

International trade

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 cars 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 market 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 choice producers however make less profit multinational companies often look for ways to reduce 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 example in 2002, one british pound bought about 200 if the exchange rate falls exports become cheaper, So companies become more competitive if the **exchange rate** rises exports become more expensive So companies become less competitive

1/ Read the text then correct the statements below (True or false):

- 1- British companies dont sell overseas.
- 2- Multinational companies sell the same products in different markets.
- 3- Increased competition is good for producers and Bad for customers.
- 4- Changes in the exchange rate are not important in international trade.

2/ Match the highlighted words and phrases in the text with their definitions:

- 1- What a company pays for its workers:
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- 2- The type of money used in another country or market :
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- 3- The value of one currency compared to another :
.....
- 4- Smaller companies that are part of a larger company :
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- 5- Companies that operate in more than one country :
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- 6- Things produced in your country and sold in other countries:
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- 7- Places abroad where you can sell your products:
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- 8- Things produced in other countries and sold in your country:
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