacturing or for distribution or both these companies are called multinationals shell food and sony are examples. most multinational companies think global and act local this means that they try to understand and cater for the needs of every marker they sell in.

International trade means there are more companies competing with each other to sell their products this means lower prices which is good for customers because they pay less and have more choise producers however make less profit multinational companies often look for ways to reducts their costs countries where labour costs are cheap.

Changes in the exchange rate can make a company more or less competitive. the exchange rate is the amount of exemple in 2002, one british pound bought about 200 if the exchange rate falls exports become cheaper, So companies become more competive if the exchange rate rises exports become more expensive So companies become less competitive.