

bilateral trade
agreements

agreements made between
two countries only
regarding the exchange of
goods and services

comparative
advantage

the idea that nations should
specialise in the areas of production
in which they have the lowest
opportunity cost and trade, so that
they maximise standard of living

dumping

the practice of exporting
goods to a country at a price
lower than their selling price
in their country of origin

free trade

where governments impose no
artificial barriers to trade that
restrict the free exchange of
goods and services between
countries

opportunity cost

the cost of satisfying
one want over
another want

protection

government policies that give domestic producers an artificial advantage over foreign competitors, such as tariffs on imported goods

quotas

restrictions on the amounts or values of various kinds of goods that may be imported

subsidies

cash payments from the government to businesses to encourage production of a good or service

tariffs

a government-imposed tax on imported goods for the purpose of protecting Australian industries

trade bloc

situation in which a number of countries join together in a formal preferential trading agreement to the exclusion of other countries