

Review Slides 1005 - Test 1

- Chapter 1 – Teamwork
- Chapter 2 - Foundations of Business
- Chapter 3 – Economics and Business
- Chapter 4 - Ethics and Social Responsibility
- Chapter 5 – Business in a Global Environment

CHAPTER 1 - TEAMWORK

Teams, Teamwork, Groups

- A **team** is defined as a group of people with complementary skills who work together to achieve a specific goal.
- **Teamwork:** "The ability to work together towards a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results." Andrew Carnegie
- A **group** might be together or have meetings, but they don't have to work together to achieve goals.

WHY are teams important in business?

Teams should improve workplace performance in following areas:

- Productivity
- Positive culture
- Improvement in customer service
- Competitiveness
- Profitability
- Lower absenteeism
- Worker satisfaction
- Quality of life

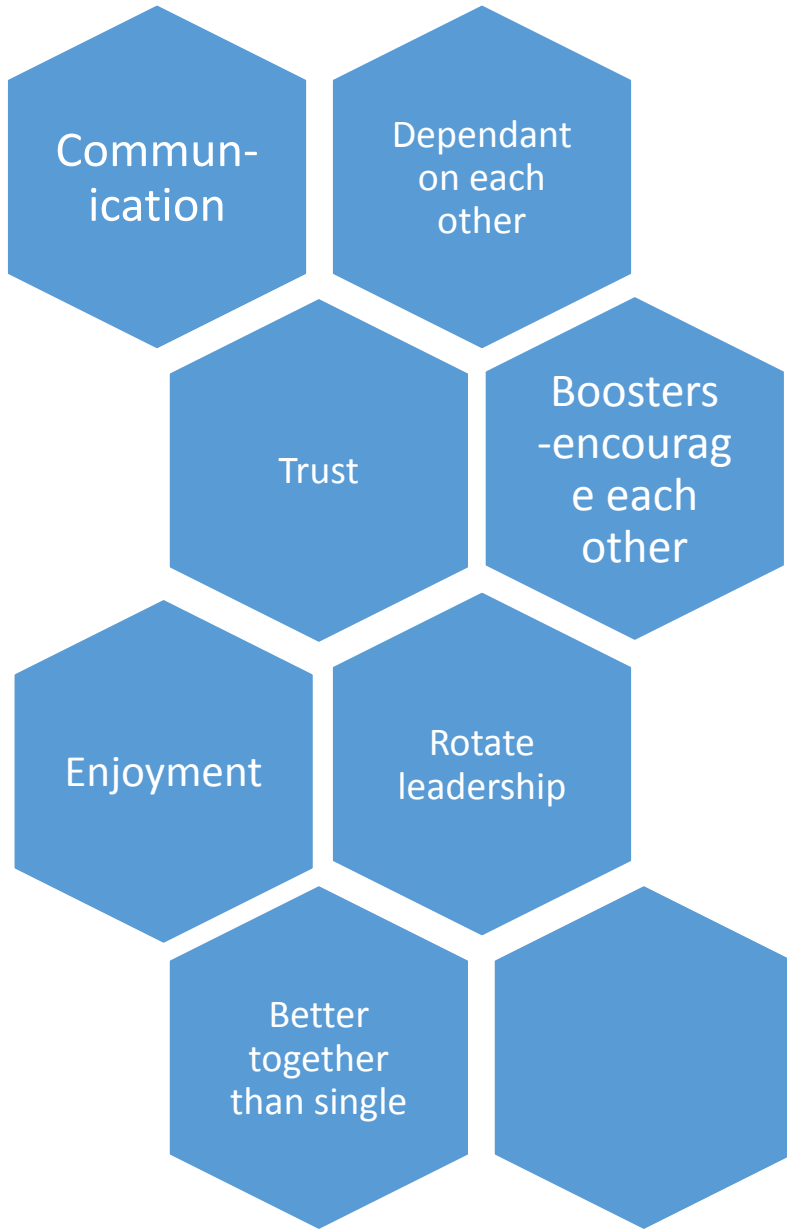
5 Characteristics of a Team

1. Shared accountability for achieving specific goals
2. Function interdependently
3. Require stability
4. Hold authority and decision-making power
5. Operate in a social context.

Types of Teams

- **Manager-Led Teams.** - A manager or supervisor in charge of setting team goals, assigning tasks, and monitoring the team's performance. Individual team members - little autonomy.
- **Self- Managing** teams – role of team supervisor eliminated.
- **Cross-Functional Teams** - designed to take advantage of the special expertise of members drawn from different functional areas of the company.
- **Virtual Teams** – teams with members in any location or time zone

7 Factors of Effective Teamwork



- Strong balance on a team is imperative for success.

What skills does a team need?

- Interpersonal Skills
- Communication Skills
- Technical Skills – how to do the actual work
- Problem Solving
- Decision-making norms and skills

What makes a team cohesive?

- Smaller size.
- Similarity of members.
- Achieving success.
- Exclusiveness.
- Competition against other teams.

A team can be TOO cohesive: They get along well, but diverse teams can achieve stronger solutions due to power of different points of view.

Groupthink can be a problem —the tendency to conform to group pressure in making decisions, while failing to think critically or to consider outside influences.



Task-Facilitating Roles

Information Seeking
Elaborating
Urging
Monitoring
Reality Testing
Direction Giving
Information Giving
Process Analyzing
Enforcing



Relationship-Building Roles

- Supporting
- Tension Relieving
- Consensus Building
 - Summarizing
 - Harmonizing
 - Confronting
 - Energizing
 - Developing
 - Empathizing

How to Erode Team Performance?

- low cooperation (blocking)
- poor management support
- failure to delegate
- competing priorities

Blocking Behaviours

Actions that limit team's overall performance or hamper individuals on a team:

- Resist
- Dominate
- Stall
- Pull rank
- Over-generalize
- Remain passive
- Find fault
- Deflect
- Over-analyze
- Present opinions as facts
- Reject
- Make premature decisions

Chapter 2 – Foundations of Business

Concept of Business and Profit

- **Businesses** produce or sell products or services in order to make a profit
- **Profit**
 - the money left over from revenues after a firm pays its expenses
 - Profit motivates individuals to engage in business activities



Stakeholders:

Any person or group with an interest in the success or failure of the company



- **Stakeholders involved in Business:** customers, vendors, employees, landlords, bankers
- **Stakeholders Outside:** general public, the environment and various government departments

Functional Areas of Business

1. Human Resources
2. Operations
3. Marketing
4. Accounting
5. Finance
6. Information Technology

Functional Areas of Business- **Human Resources**

HR Manager Responsibilities

- Skills and capabilities needed in employees
- Staffing plans
- Recruitment
- Performance management
- Employee treatment and laws
- Succession plans
- Compensation and benefits

Functional Areas of Business

Operations

Operations managers turn resources into goods or services:

- Tangible Products (ex. Apple)
- Intangible Products (hospitals and healthcare)
- Quality Maintenance
- Productivity & efficiency
- Scheduling
- Supply chain management

Functional Areas of Business- Marketing

- Identify customer needs (market research)
- Develop products to meet the needs
- Create customer awareness and desire for products

Marketers develop the benefits and features customers want, including:

- Price
- Product
- Place
- Promotion



Functional Areas of Business- **Accounting**

What Accountants Do?

- Measure, Summarize, and Communicate Financial & Managerial Info
- Advise on Financial Matters

Two Fields of Accounting:

- Financial: reporting results
- Managerial: projections and plans

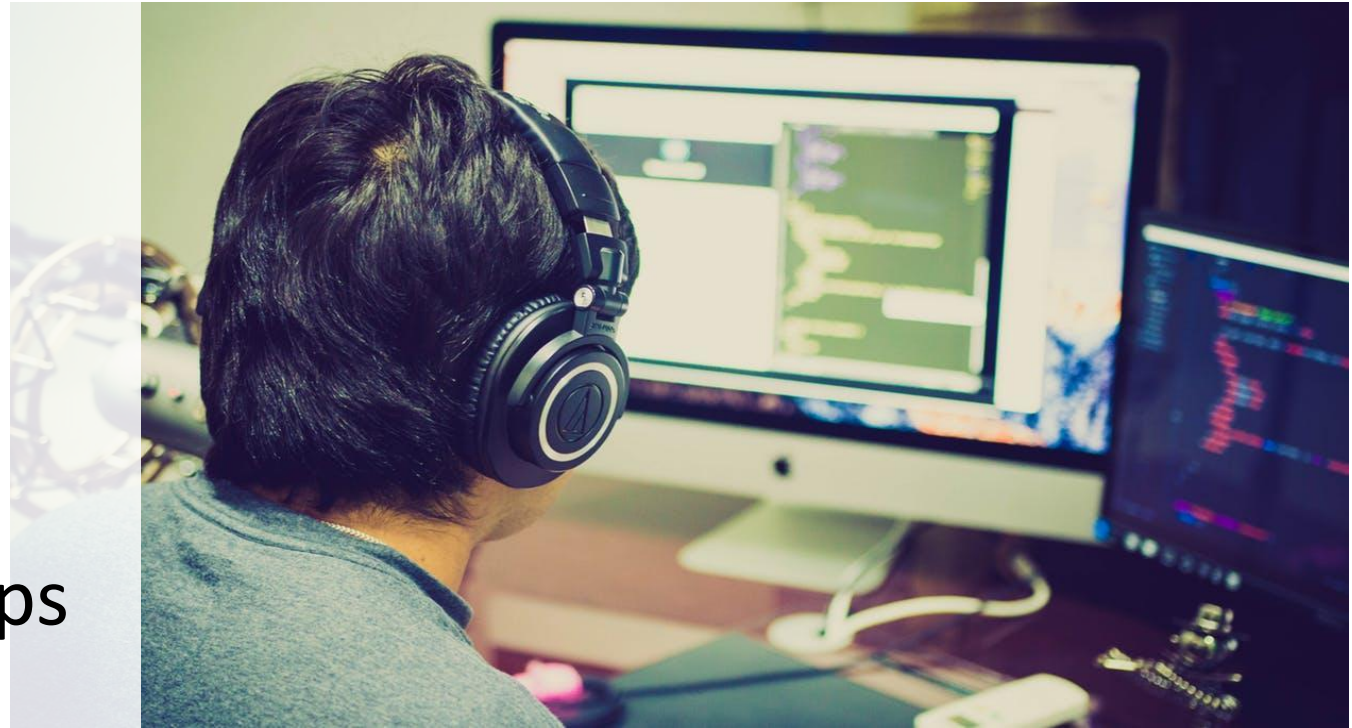
Functional Areas of Business- Finance

- Plan, obtain, and manage company funds
- Assess company fund needs
- Track fund receipt times
- Plan investments in a plant and its equipment

Functional Areas of Business- Information Technology

Information technology (IT) managers:

- Build computer and network infrastructure
- Implement security protocols
- Develop user interfaces and apps for customers



External Forces in Businesses: The Macro-Environment

The Economy



Public Pressure



Environment



Political & Government

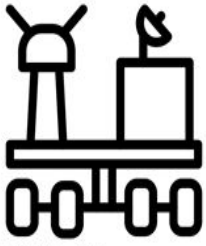


Macro- Environmental forces (shown in diagram) are external to business and out of business' control, but can have big influence in the success or failure of a business.

