

HOME AND INTERNATIONAL TRADE

Trade is the commercial transaction that involves multiple parties in the sale and purchase process.

It can take place at a domestic or at an international level.

Home trade is the exchange of goods and services for money within the political and geographical boundaries of a country. It doesn't involve any currency exchange and it is free from government restrictions.

International trade is much more complex than home trade not only because it involves the interaction between different countries, cultures, customs and languages, but also because of regulations and restrictions imposed by governments on the free international circulation of goods and services.

There are different reasons why international trade exists:

- 1) some goods can be found only in certain countries (raw materials)
- 2) some goods are cheaper to produce abroad
- 3) some goods have a superior quality than local products

IMPORTS AND EXPORTS

Countries cannot live in isolation. They have to share their prosperity, technical know-how, goods and services with other countries. They export, or sell, their surplus products, and import, or buy, what they need.

Entrepôt trade consists in importing from one country and then re-exporting commodities, after their processing, manufacturing or packaging.