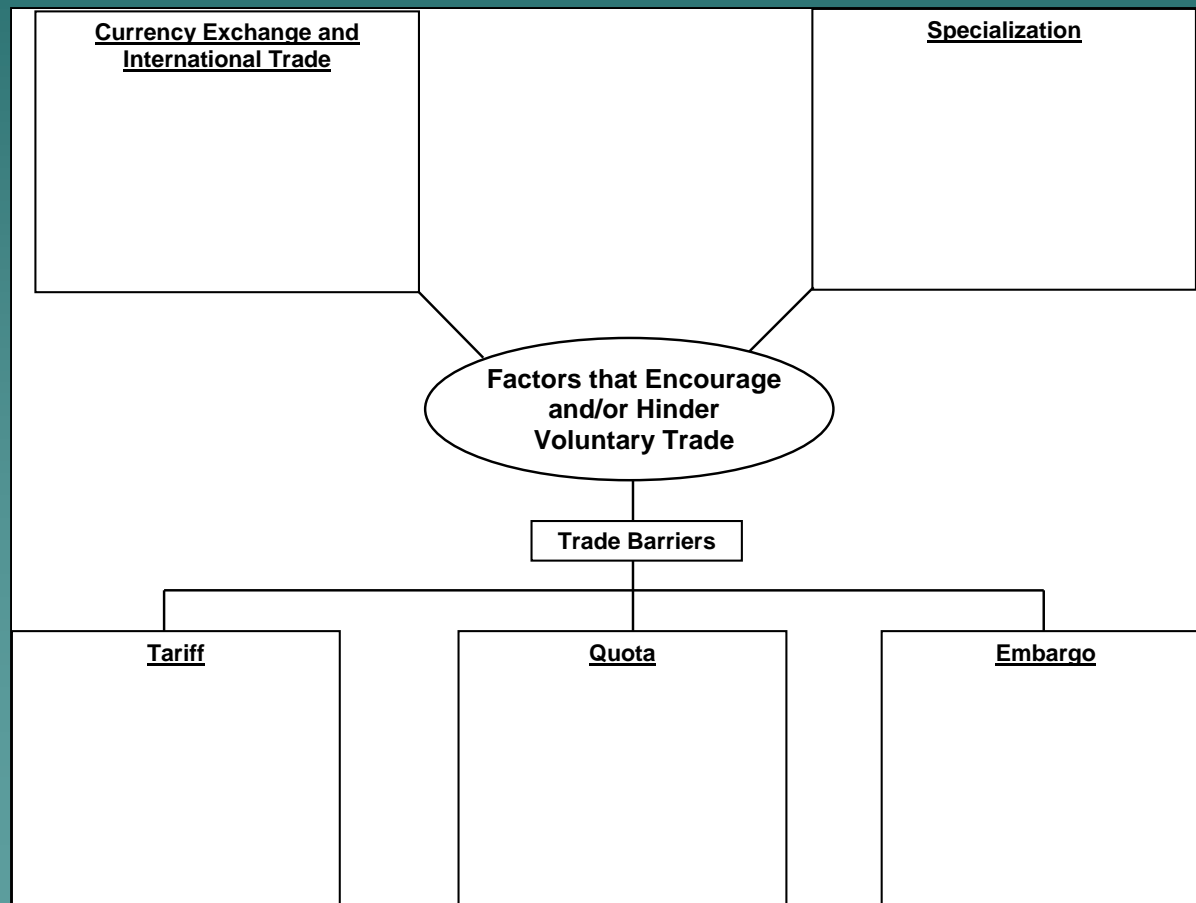


How does specialization encourage trade between countries?

SS6E2a, SS6E9a


**Explain how specialization
encourages trade between countries**

Use the Factors of Voluntary Trade
Graphic Organizer to take notes on
Specialization during this presentation.



Specialization encourages voluntary trade and can be a positive factor in a country's economy.

Specialization occurs when one country can produce a good or service at a lower opportunity cost than another country.

A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

Vocabulary Review:

With a seat partner determine whether the images represent a good or a service.



Goods




Services



How does specialization impact trade?

Specialization encourages trade between countries because a country can get what it needs at the lowest cost when it is produced by another country that specializes in that item.

A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

Countries trade because no country has all of the resources it needs to provide for its people.

Moreover, every country has different resources.

A stylized, jagged mountain range silhouette in a darker teal color, located at the bottom right of the slide.

What are resources?

With a seat partner, make a list of examples of resources.

What happens when you do not have the resources you need?


**We have a
global economy
because countries
trade with others
from all over the
world.**



**The global economy
makes countries
interdependent.**

**Voluntary Trade happens
when both countries expect
to gain from the trade.**

**The “buyer” country
receives goods and the
“seller” country makes
money.**


A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

**International trade
involves countries
from all over the
world engaging in
voluntary trade.**

A stylized, dark teal silhouette of a mountain range is positioned in the bottom right corner of the slide, partially overlapping the text area.

Currency Exchange & International Trade

**Exchange rates provide a
procedure for determining
the value of one's
currency in terms of
another's currency.**

A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

Sometimes countries set up Trade Barriers to restrict trade because they want to sell and produce their own goods.

Trade Barriers include:

- **Tariff**
 - **Quota**
 - **Embargo**
- 
- A stylized teal silhouette of a mountain range is located in the bottom right corner of the slide.

Trade Barrier: Tariff

Tariffs are taxes placed on imported goods.

Tariffs cause the consumer to pay a higher price for an imported item, increasing the demand for a lower-priced item produced domestically.

Trade Barriers: Tariffs

American Revolution



Its all about
the tax, stupid.

Trade Barrier: Quotas

Quotas are limits on the amount of a good that can be imported into a country.


Quotas can cause shortages that cause prices to rise.

A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

Trade Barrier: Embargos

**Embargoes forbid trade
with another country.**

**The United States had a trade
embargo with South Africa
during apartheid.**

A stylized, dark teal silhouette of a mountain range is located in the bottom right corner of the slide, partially overlapping the text area.

Trade Barriers: Embargos

Embargoes usually happen for political reasons. Because the United States does not want to support countries that may support terrorism, it has used embargos against Iran, Iraq, and Syria.