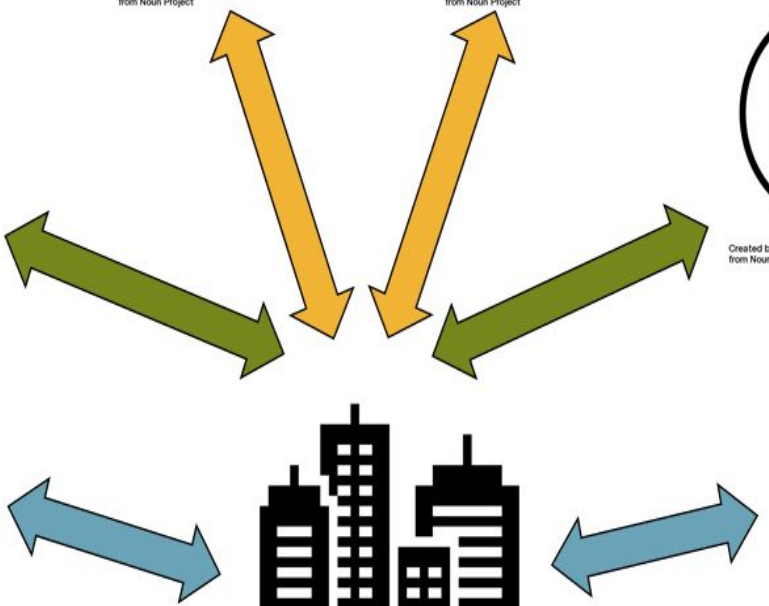
Demographics & Culture



Technology Changes



The Business Itself



Chapter 3 - Economics

- **Economics:** The study of allocation of limited resources to satisfy unlimited wants and needs of:
 - Individuals
 - Businesses
 - Governments
 - Nations

Factors of Production and Resources

Resources:

Resources are the inputs used to produce outputs, such as:

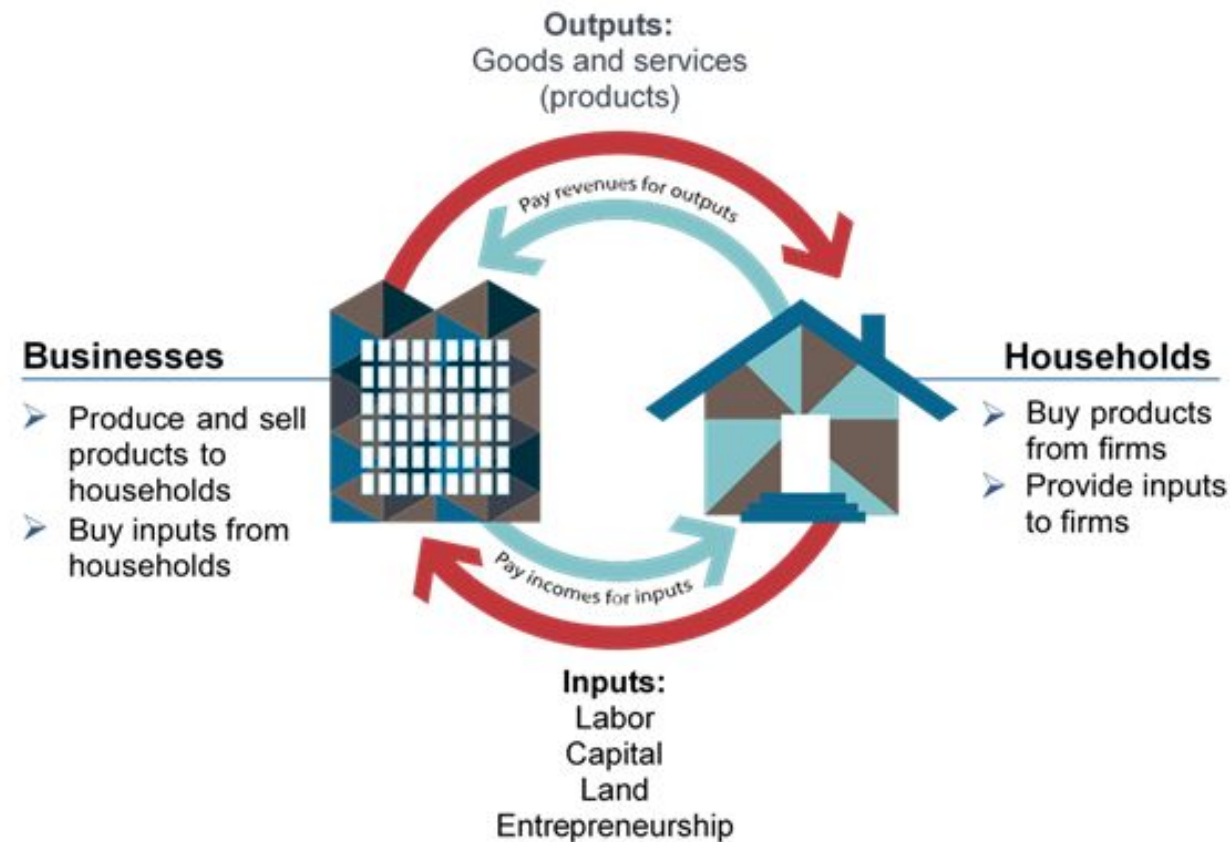
1. Land
2. Natural resources
3. Labour
4. Capital
5. Entrepreneurship
6. Information (Knowledge & Data)

Resources are combined to produce goods and services. The specific resources used by each business to produce are called their **Factors of Production.**

Economics is the study of:

- Interactions between households and businesses.
- How factors of production are combined to produce goods and services.

Input and Output Markets



2 Types of National Economies:

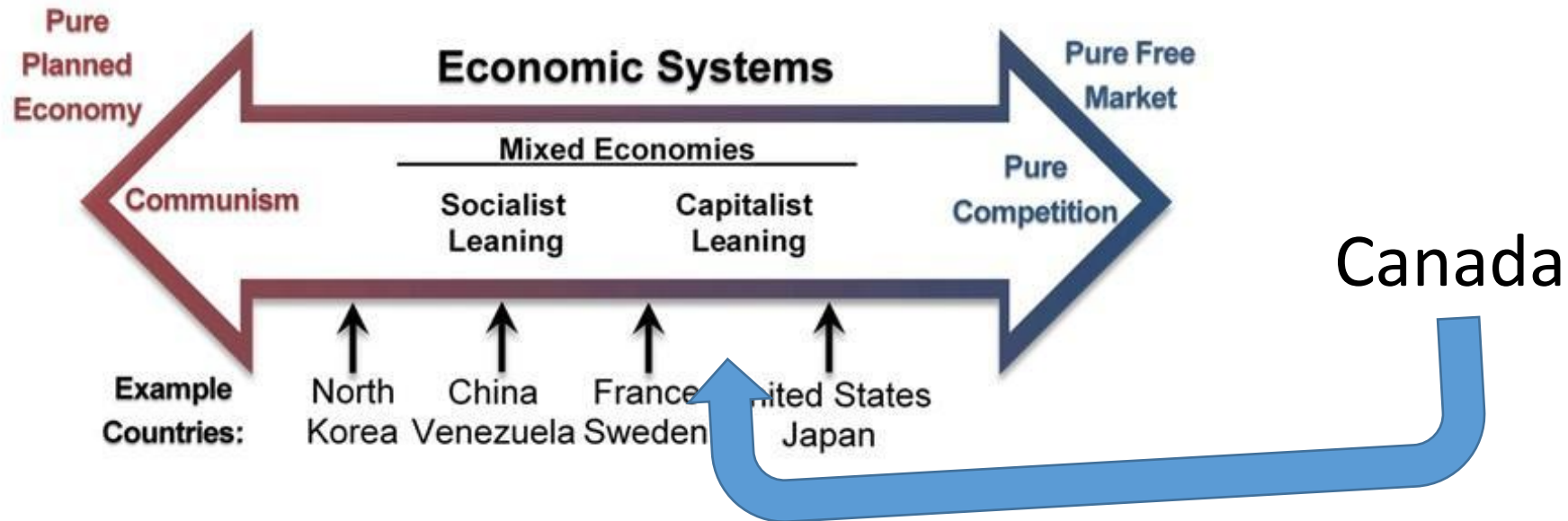
Planned System

- Government exerts control over the allocation of all or some goods and services / resources.
 - **Communism:** All allocation of resources. Government owns many of the resources.
 - **Socialism:** Some allocation of resources.

Free-Market System

- Limited government involvement in how business runs.
- System which most businesses are privately owned.
 - Competition dictates allocation of goods and services.
 - Profit incentive is the key driver.
 - “What’s good for business is good for all people”
- Ultimate **democracy?**

Most Countries are some form of “Mixed Market” Economy Today



Definition **Mixed Market Economy** : Reliance on both markets and government to allocate resources.

Rarely are they pure capitalist or communist. Governments having leaning towards free market or socialist (government led) principles.

The Canadian Economic System

Is a mixed market system

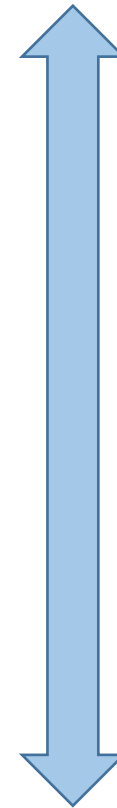
Primarily free market	Some socialist principles
<p>Government controls basic services:</p> <ul style="list-style-type: none">• Postal services and air traffic control.	<p>Through providing:</p> <ul style="list-style-type: none">• Social security, retirement and free health care.

Competition = when businesses vie for the same customers or resources in a particular market or industry.

