

## Implications of economic growth for individual businesses

1	<b>Key idea</b>	Trade Opportunities-economy is growing so consumption will also be growing. More disposable income, increasing demand for goods and services. These can be produced domestically or imported from abroad which creates opportunities for trade
2	<b>Key Idea</b>	Employment Patterns-the rate shows the numbers of jobs that are being gained or lost across the economy

## Emerging Economies

1	<b>Key Idea</b>	Investors like emerging markets because rapid growth suggests a business can increase profits and dividends quickly. BRICS & MINT
2	<b>Key Idea</b>	Increase in average income which allows consumers to spend more. Increase in sales and profits
3	<b>Key Idea</b>	Consumers will buy more imported goods in developing economies which will increase their profitability and making the emerging market more attractive to new entrants.
4	<b>Key Idea</b>	Growth isn't certain and risk is involved.

## Indicators of growth

1	<b>Gross Domestic Product (GDP) per capita</b>	All of the goods and services produced in a year divided by the amount of people in the country
2	<b>Literacy</b>	% of adults (15+) that can read and write.
3	<b>Health</b>	Assessment of the health of a population may include; life expectancy at birth, infant and maternal mortality, Pollution Exposure and access to clean water
4	<b>Human Development Index (HDI)</b>	Combines statistics on life expectancy, education and income to give a single rankable value.

## Key Vocabulary

1	<b>GDP per capita</b>	All of the goods and services produced in a year divided by the amount of people in the country
2	<b>Emerging Economies</b>	Market where there is rapid growth but a lot of risk
3	<b>HDI-Human development Index</b>	Combines statistics on life expectancy, education and income.
4	<b>BRICS</b>	Brazil, Russia, India, China and South Africa
5	<b>MINT</b>	Mexico, Indonesia, Nigeria and Turkey

## Business specialisation and competitive advantage

1	<b>Key idea</b>	<p>Specialisation is when a country decides to specialise in a particular industry or sector.</p> <p>Comparative advantage is the theory that a country should specialise in products and services that it can produce more efficiently than other countries</p>
2	<b>Key Idea</b>	Competitive advantage is the idea that a business should specialise in any area where it can perform better than its competitors

## Imports & Exports

1	<b>Key Idea</b>	International trade involves importing and exporting goods/services
2	<b>Key Idea</b>	Imports are when goods and services are bought from abroad and money leaves the UK
3	<b>Key Idea</b>	Exports is when goods and services are sold abroad, and money comes into the UK

## Key Vocabulary

1	<b>Imports</b>	Goods and services that are brought into one country from another
2	<b>Exports</b>	Goods produced in own country and sells to a foreign market.
3	<b>FDI-Foreign Direct Investment</b>	Investing by setting up operations or buying assets in businesses in another country.

## Foreign direct investment and business growth

1	<b>Key Idea</b>	<p>Can take many forms;</p> <ul style="list-style-type: none"> <li>-Joint venture-an agreement between two parties to invest in a business and share ownership and control</li> <li>-Strategic alliances-when firms contract to share resources e.g .intellectual property</li> <li>-Cross border mergers and acquisitions</li> <li>-Building 'Greenfield facilities' building a new factory or business</li> <li>-Brownfield FDI is buying an existing business and growing it</li> </ul>
2	<b>Key idea</b>	<p>FDI rather than exporting because.....</p> <ul style="list-style-type: none"> <li>-management want tight control over operations in other countries</li> <li>-close to customers</li> <li>-its products incur large transportation costs</li> <li>-faces trade barriers or political opposition</li> </ul>

### Reduction of international trade barriers/liberalisation

I	<b>Key idea</b>	<p>Increasing number of countries have begun to trade without barriers</p> <p>Free trade agreements encourage trade between countries and volume of trade increases</p> <p>World Trade Organisation exists to reduce barriers to trade and ensure countries keep to agreements they have made</p>
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### Migration

I	<b>Key Idea</b>	<p>Imports cultures into new environment which leads to goods from home countries.</p> <p>-low cost labor, businesses lower costs and become more competitive.</p>
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### Structural change

I	<b>Key idea</b>	<p>Rise of new economic powers has been driven by a shift for LDCs to secondary sector e.g. manufacturing is often labour intensive which generates jobs, income and demand</p>
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### Political change

