The global economy

Pearson Edexcel · International GCSE · Economics · Vocabulary in context

Word	Example
globalisation /ˌgləʊbəlaɪˈzeɪʃn/	**Globalisation** links countries through trade, money and ideas.
multinational corporation /ˌmʌltɪˈnæʃənl ˌkɔːpəˈreɪʃn/	A **multinational corporation** has factories in many countries.
foreign direct investment /ˈfɒrən daɪˈrekt ɪnˈvestmənt/	Building a factory abroad is **foreign direct investment**.
free trade /friː treɪd/	With **free trade**, countries buy and sell without taxes on imports.
protection	Tariffs are a form of **protection** for home firms.
dumping /ˈdʌmpɪŋ/	**Dumping** means selling goods abroad below their cost.
infant industries /ˈɪnfənt ˈɪndʌstriz/	New firms in **infant industries** may need protection until they grow.
retaliate	A country may **retaliate** against a tariff with its own tariff.
tariff /ˈtærɪf/	A **tariff** is a tax on imported goods.
quota /ˈkwəʊtə/	An import **quota** limits how many cars can come in.
subsidy /ˈsʌbsɪdi/	A **subsidy** is money from the government that lowers a firm's costs.

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deadweight loss /ˈdedweɪt lɒs/	A tariff causes a **deadweight loss** that nobody gains.
trading bloc /ˈtreɪdɪŋ blɒk/	The EU is a **trading bloc**: its members trade without tariffs. EU
World Trade Organization /wɜːld treɪd ˌɔːgənaɪˈzeɪʃn/	The **World Trade Organization** sets the rules for trade between countries.
exchange rate /ɛksˈtʃeɪndʒ reɪt/	The **exchange rate** is the price of one currency in another.
speculators	**Speculators** buy a currency because they expect its value to rise.
appreciation /əˌpriːʃɪˈeɪʃn/	An **appreciation** of the yuan makes Chinese exports dearer abroad.
revaluation /rɪˌvæljuːˈeɪʃn/	A **revaluation** raises a fixed exchange rate.
depreciation /dɪˌpriːʃɪˈeɪʃn/	A currency **depreciation** makes imports more expensive.
devaluation /diːˌvæljuːˈeɪʃn/	**Devaluation** lowers a fixed exchange rate.

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