- Competition motivates business to operate efficiently
- Forces a business to make products better or cheaper

Degrees of Competition:

- Perfect Competition
- Monopolistic Competition
- Oligopoly
- Monopoly



Increasing
Competition

Decreasing
Competition

Degrees of Competition

Perfect Competition

- Many sellers
- Product basically identical, standardized
- Individual firms have no control over price
- Buyer will purchase from the lowest price source

Monopolistic Competition

- Can have few or many sellers
- Product is seen as “unique” for some consumers.
- A differentiated brand provides the firm with some control over pricing vs competition

Oligopoly

- A few suppliers dominate sale of a product or service
- Each supplier knows what the others are charging
- Prices gravitate towards a common “market price”

Monopoly

- One producer and one source of supply
- Unique product
- Complete control over price
- No competitors
- Often government regulates only 1 competitor

Comparing 4 Types of Competition

Four Major Market Structures

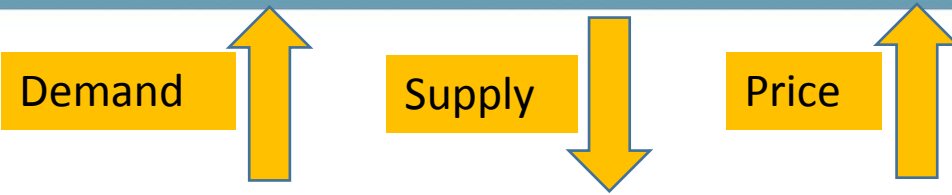
Characteristic	Perfect Competition	Monopolistic Competition	Oligopoly	Pure Monopoly
Number of firms	Very many	Many	A few	One
Types of product	Homogeneous	Differentiated	Homogeneous or differentiated	Homogeneous
Barriers to entry or exit from industry	No substantial barriers	Minor barriers	Considerable barriers & cost	Extremely great barriers
Examples	Agriculture	Specialized Retail	Banking	Public utilities

The Basics of Supply and Demand

- In perfect competition, price is determined through supply and demand.
 - The supply of products from sellers.
 - The demand for products by buyers.



Demand/Supply/Price Relationships



1. What happens to old iPhone sales when next gen iPhones are released?

2. What happens when a big event sells out?

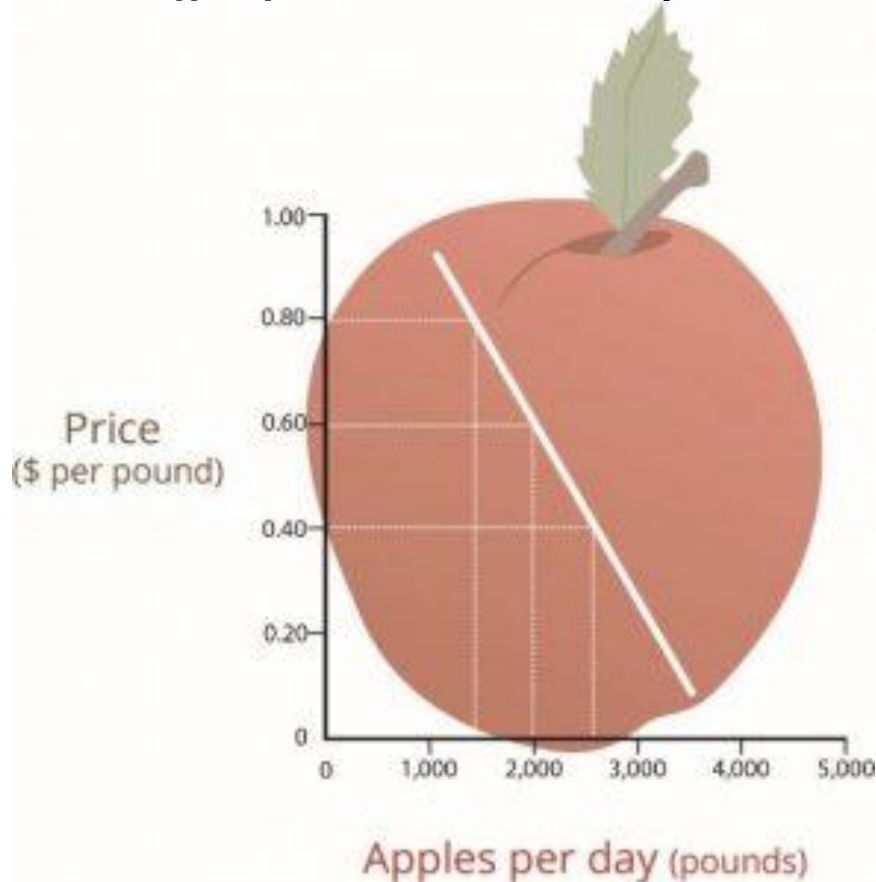


3. What happens when one gas station on a corner drops their price?



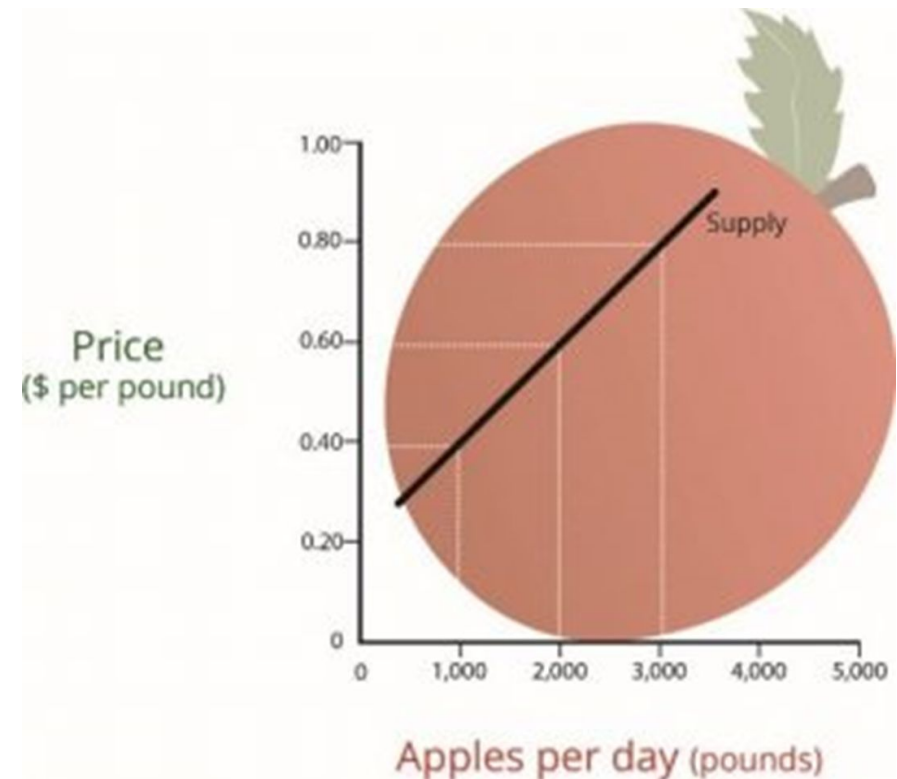
Demand Curve

Demand is the quantity of a product that buyers are willing to purchase at various prices.



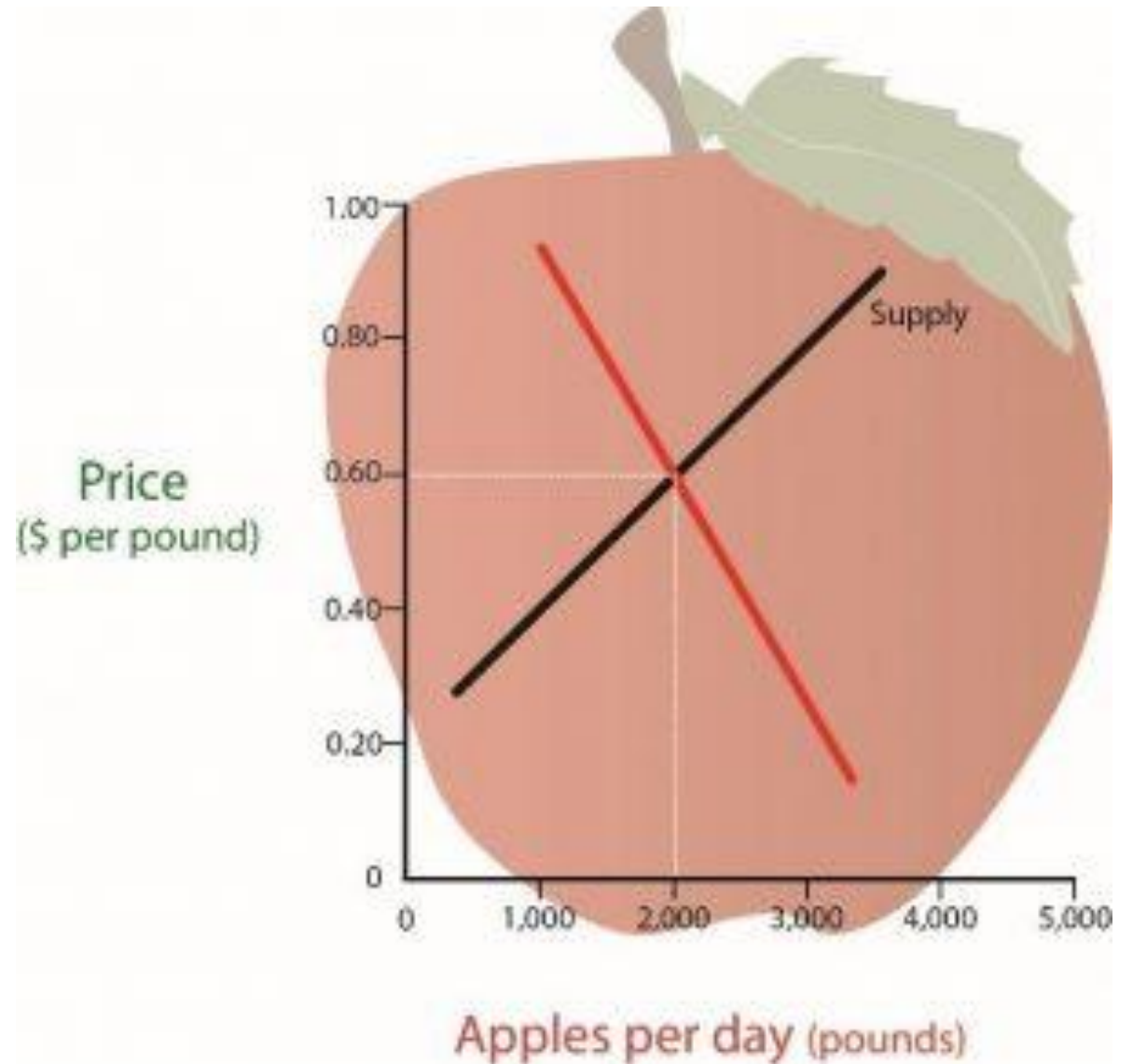
Supply Curve

Supply is the quantity of a product that sellers are willing to sell at various prices.



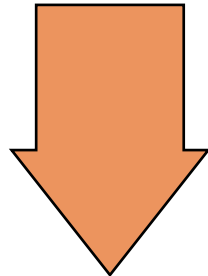
Equilibrium Price

- The Equilibrium Price is the point at which both the supply and demand curves intersect.
- Perfect competition markets will arrive at an equilibrium point at which both buyers and sellers are satisfied.

