**The nature of global trade**

The uneven distribution of productive resources enables one country to be able to produce a good or service more cheaply than another country can. For example, efficient factories and skilled labor may enable the United States to produce office machines more cheaply than they can be produced in Malaysia. A comparative advantage is the benefit that a country obtains from specializing in and producing goods and services at which it is relatively most efficient. Advantages usually are not predictable. Constructive advantage is not a widely used term to describe concepts related to international trade.

A trade surplus exists when a nation's exports are greater than its imports. A trade surplus increases the gross domestic product and can lead to a higher standard of living and more job opportunities. A balance of trade is the difference between the exports and imports of a nation. A trade deficit exists when imports are greater than exports.

International trade provides important consumer goods to countries where these products are not available or are in short supply. Making these goods available to all countries improves the standard of living throughout the world. An increased trade deficit, higher prices for goods and services, and stronger trade restrictions are not benefits of international trade.

International competition is the rivalry between nations to attract a share of the world market. Levels of inflation and unemployment are factors that make the products of nations more or less competitive with each other. Communication between countries is not affected by inflation and unemployment. Specialization is making the best use of resources in the production of goods and services. Satisfaction is a state of contentment.

A country with a weak currency must pay more to countries with strong currency values to purchase necessary goods and services. Because it is more expensive to import goods, a country with a weak currency tends to decrease its imports and increase its exports. Exports increase because nations possessing a strong currency can obtain more products at a cheaper price from the country with the weak currency. Trade centers are offices and display rooms set up by a government in foreign cities and are used to encourage international trade. Governments do not depend only on trade centers to promote international trade and do not necessarily use the centers to manage the flow of goods. When certain economic and political events occur, a country's currency value can drop dramatically. When this happens, consumer confidence is often reduced (e.g., fewer tourists, less investment).

**The impact of cultural and social issues on global trade**

Nonverbal communication is communication that uses body language instead of words, or to support words. Body language, such as shaking hands, is not used the same way in all countries. In some cultures, shaking hands is the accepted way of greeting a customer or a friend. In other cultures, businesspeople greet each other in different ways such as bowing or nodding. Business people need to be aware of the meaning of nonverbal communication in other cultures in order to avoid being insulting or rude. Writing letters is written communication. Inviting customers to a social function and preparing an audiovisual presentation are not examples of nonverbal communication.

In some countries, it is socially accepted and appropriate for businesspeople to stand very close together when conversing. However, people from other cultures often prefer to keep more distance and feel uncomfortable when someone stands very close. These types of cultural differences often create problems for people who do business in foreign countries if they are not aware of the differences. Their reactions to certain situations, such as moving away from a customer who is standing very close, may unintentionally offend the customer and have a negative impact on business. Offering to take others to lunch or dinner, calling to schedule appointments, or wearing business-type clothing usually do not make businesspeople from other countries feel uncomfortable.

These groups are usually centered on a topic of interest to all members and make friendships possible among people who live on opposite sides of the world. They allow businesses to communicate with, and understand, people from diverse cultures. Groups are open to anyone with a computer and Internet connection, regardless of gender, culture, or class. Class systems relate to grouping people according to some standard. Gender roles refer to activities assigned to either men or women. Cultural values define the various behaviors and activities based on the beliefs of a given culture.

Culture influences verbal communication, even in countries that basically speak the same language. In those countries, different words for objects and different modes of expressing ideas cause misunderstandings and may be language barriers. Economic differences are differences in economic status. A business subculture refers to a group of people who share similar characteristics within a larger business context. Businesspeople who do not understand certain language terms are uninformed rather than uneducated.

Non-verbal communication (body language) involves gestures or facial expressions rather than the use of words. Because different countries have unique cultural and social behaviors, it is important for businesspeople to understand these differences when doing business in other nations. For example, a hand gesture may mean a sign of friendship in one country, but may be a sign of disrespect in another country. One country might bow as a greeting while another country uses a short handshake. In some countries, people tend to stand several feet away from each other when they are speaking, but in other countries they stand very close together when speaking with one another. By not understanding these non-verbal cues, a businessperson can send mixed messages to the person with whom s/he is meeting. Language barriers are problems related to word usage. Non-verbal cues are one element of many human behaviors. Human behaviors also encompass the use of language.