

mod 18 Trade

Assume that only two countries and both only produce two goods , 以物換物

Absolute Advantage

If can produce more of the good with the same resources OR
produce the same amount of the good with fewer resources than the other country

Comparative Advantage

Has a ==lower opportunity cost ([mod 10 The use of resources > Opportunity cost](#)) == in
producing the good than other country.

Term of trade (TOT)

The gain of exporting country

= ==T.O.T - O.C=(opportunity cost([mod 10 The use of resources > Opportunity cost](#)) of
producing 1 unit of the good for the country)

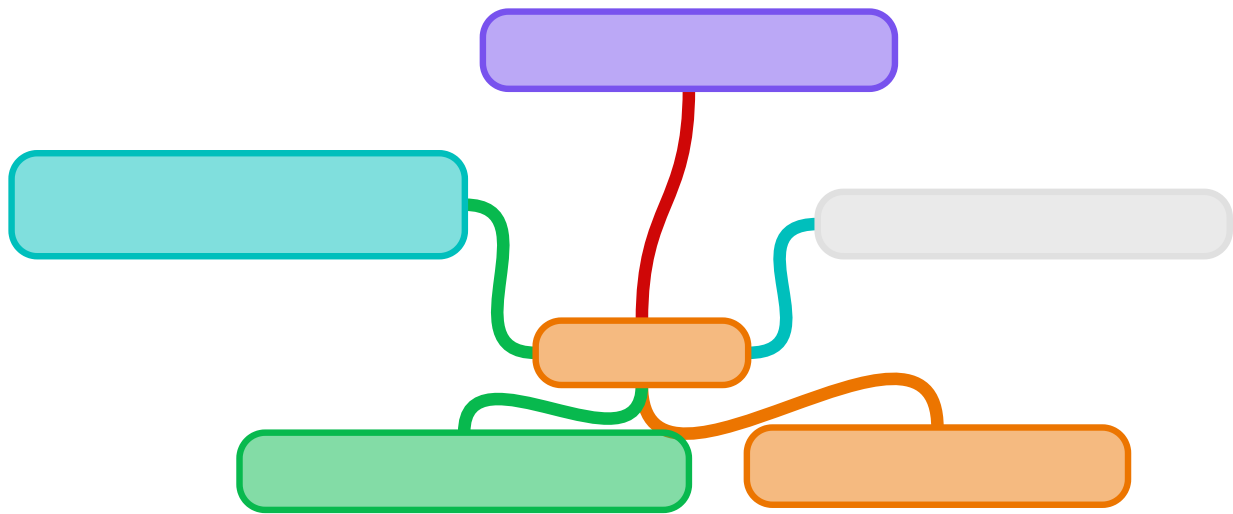
The gain of importing country

=O.C - T.O.T

International financial centre

- Finance centre --> raising , managing and Investing of capital-
- Many large multinational financial
- Major financial markets

🏢 Hong Kong as an international financial centre



Effect to the local economy and peoples's livelihood

- promote economic growth
- Support other industries
- Provide employment opportunities