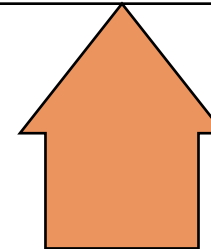


Impact of Supply or Demand on Price

**Excess supply
or weak demand
drives
prices
Down**



**Excess demand
or short supply
drives
prices
Up**
**(Think Raptors NBA
playoff tickets)**

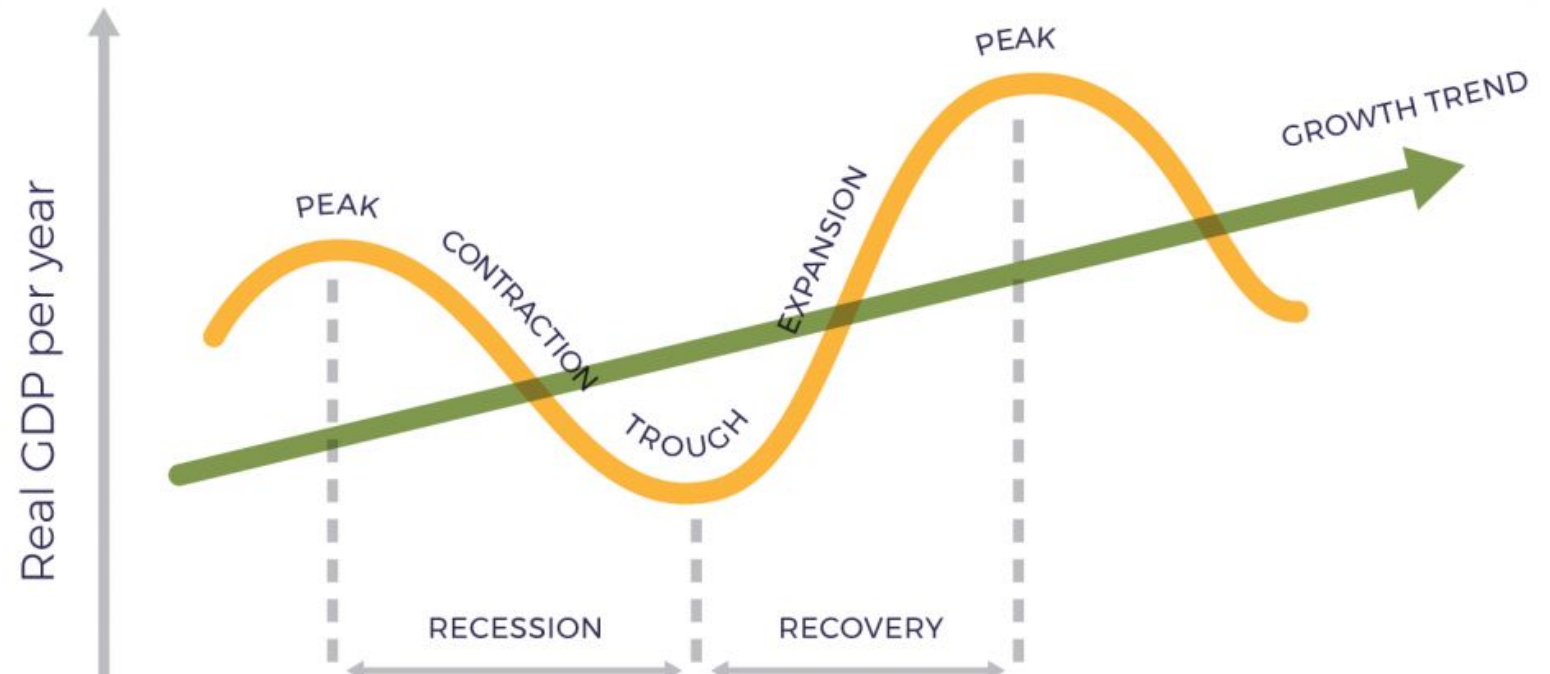


Economic Goals

- The world's economies share three main goals:
 - Growth
 - High employment
 - Price stability

Business Cycle

Short-term fluctuations in the economy relative to the long-term trend in output.



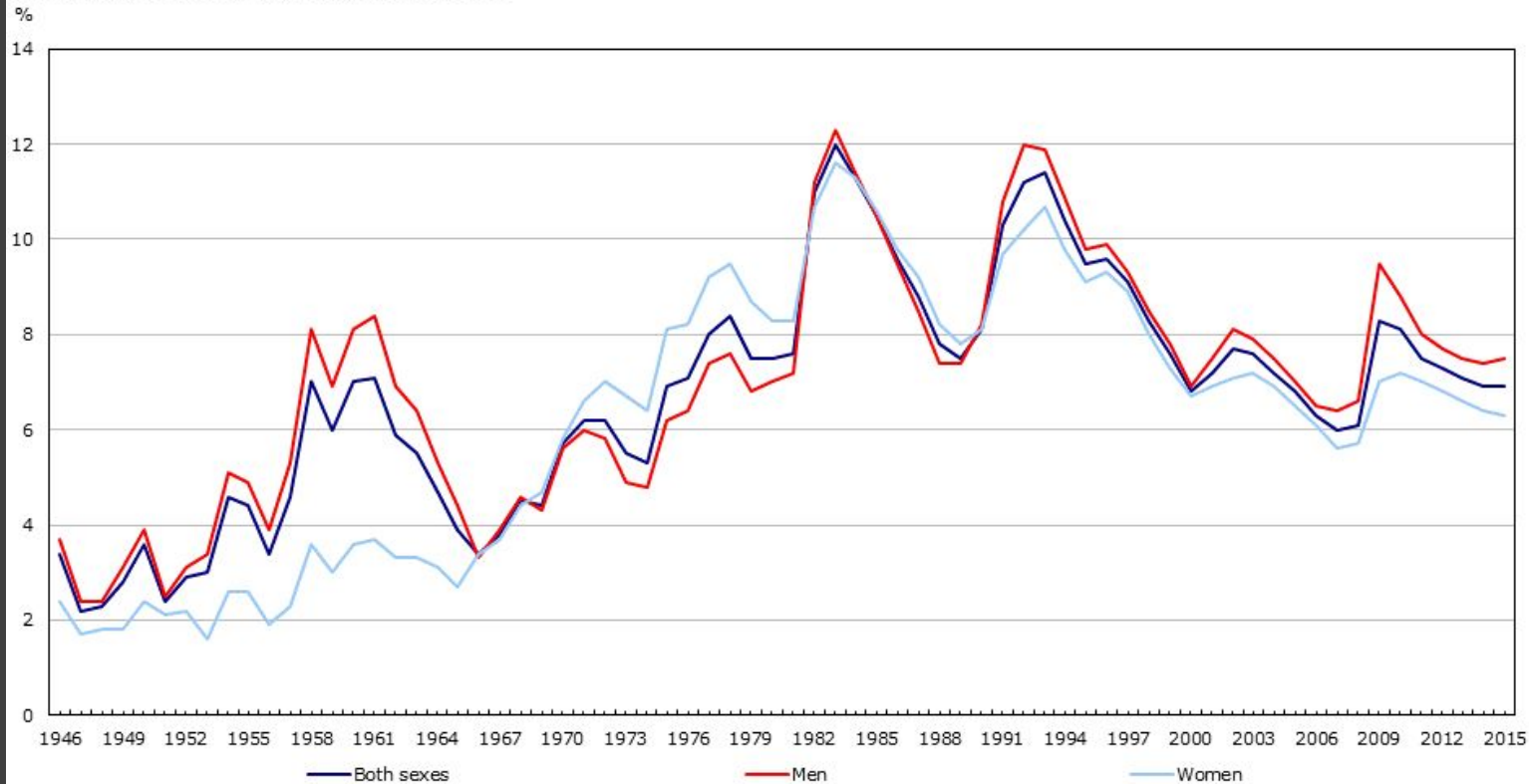
Ways Countries Measure Economic Growth

- Economic performance measured by total output.
- Gross domestic product (GDP) is the market value of all goods and services produced domestically in a given year.
 - Increasing GDP = Growth of economy
 - Decreasing GDP = Contraction of economy
- GDP per capita is the measure of total production of goods and services divided by the number of households.
- Unemployment rate, Inflation rate, Interest rate, CPI, value of currency (foreign exchange rate), real GDP .

The Unemployment Rate

- Percentage of labour force that is unemployed and actively seeking work.
- Important measure of economic health.
- In Canada a 5-6% unemployment rate would be a reasonable number. 8% would be a more problematic number.

Chart 4
Unemployment rate by sex, 1946 to 2015



Notes: From 1946 to 1965, rates are based on the population aged 14 years and older. From 1966 to 2015, rates are based on the population aged 15 years and older. Newfoundland was included in the LFS in the fourth quarter of 1949.
Sources: Statistics Canada, Labour Force Survey, annual averages.

Price Stability & Inflation Rate

Stability – when prices don't change or rise just a little. Rapidly rising prices cause economic difficulty for nations, businesses, individuals.

- **Inflation:** When prices rise.
- **Deflation:** When prices decrease.

Graph: Canada's Inflation Rate 1920-2019



The Consumer Price Index

- CPI measures the rate of inflation by determining price changes of a hypothetical basket of goods, such as:
 - Food
 - Housing
 - Clothing
 - Medical care
 - Appliances
 - Automobiles

A lot of raises based on CPI.



Economic Forecasting

- Future economic trends can be forecasted by analyzing the following:
 - Economic indicators
 - Lagging indicators
 - Leading indicators

Government's Role in Managing the Economy

- **Monetary policy** involves managing the money supply by the Bank of Canada. (Canada's central bank – government)
- Usually monetary policy involves raising /lowering interest rates for a country.
- **Fiscal policy** relies on the government's powers of spending and taxation.

Government Deficits and The National Debt

Government takes in money annually through taxes & fees.