I	<b>Key Idea</b>	<p>Happens on a global scale with regular meetings with heads of state. This has resulted to less protectionist policies and more open trade between nations.</p>
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### Key Vocabulary

I	<b>Trade liberalisation</b>	Trade Liberalisation is the process by which international trade is made easier through a relaxation of the rules which govern it
2	<b>Multinational companies</b>	Companies that own or control production or service facilities outside the country in which they are based
3	<b>Migration</b>	The movement of people who set up residence in a new location

### Increased investment flows (FDI)

I	<b>Key Idea</b>	<p>Businesses outside of the trading block will invest or set up production inside the trading block to get round tariffs. This can lead to income generation, jobs and GDP growth.</p>
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### Reduced cost of transport and communication

I	<b>Key idea</b>	<p>Communication have allowed information and ideas to travel quickly.</p> <p>-Modern technology allows data to be transferred instantly across the world and internet allows public to buy goods from around the world</p>
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### Increased significance of global companies

I	<b>Key Idea</b>	<p>Transitional flows of goods and capital have driven Globalisation. Have been made possible due to the gradual lowering of barriers to trade and investment across borders.</p>
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### Growth of the labour force

I	<b>Key Idea</b>	<p>A bigger labour market derives global demand. People who work more have more disposable income</p> <p>-increase in labour-lower wages. Lowering costs has allowed businesses to expand</p>
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## Tariffs

1	<b>Key idea</b>	To protect fledging industries from foreign competition, -To protect aging and inefficient from foreign competition -reduction in production means loss of jobs
2	<b>Key Idea</b>	Raise tax revenue-as importers have no alternative but to pay the import tariff Environmental reasons-placed on goods which may have negative externalities Protectionism-allow domestic firms to grow without being swamped by international competitors. Also, protecting the balance of trade
3	<b>Advantages of Trade</b>	Domestic goods will be cheaper as no tariff Ensures better job security Aid economic growth by improving GDP Reduces imports so improves balance of trade
4	<b>Disadvantages of trade</b>	High import prices won't put people off Unfair competition Tariff may increase prices for consumers Restrict volume of trade

## Import quotas

1	<b>Key Idea</b>	Imposing a limit on the quantity of goods imported will increase market share for domestic products
2	<b>Key Idea</b>	Imposed to protect jobs of domestic producers and imposed as a bargaining chip to be used in negotiations on trade
3	<b>Advantages of import quotas</b>	Boosts local investment Protects domestic businesses creates more job opportunities goods become less expensive
4	<b>Disadvantages of import quotas</b>	Quotas will last long after the industry has matured Difficult to measure the degree of protection quotas offer

## Other trade barriers

1	<b>Key idea</b>	Government legislation-these are administrative barriers are rules and regulations such as trading standards that make it difficult for imported goods to penetrate overseas market
2	<b>Key idea</b>	Domestic subsidies- lower prices for consumers because production costs are reduced which increases supply

## Key Vocabulary

1	<b>Tariff</b>	Tax placed on an import to increase its price and decrease in demand
2	<b>Quota</b>	Physical limit on the quantity of a good imported or exported
3	<b>Protectionism</b>	Approach used by a government to protect domestic producers
4	<b>Subsidies</b>	Financial support offered to domestic producers so that they can compete with overseas firms

## Expansion of trading blocs

1	<b>Key idea</b>	When new countries join a trading bloc
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## EU and the single market

1	<b>Key idea</b>	Freedom to trade goods, people and money in the EU. EU is the most powerful trading bloc in the world with GDP Largest importer of agricultural products from developing countries
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## ASEAN

1	<b>Key idea</b>	Negotiated free trade agreement amongst member state and countries like China
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## Key Vocabulary

1	<b>Trading Blocs</b>	Trading bloc is a type of intergovernmental agreement to reduce regional trade barriers
2	<b>ASEAN</b>	Association of South East Asian Nations
3	<b>NAFTA</b>	North America Free Trade Agreement

## Impact on businesses of trading blocs

1	<b>Key Idea-benefits</b>	Freedom to trade Enlarged market Protection from international competition outside of the BLOC
2	<b>Key idea Drawbacks</b>	Retaliation Protectionist

## NAFTA

1	<b>Key idea</b>	Covers environmental and labour issues as well as trade investment but US unions and environmental groups argue that safeguards are too weak
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