

Key Vocabulary	Definition
trade	Buying and selling goods and services.
import	Goods or services purchased from one country and brought into the UK.
export	Goods or services made in the UK and sold to another country.
goods	Items that can be bought and sold. Sometimes they are called products.
global	Around the world

Trade and Economics

Knowledge Bank

What is trade?

Trade can be defined as buying and selling.
Trade is a way that countries make money.

Export and import

People in the UK sell things they make when people in other countries want them. This might be necessary if they can't make themselves or because they are cheaper or better quality.

Sending goods to other countries is called export.

Things like bananas and oranges are harder to grow in the UK and we have to buy these things from abroad. This is called **export**.

Sometimes countries need experts from abroad such as engineers, scientists or teachers. These experts can sell their services to people around the world and this is called the **service industry**.

The service industry is the UK's main industry and we import more goods than we export.

Supply and demand

If people want to sell things there must be other people who want to buy them.

The more people want something, the more **demand** there is and the more money can be charged.

However, if there are lots of people selling - or supplying - the same goods there is and the more money can be charged for them.

This is called supply and demand.

What is economic activity?

The word economy describes how a country or place is doing in producing and making goods, and how much money it has. The amount a country sells and makes is called **economic activity**.

There are a wide range of goods a country can sell

Gold

Fish

Milk

Silver

If a country has lots of goods that are in high demand then it can become **wealthier** by selling them. Businesses can employ more people and people have more money to spend.

This is known as **boom** or an **upturn**.

However, if demand falls, then prices will fall too, making the country **poorer**. Businesses employ fewer people and people have less money to spend. This is known as a **slump**, or a downturn.