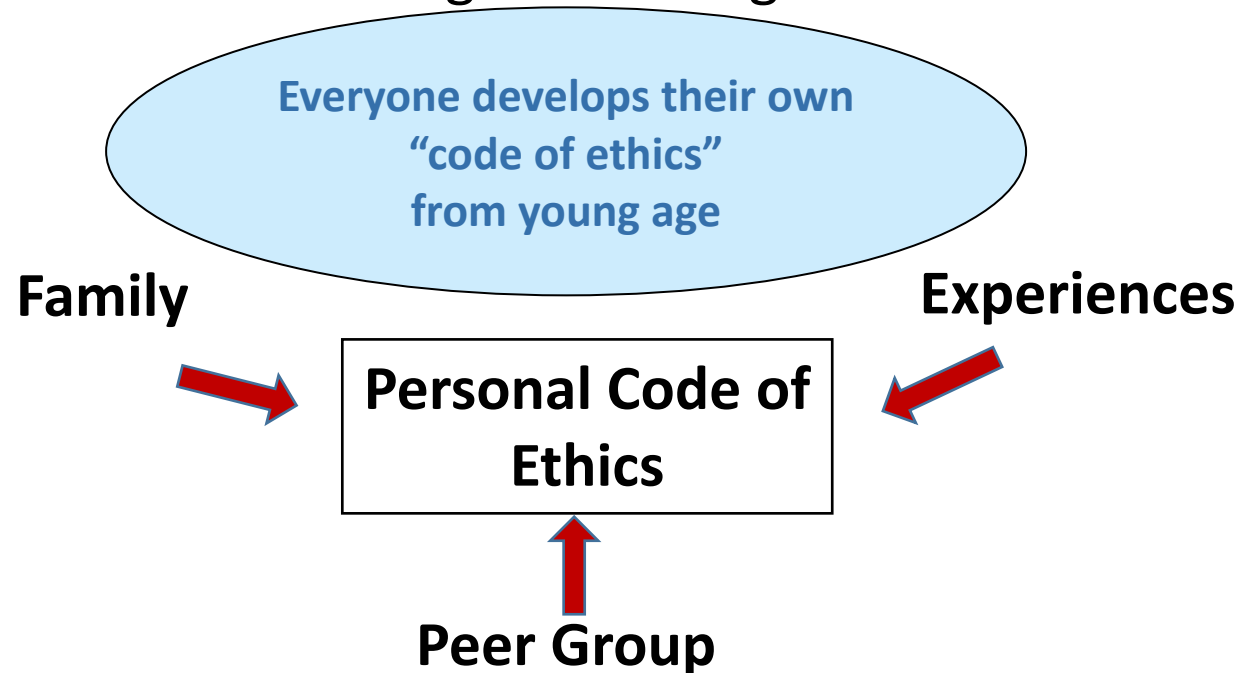
Government spends on essential services and other policies and priorities.

If government spends more in a year than it takes in revenue, it has a DEFICIT that year. All the years of deficits add up to the National Debt.

Ethics & Social Responsibility - Chapter 4

What is Ethics?

- Knowing what is a right or a wrong.
- Being aware when you are practicing one over the other.
- Culturally based; a community often has standards or moral values for what is right or wrong



Business Ethics

- **Business Ethics requires:**
 - being honest
 - doing no harm to others
 - competing fairly
 - Not putting own interests above those of the, and its workers.
- Need a strong sense of what's right and wrong.
- Need personal conviction to do what's right, even if it means doing something that's difficult or personally disadvantageous.



“Newspaper Test”

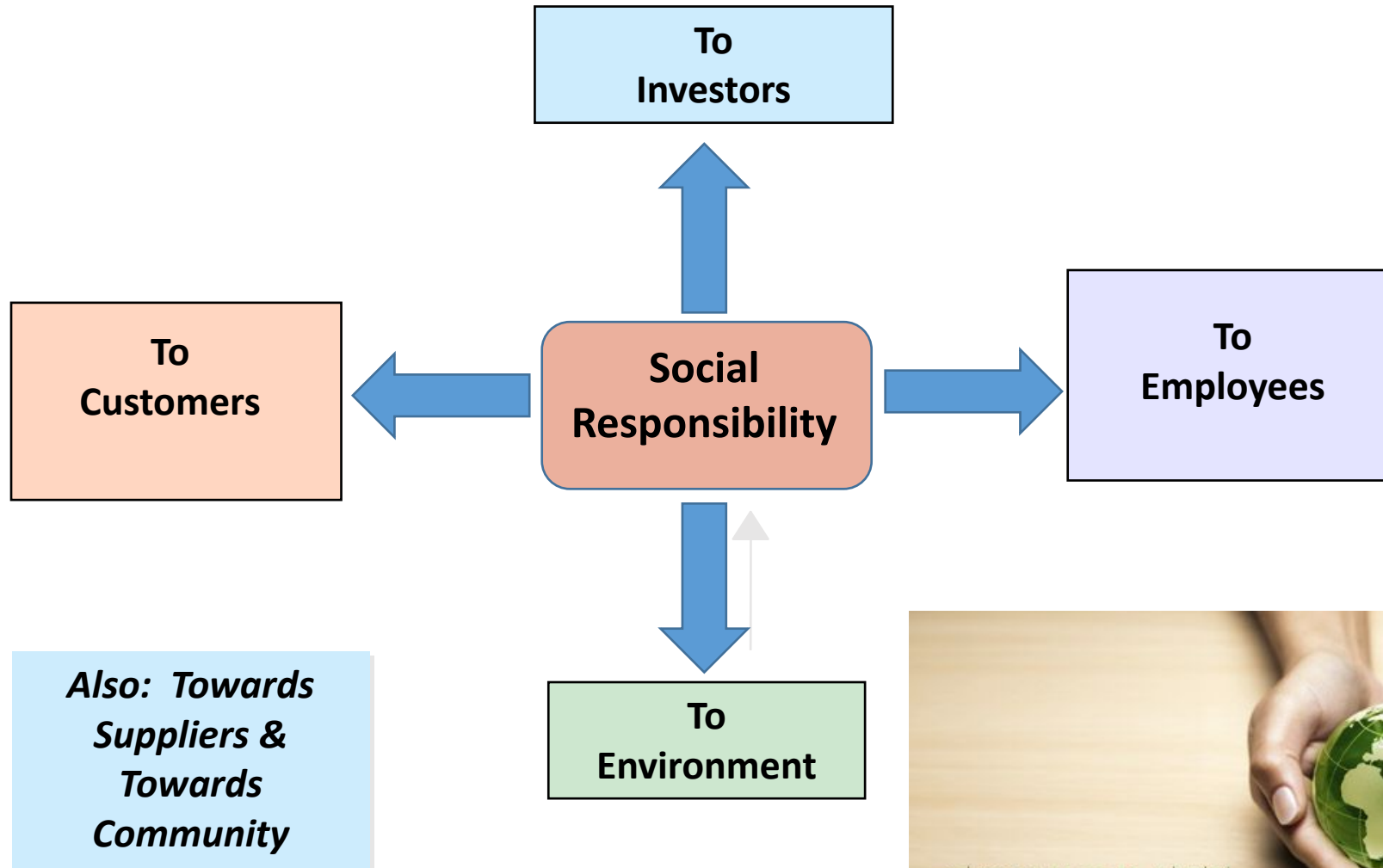
If the media or internet published what happened,
would it stand up
to public scrutiny?

Written “Codes of Conduct”

Demonstrates importance of ethics to a business or corporation. A commitment to ethical behavior.

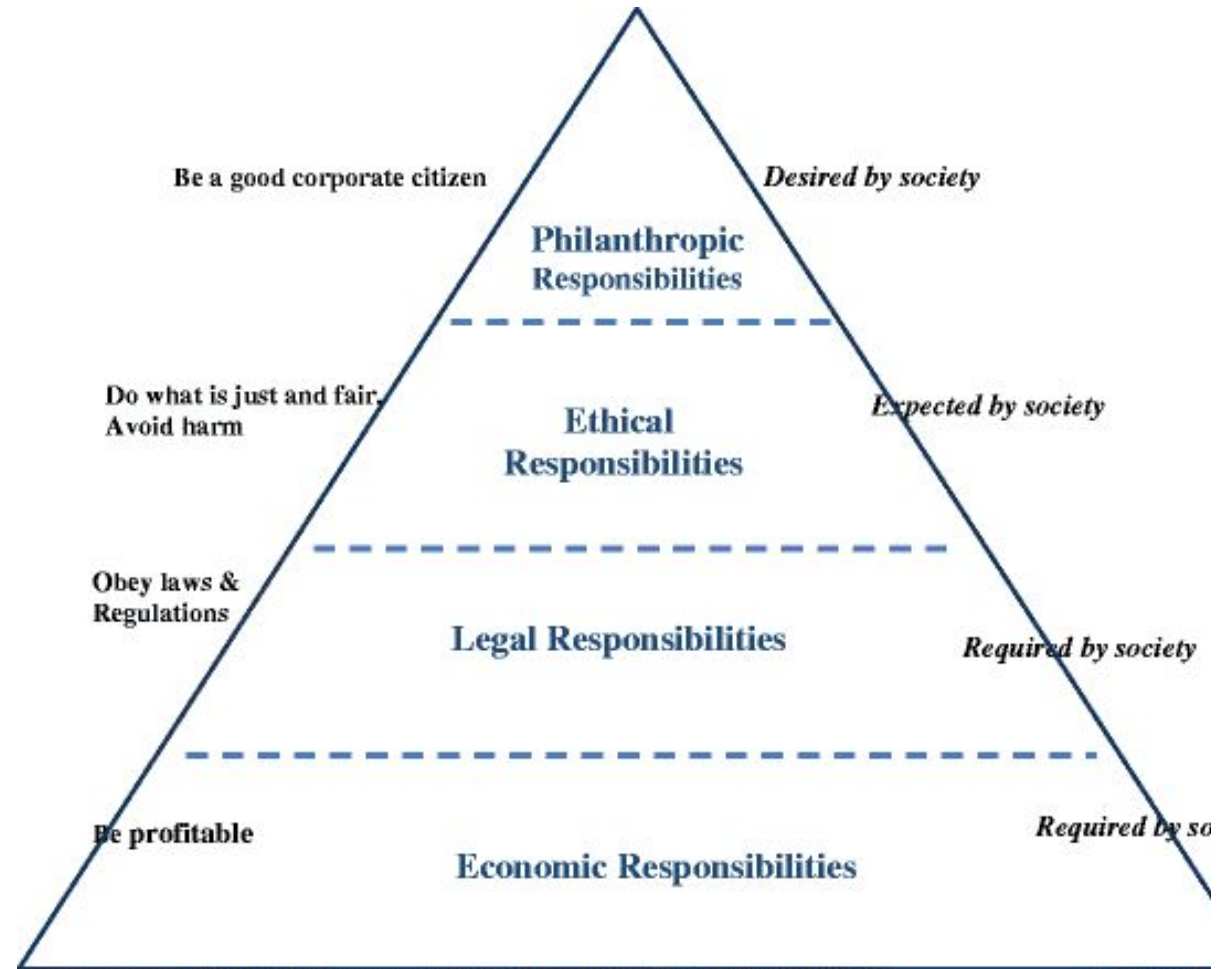
- **Increase public confidence** in a firm or industry
- Help **reduce need for government regulation**
- Improve internal operations by **providing consistent standards** of both ethical and legal conduct.
- **Clarifies employee expectations** up front! **What to do in a small or large ethical dilemma.**
- **Help managers respond** to problems that arise due to unethical or illegal behaviour

Who are the “stakeholders” for business Corporate Social Responsibility?

