

# Chapter 10 Business in a Global Economy

## Section 10.1 The Global Marketplace

### Section Summary with Key Terms and Academic Vocabulary

**The Global Marketplace** Domestic trade is the production, purchase, and sale of goods and services within a country. Countries do not produce everything their citizens want or need and must trade with other countries. World trade is the exchange of goods and services across international boundaries. Most nations produce items in which they specialize, thus gaining a comparative advantage. A comparative advantage allows countries to trade their specialty with other countries for other things that they want or need. Items purchased across borders are bought in the currency used by the country that produced them. Foreign exchange markets allow one country's currency to be converted into another country's currency.

#### Key Terms

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**global economy** The interconnected economies of the nations of the world

**international trade** The exchange of goods and services between nations

**multinational corporation** A company that does business in many countries and has facilities and offices around the world

**trade** The activity of buying and selling goods and services in domestic or international markets

**imports** Goods and services that one country buys from another country

**exports** Goods and services that one country sells to another country

**balance of trade** The difference in value between a country's imports and exports over a period of time

**comparative advantage** The ability of a country or company to produce a particular good more efficiently than another country or company

**exchange rate** The price at which one currency can buy another currency

#### Academic Vocabulary

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**specific** Applying to, characterized by, or distinguishing something particular, special, or unique

**professional** One who engages in a pursuit or activity professionally

**sustain** To give support or relief to

**vehicle** A means of carrying or transporting something