

BBB4M

Gregory Polstvin

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Lecture 1: Intro to Unit 1

Part I

Introduction to BBB4M

0.1 What is Trade?

Definition 1 (Business). The manufacturing and/or sale of goods and/or services to satisfy customer demands.

If you are importing more than exporting, you are running a trade deficit. If you are exporting more than importing, you are running a trade surplus. These are not always going to be bad, there's a bit more nuance to it. Between Canada and the US, we trade significantly more goods with the US than services, but it isn't bad, as we trade a type of oil that is

Definition 2 (Transaction). An exchange of things of value.

Definition 3 (Domestic Business). A business that makes most of its transactions within the borders of the country in which it is based.

Definition 4 (International Business). The economic system of transactions conducted between businesses located in different countries.

Definition 5 (Domestic Market). The customers of a business who live in the country where the business operates.

Definition 6 (Foreign Market). The customers of a business who live in a different part of the world where the business operates.

Five Ways a Business can be Considered International:

- Own a retail or distribution outlet in another country
- Own a manufacturing plant in another country

Definition 7 (Trading Partner). When a business in Canada develops a relationship with a business in another country, that country becomes a trading partner with Canada.

It's important to note that international trade takes place between businesses, not country.

We currently have a very strong dependence with the United States. As of writing, we currently export 75 percent of our goods to the United States, so if the tariffs go through, things would go sour quick.