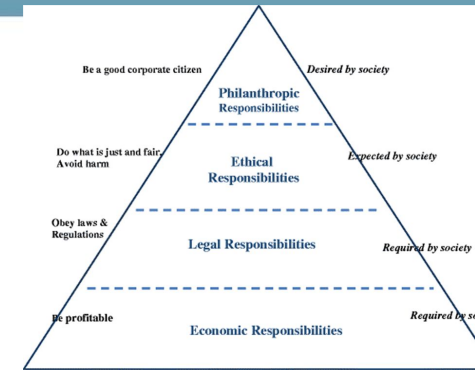


Carroll's Pyramid of Corporate Social Responsibility

- 4 items published 1979.
- In 1991, Carroll recast as pyramid.
- infrastructure of CSR - built on an economically sound and sustainable business.



At the top of pyramid – Businesses prioritize Social Responsibility & Philanthropy



What this looks like?

- Employees and owners follow highest ethical standards
- Employees fairly treated
- Support for diversity
- Take lead in donating, sponsoring a cause (eg CIBC Run for the Cure)
- Allocate employee time, company funds & resources to philanthropy
- Care about customers, suppliers, environment.
- Being socially responsible because you believe in it
- Good for company image & attractive to customers
- Willing to do much more than law requires



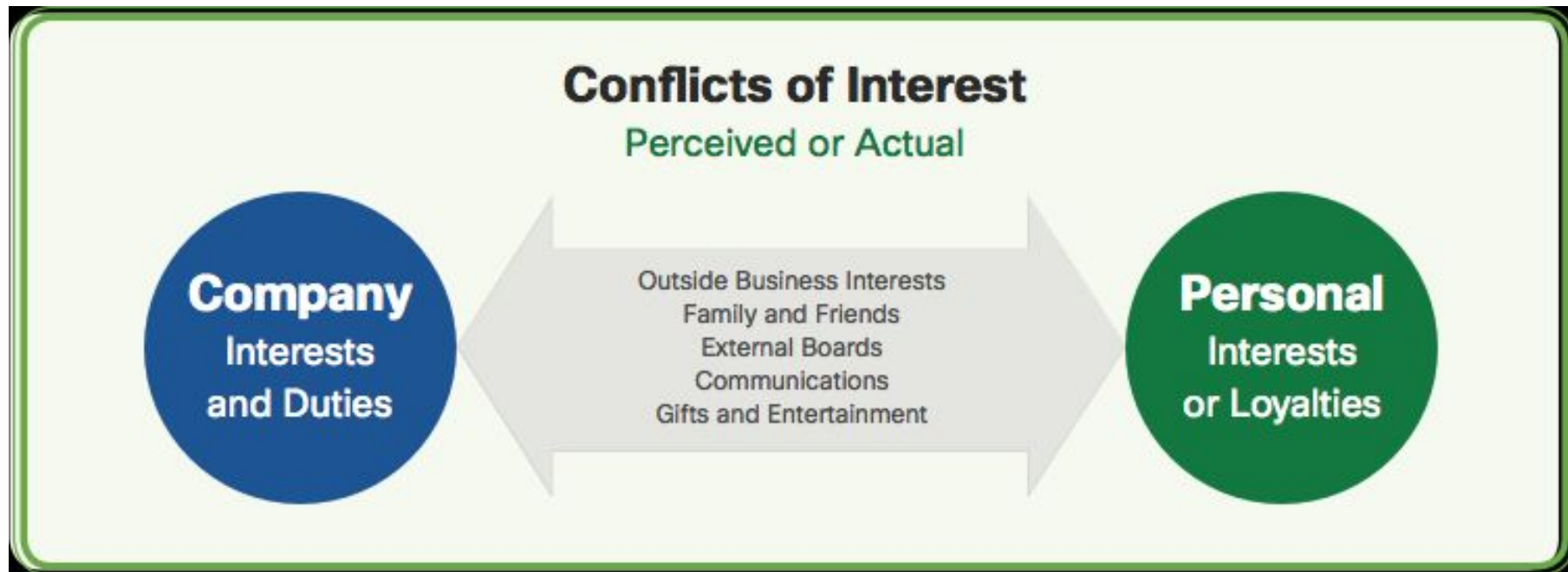
You Can Be Ethical at Work

- Set high personal standards for yourself.
- Follow your employer's code of personal conduct
- While at work, focus on your job. (Don't steal time.)
- Don't appropriate office supplies or products or other company resources for your own use.
- Be honest



Avoid Conflicts!

- **Conflicts of Interest** – choice between personal interest (\$\$) vs interest of others (usually your company)
- **Conflicts of Loyalty** – no \$\$ interest but conflicting loyalties between employer vs friend or family
- **Taking Bribes vs Small Gifts** – Bribery illegal in Canada



Corporate Social Responsibility to Stakeholders

For Employee

Protect:

- Equal opportunity & no discrimination, harassment
- Health and Safety
- Fair Wages
- Whistle-blowers are protected

To Investors/Owners

Avoid:

- Misrepresentation of Finances
- Using Company \$ for Personal Gain
- Insider Trading

To Customers

Protect:

- Rights of Consumers
- Price-fixing
- Misleading advertising
- Food safety
- Labelling
- Privacy
- Contracts

To Environment

No to:

- Pollution
- Habitat destruction & global warming

Social Responsibility to Employee

Employer Responsible to ensure:

- **Equal opportunity & workplace free of discrimination**
 - Policies against discrimination. Human rights code.
 - Informal behaviour of managers and employees can be a factor.
 - Fair, open process for promotions, raises.
- **Health and Safety**
 - Safe workplace
- **Employee Privacy - when and when not?**
 - Drug testing
 - computer / email monitoring
- **Employee Whistleblowers**
 - Employees who call attention to unethical behaviour of their executives, managers or peers.
 - High risk to blow the whistle – could get fired or demoted.
 - Now there is whistle blower legislation

Social Responsibility to Investor

Misrepresenting Company's Financial Information

- Companies must conform to Accounting guidelines called “Generally Accepted Accounting Principles” (GAAP)
- Use “creative accounting” to inflate expected profit figures. Misleads investors. Business leaders, their financial officers and their external accountants can all be liable.
- Examples: Enron. Garth Drabinsky at Livent.

Social Responsibility to Investor

Insider Trading

- Using confidential (non-public) information to gain from the trading in stock
 - E.g. if you know there is going to be bad news, you sell stock before news is public.
 - E.g. if there is good news coming, you buy stock at today's lower price.
 - E.g. Martha Stewart (ImClone shares)
- Some companies establish stock trading cutoff date for executives before public announcement dates.
- Can involve the collusion of investors sharing info and buying and selling stock at the appropriate time to make huge profits

Social Responsibility to Customer

Consumer Rights Issues

Consumerism

- social movement that seeks to protect and expand the rights of consumers in their dealings with businesses

Consumers rights are protected in law.

- right to safe products
- right to be informed
- right to choose what they buy
- right to be heard

Additional Social Responsibility to Customer

Price Fixing :

Illegal pricing practices may occur due to the intentional (illegal) limiting of competition

- **Collusion - illegal**

- a group of companies conspiring to fix prices
- results in inflated prices and a lack of competition

- **Price gouging** during shortages – unethical? (eg stocking up in a hurricane!)

- Product labelling, food safety
- Ability to cancel contracts (especially on phone, door-to-door)
- Privacy of customers' info
- Ethics & Truth in Advertising

Social Responsibility to Environment

- Land Pollution
 - Waste Disposal
 - Recycling Costs
 - Reduce packaging at source
- Air Pollution
- Water Pollution
- Habitat preservation
- Global warming

Issues in the News

- Oil pipelines
- Farm waste runoff
- Landfill locations
- Nuclear safety

Chapter 5 – Business in Global Environment

Contemporary Global Economy

- Total volume of world trade \approx \$20.2 trillion /yr
- **Globalization** = the integration of markets globally
 - The world is becoming a **single interdependent system**
 - benefits to countries and investors
 - technology makes it easy – world is becoming more of single market network.
 - globalization criticized for exploiting less developed countries
 - **For Canadian business**
 - Canada is a small, limiting market
 - Substantial rewards for Canadian business beyond our border – but complexity and risk!



Imports and Exports

- **Imports**

- Products & services made or grown abroad, but sold domestically. (i.e. sold in Canada).

- **Exports**

- Products & services made or grown domestically (in our own country) but shipped and sold abroad.

Types of Competitive Advantage between nations

Absolute advantage

- a country is the only source of a particular product OR country can make more product using fewer resources than any other country.
- Examples: Brazil-coffee, Canada-lumber, Saudi Arabia-oil, France - wine
- Often resource based – hard for other countries to match. But may end when resource runs out. (eg France no longer is only country able to produce a great grape)

Comparative advantage

- a country can produce a product more cheaply (or lower “opportunity cost” compared to another nation.
- Examples: Canada has comparative advantage vs S. Korea in farming, S. Korea has comparative advantage in electronics production.

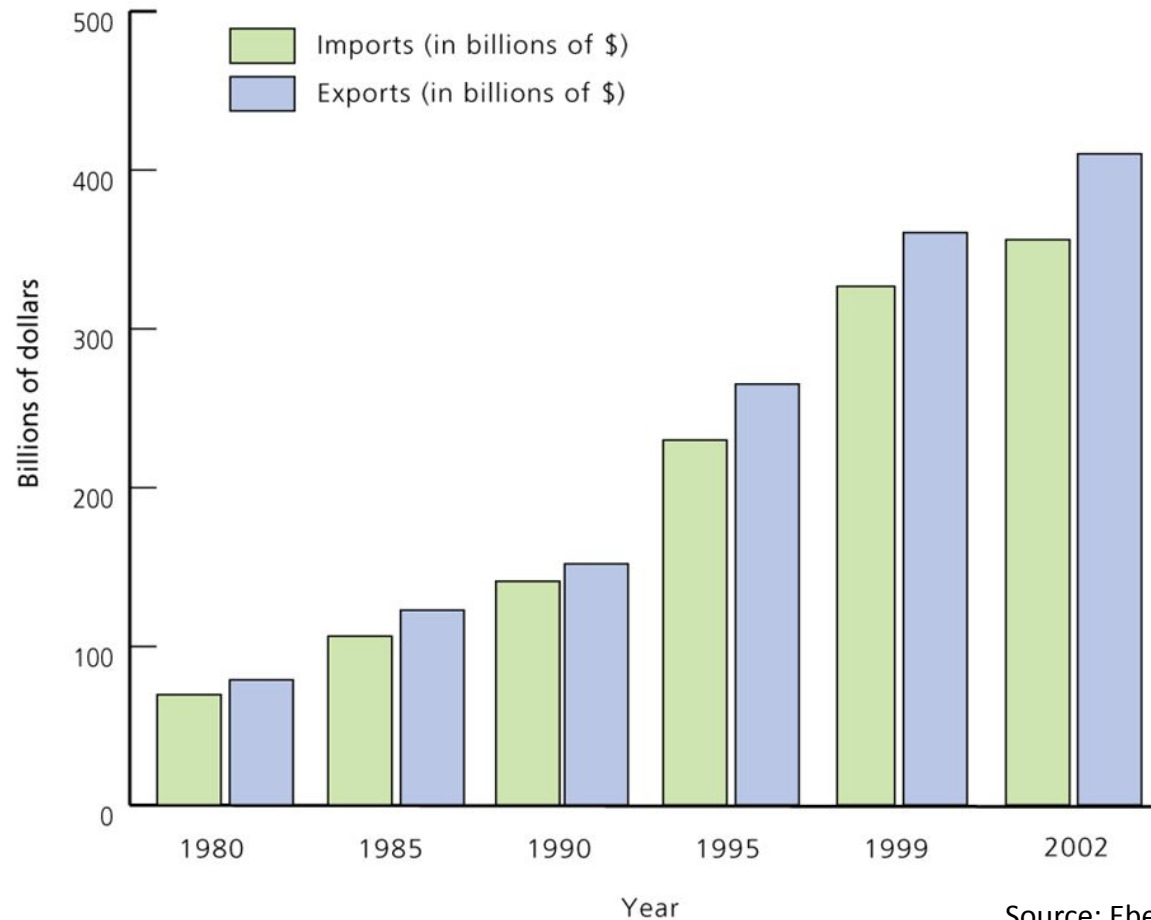
Opportunity Cost: The cost of obtaining one item is the lost opportunity to do or consume something else. Value of the next best alternative.

