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2020/2021

Subject: English Language
Grade: 3rd Year LMD International Commerce

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Group: (1,2,3)

Lecture 1: An Introduction to International Trade

1. Trade VS Commerce:

Both concepts, trade and commerce, are often considered to be the same thing. These two terms are mostly used interchangeably. However, this is not the actual case; they are very different from each other and have different meanings. Therefore, it is important to obtain a better understanding of these two concepts to highlight the difference between them.

Trade is a transaction (selling and buying) of goods and services for money or its equivalent between two parties or more. On the other hand, the term of commerce describes all the activities necessary to facilitate trade, which means to deliver goods or services from manufacturers to consumers. Such activities include getting the raw materials, making products and creating services, arranging transportation, providing banking and insurance possibilities, promoting the products via advertising and storing them in warehouses,... etc. to complete this entire process successfully .

In a nutshell, commerce stands for the entire process from the production to the delivery of products to consumers, whereas trade stands only for purchasing and selling goods or services in exchange for money. Commerce is the whole process of trading and trade is a part within this process.

2. Types of Trade:

Trade is divided into two categories: internal trade and external trade

➤ **Internal Trade:**

Internal trade is also known as home or domestic trade. It is conducted among traders within the political and geographical boundaries of a country. It can be at local level, regional level or national level. Internal trade is further sub-divided into two types:

- 1) **Wholesale Trade:** it involves buying in large quantities from producers and selling in lots to retailers for resale them to consumers.the wholesaler is a link between manufacturer and retailer. He acts as an intermediary btween producers and retailers.
- 2) **Retail Trade:** it involves in smaller lots from the wholesalers, and then selling in very small quantities for personal use. Retailer is the last link in the chain of distribution who establishes a link between wholesalers and consumers.

➤ **External Trade:**

External trade is also called foreign or global trade. It refers to buying and selling between two or more countries. For instance, Mr. X is a trader from Mumbai sells his goods to Mr. Y who is a trader from New York then this is an example of Foreign Trade. External trade is divided into three groups:

- 1) **Exported trade:** when a trader from home country sells his goods to a trader located in another country.
- 2) **Imported trade:** when a trader from home country purches products from a trader located in another country.
- 3) **Intrepot trade:** when a trader from home country imports goods from a trader located in another country and then re-exports them to another foreign country

