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1. SCOPE AND CONCEPT OF INTERNATIONAL TRADE

International trade refers to the exchange of goods and services between one country or region and another. It is also sometimes known as “inter-regional” or “foreign” trade. International trade primarily involves a nation importing goods and services for reasons like price, quality, availability and demand. International trade supports the world economy, where prices or demand and supply are affected by global events. For instance, the US changing visa policies for the software employees will impact the Indian software firms or an increase in the cost of labor in exporting country like China could mean you end paying more for the Chinese goods in the Nigeria. There are three types of [international](https://efinancemanagement.com/international-financial-management/types-of-international-business) trade:

* Export Trade: means selling goods and services out of the country
* Import Trade: means goods and services flowing into the country.
* Entrepot Trade: Entrepot Trade is a combination of export and import trade and is also known as Re-export. It means importing goods from one country and exporting it to another country after adding some value to it.

## Advantages of international trade

## **Comparative Advantage:** [trade encourages a nation to specialize in producing or supplying](http://marketbusinessnews.com/comparative-advantage-definition-meaning/amp/) only those goods and services which it can deliver more effectively and at the best price.

1. **Economies of Scale:** if you sell your goods globally, you will have to produce more than if you sold just domestically. Producing in higher volumes provides greater economies of scale. In other words, the cost of producing each item is lower.
2. **Competition:** international trade boosts competition which is good for prices and quality. If suppliers have to compete more then they will work harder to sell at the lowest price and best quality possible.
3. **Job Creation:** increase in international trade also creates job opportunities in both countries. That’s a major reason why big trading nations like the US, Japan, and South Korea have lower unemployment rates.

Disadvantages of International Trade

1. Overdependence
2. Disadvantage to new companies
3. Threat to national security
4. Pressure on National resources
5. IMPORTANCE OF INTERNATIONAL TRADE TO TOURISM

Tourism, as a service industry, plays an important role in the development of many countries and has been expanding signiﬁcantly in recent years. This expansion subsequently yields several beneﬁts for related businesses, such as hotels and resorts, travel agencies, restaurants and souvenir shops. These businesses attract foreign money and generate income that is then distributed throughout the country. Apart from international tourism, international trade plays a significant role in the economic growth of a nation. Directly associated with the agricultural and industrial sectors, international trade is also linked to the service sector, including international tourism. International trade promotes tourism:

 • by stimulating business travel and contributing to networking at the individual, business, and national levels which reduces international transaction costs as well as promoting travel and exchanges among countries.

 •International trade boosts product advertisements that attract consumers’ attention and create awareness of both a product and its country of origin. Consumers’ attention and recognition stimulate the desire to travel to the home country of that product.

 • in order to facilitate related activities, international trade encourages a country to develop essential infrastructure, for example, transportation and communication systems. Improvement of infrastructure in turn helps attract more tourists.