Opportunity can be Time: Sleeping through class and missing the lecture.

Opportunity can be in Money: Spending on video games and not affording text books.

Measuring Trade between Nations:

Balance of Trade



Imports < Exports
= **Trade Surplus**
(Favourable)

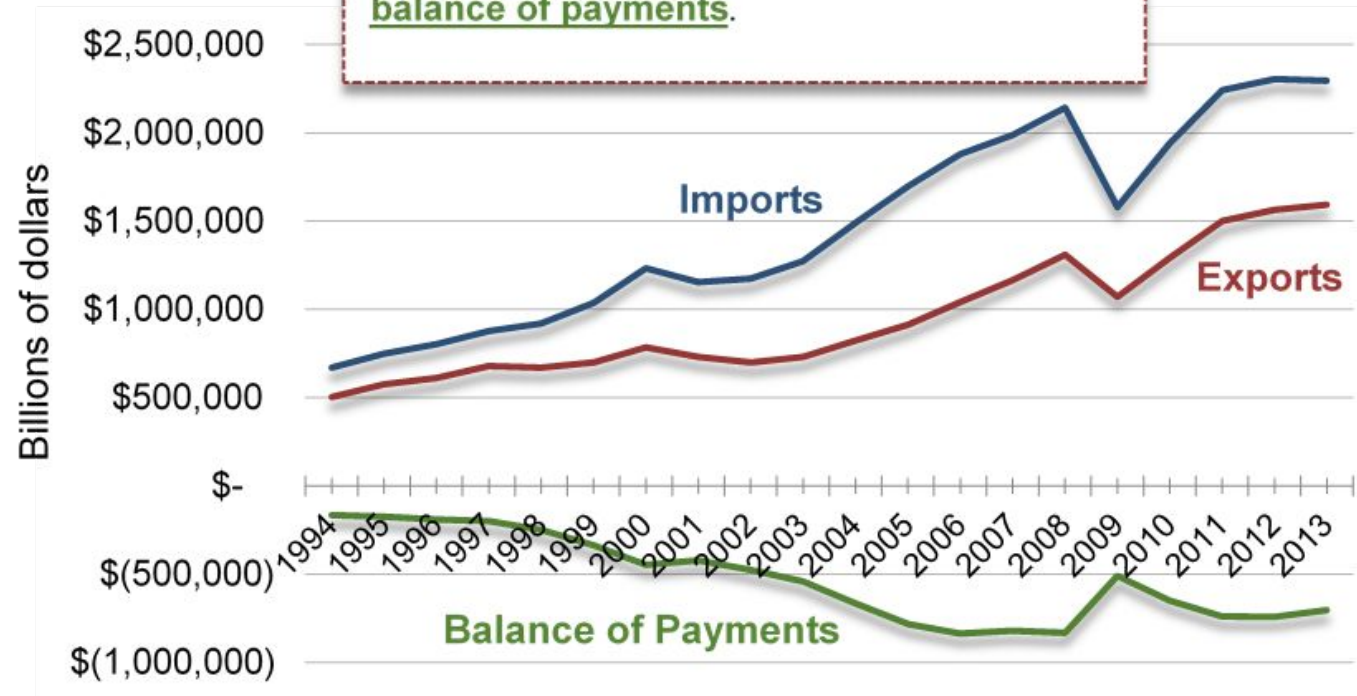
Imports > Exports
= **Trade Deficit**
(Unfavourable)

Figure 4.5
Canadian imports and exports of merchandise.

Source: Ebert, R.J., Griffin, R.W. et al. *Business Essentials, 4th Custom Edition for Fanshawe College*. 2016. Toronto, On. Pearson.

Balance of Payments

Because we buy more products from foreign companies than we sell to foreign companies and consumers, we must **import** more than we **export**. The gap between what we spend and what we take in is reflected in our national **balance of payments**.



Canadian Imports to and Exports from Selected Countries, 2014

Country	Exports to this county (\$ billions)	Imports from this country to Canada (\$ billions)
United States (Surplus for us)	\$400 B	\$350.7
European Union	40.5	49.3
Mexico	6.8	17.2
China	20.6	35.6
Japan	11.1	9.2
All Others	49.8	62.2
Total – Trade Surplus	528.8	524.4

5 years ago US totals were exports \$271, imports \$236.

5 Methods for International Expansion

Exporting via Independent Agent

- Hire Agent in other country to handle shipping, customs, etc so customers there can deal “domestically”

Licensing or Franchising Arrangement

- Local company pays royalties or franchise fees for right to produce/market your product in their country.

Contract Manufacturing and Outsourcing

- Have another company complete components of your production or administration.

Strategic Alliance or Joint Venture

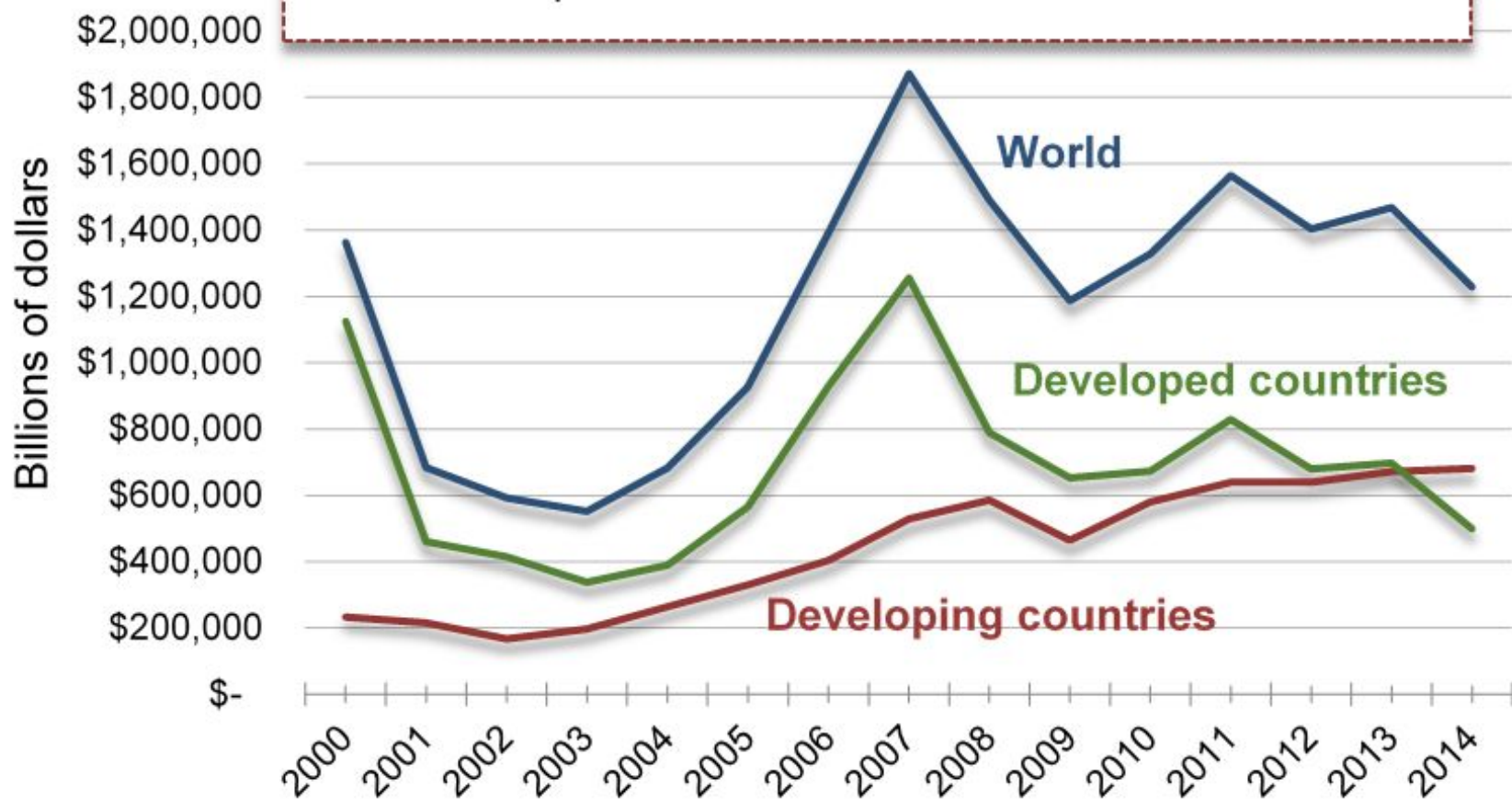
- Partner with company from other country. A contract covers how expenses, work, profits will be shared. Usually for specific project.

Establish Foreign Direct Investment /Open Local Subsidiary

- Invest locally in facilities or employment. Often demanded by a government to get permission to sell in that market.

Amount of Foreign Direct Investment

Through 2008, developing countries received substantially less in foreign direct investment than developed countries did. In 2009, things changed, and developing countries (especially China and India) received more global foreign direct investments. In 2014, FDI in developing countries surpassed FDI in developed countries for the first time.



