## Key Terms

absolute advantage

when one country can use fewer resources to produce a good compared to another country; when a country is more productive compared to another country

gain from trade

a country that can consume more than it can produce as a result of specialization and trade

intra-industry trade

international trade of goods within the same industry

splitting up the value chain

many of the different stages of producing a good happen in different geographic locations

tariffs

taxes that governments place on imported goods

value chain

how a good is produced in stages