

## What is trade and why is it important?

**Trade** is an important way to make sure that natural resources are shared around the world.

Countries can **export** goods to another country to generate money and they can also **import** goods that may not be available in their own country.

**Trade** has been happening around the world for hundreds of years and **goods** are carried around the world by container ships and planes.

There are many things that we enjoy as a result of **trade links** with other parts of the world.

**Chocolate** comes from the cocoa plant which grows in tropical climates. That means that for us to enjoy chocolate in England we must **import** it into the country.

**Bananas** need lots of sun to grow which means that they cannot grow in England. The United Kingdom imports around 1.15 million tonnes of bananas every year.

**Coffee** comes from a plant which grows between the Tropics of Cancer and Capricorn. The UK drinks an average of 70 million cups of coffee a day. This means there is a high demand for it to be **imported**.

## What I will learn

### How did trade become global and what is meant by import and export?

Global trade (or international trade) is simply the movement in and out of the country (import and export) of goods and services across international boundaries.

### What factors determine resources provided by a country?

Physical geography of a country determines whether foods can or cannot be grown there i.e. climate/ vegetation.

### What are the three stages of production in the global supply chain?

Primary- extracting the raw materials e.g. farming, mining, fishing, and forestry.  
Secondary- Turning raw materials into other products (processing/manufacturing stage) e.g. wood into furniture, tin into mobile phones, fish into fish fingers.  
Tertiary- Services as provided to businesses (shops selling the brand) and other customers. The distribution to retailers around the globe falls into this sector.

### What positive impact can buying fairtrade products have on communities in other countries?

Fair trade is a way of buying and selling products that **allows the farmers to be paid a fair price for their produce**, and have better working conditions. Trade is 'unfair' when farmers receive very low income and have poor conditions while the companies that sell their products make lots of money from them.

## Important words to help me. (vocabulary)

Trade	The action of buying and selling goods and services.
Import	Bring (goods or services) into a country from abroad for sale.
Export	Send (goods or services) to another country for sale.
Global	Relating to the whole world; worldwide.
Industry	Economic activity concerned with the processing of raw materials and manufacture of goods in factories.
Climate	The weather conditions prevailing in an area in general or over a long period.
Population	All the inhabitants of a particular place; how many people live there.
Fairtrade	Trade between companies in developed countries and producers in developing countries in which fair prices are paid to the producers.
Market	A place where trading takes place is called a market.
Barter	When there is no money involved in the trade, the trade is called barter.
Purchase	To purchase something is to buy it in exchange for money.



## How does Fairtrade work?

**Fairtrade** is an arrangement which aims to ensure that farmers get a fair price for their goods.

Many items we enjoy can be **Fairtrade** but this often means it costs more to buy.

However, buying **Fairtrade** items helps to support those involved in the farming process. Growing cocoa for chocolate is a difficult task but **Fairtrade** is making it more sustainable.

You can also buy **Fairtrade** bananas and coffee which support the farmers involved in growing, harvesting and trading these.

## The Global Economy

**Globalisation** has meant that more and more **goods** travel around the world before being sold in a shop. Sometimes, parts of a product are made in several different countries before being assembled in another one. Many companies are now recognised worldwide. These are **multinational** companies and they can have both a positive and a negative impact on society. Positives may include the creation of new jobs for people. Negatives may include greater damage to the environment (due to differences in the safety rules and environmental standards of different places).