Multinational Firms – truly Global operations

- Assets, factories, mines, sales offices, and affiliates in two or more foreign countries
 - Worldwide mindset – don't really think themselves as having “domestic” and “International” divisions.
 - Planning & Decision-making geared to global markets.
 - Worldwide locations.
 - Location of head office is almost irrelevant
 - Go where there are favourable exchange rates, technology and expertise
 - Provide needed jobs, prosperity, technology, and growth to developing nations
 - Often criticized for taking resources out of the country, and not doing enough to develop local labour markets
- e.g. Nestle, IBM

Multinational Corporations (MNC)

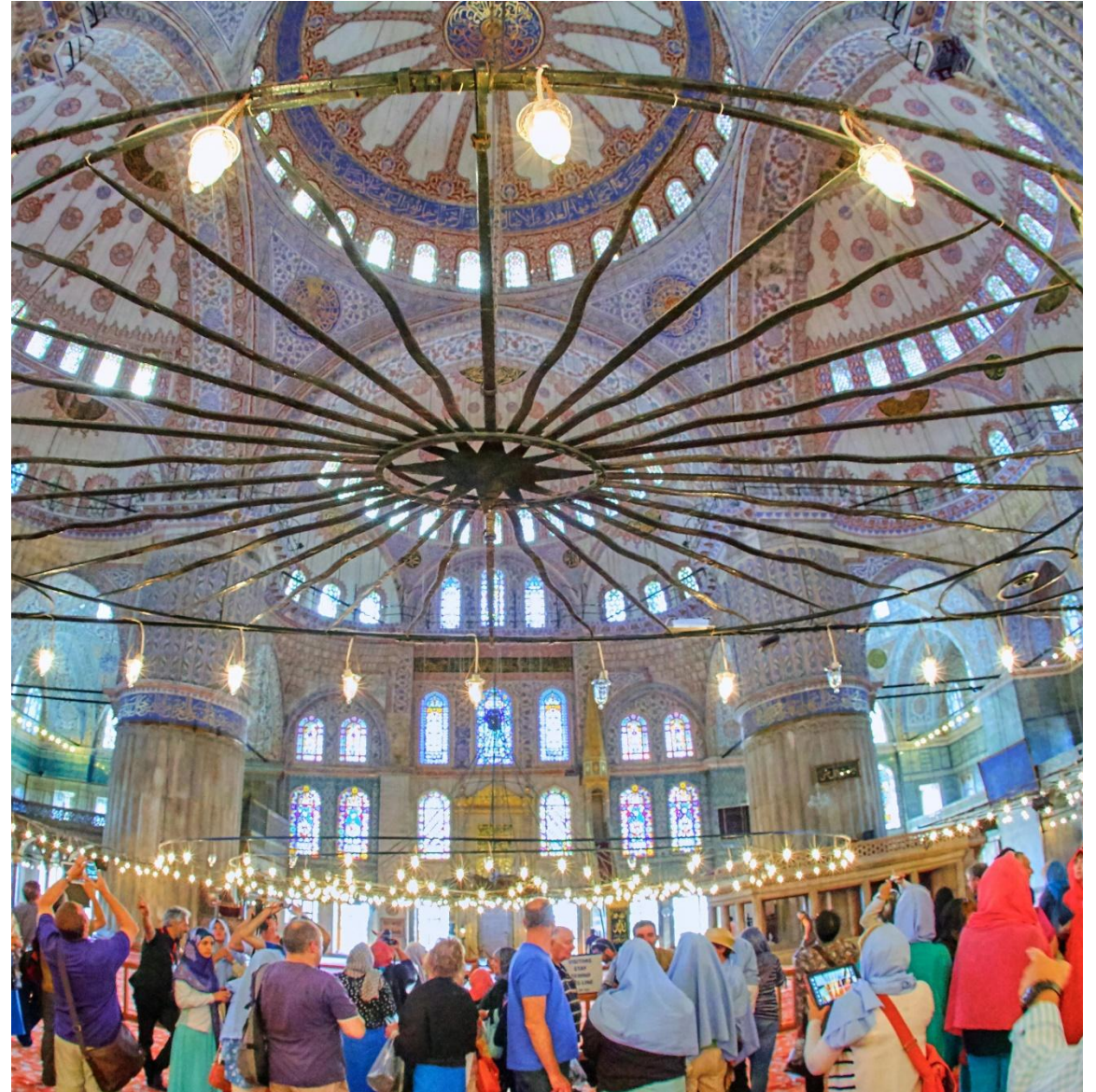
- Company operating in many countries.
- Often adjust globally their:
 - Operations
 - Products
 - Marketing

Criticism of MNCs	Defence of MNCs
<ul style="list-style-type: none">• Relocating jobs• Harming environments• Working conditions	<ul style="list-style-type: none">• Cheaper products• Economic development• Increases cross-cultural understanding

Environment for Global Business

- International business requires an understanding of global situation:
 - Economics
 - Laws
 - Politics
 - Currencies

- Languages
- Culture of customers
- Culture of business



Global Environment in Countries varies widely

Economic Development:

- GDP, average income, education level or banking system.

Currency Valuations and Exchange Rates:

- Variation in national currencies causes volatility in exchange prices

Legal and Regulatory Environment:

- Legal system, government regulations, taxes or duties.

Foreign Corrupt Practices Act:

- Corruption of Foreign Public Officials Act (CFPOA) – illegal for Canadian companies to offer bribes anywhere

Economic Development: Wealth of Countries Drives Business Impacts

- Countries can be categorized using gross national per-capita income
 - **High-income** Countries (per capita income per year > \$12,746)
 - Canada, US, most Europe, Japan, Kuwait, South Korea, Israel, etc.
 - **Upper middle-income (\$4126 to 12,735)**
 - China, Columbia, Argentina, Turkey, South Africa, Mexico, etc.
 - **Low middle-income (\$1046 to 4125)**
 - Ukraine, Philippines, Kenya, India, etc.
 - **Low-income or Developing** Countries (income per year < \$1,045!)
 - South Sudan, Haiti, Afghanistan, etc.
- **Higher income means** these countries have more consumer demand, but labour is expensive.
- **Lower income means** these countries offer cheaper labour to make goods, but have less ability to buy goods from others.
- **Developing countries** may be risky for business. (Weak or unstable governments, poverty, hunger, low literacy, civil unrest etc.)

Source: World Bank Country and Lending Groups by Gross National Income per Capita 2015, excerpted from e.campus Ontario, Foundations of Business.

Legal and Regulatory Environments May Vary

- Planned economies vs . Market economies – can you buy land? Get permission to operate?

Typical practices of governments use to control foreign business:

- heavy subsidization of locally-based firms
- local content laws favouring local businesses over foreign subsidiaries
- Complex permits or licenses for foreign firms to conduct business
- Banned activities - eg UFC fights were illegal in Ontario
- No dumping regulations

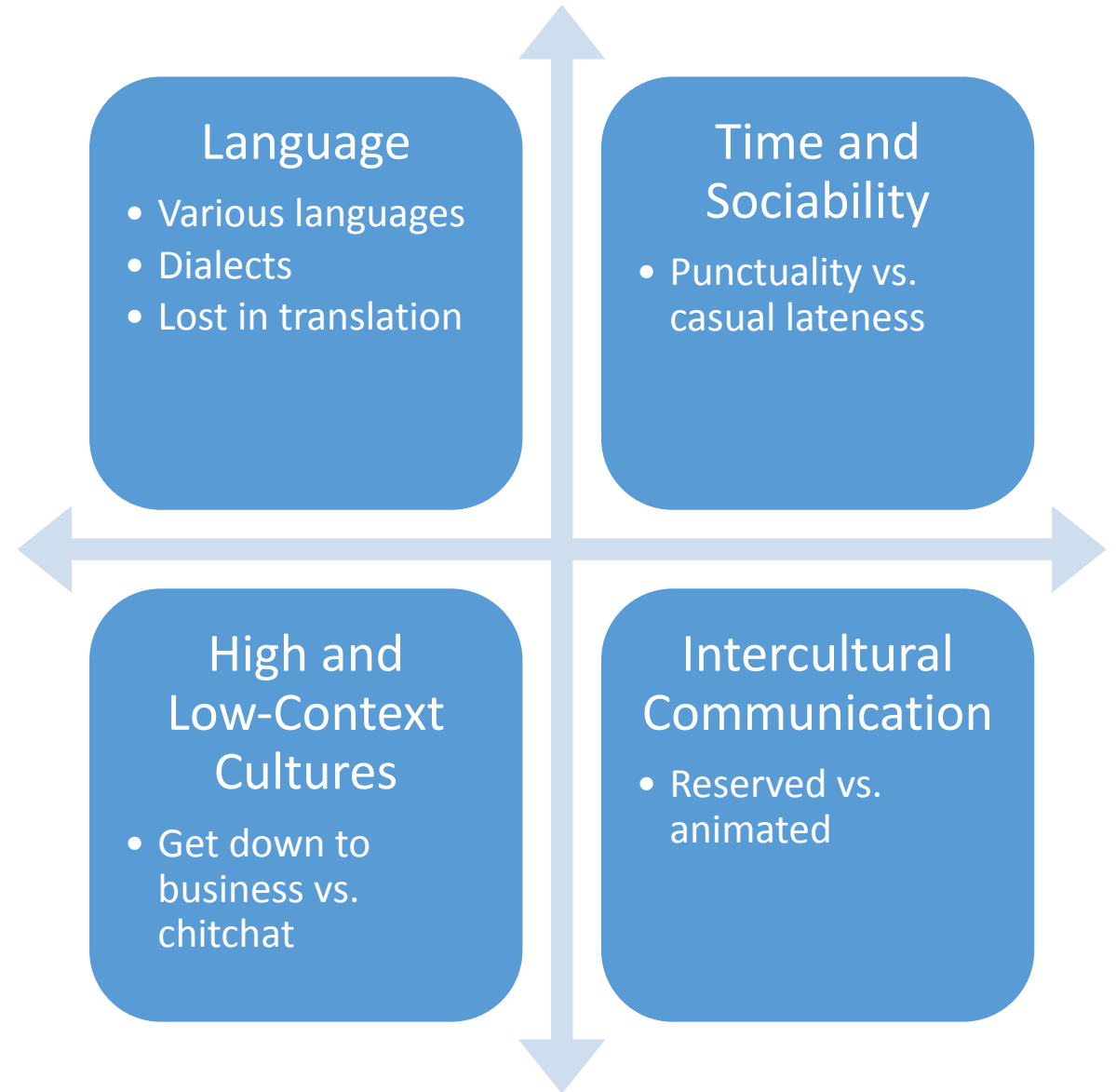
Social & Cultural Differences of Consumers

Determines how and what local consumers buy:

- Population demographics
- Shopping habits
- Religious differences
- Social beliefs
- Food and entertainment preferences

The Cultural Environment

makes a difference in how business is conducted locally.



Transparency International: Corruption Perceptions Index (CPI)

Rank	Country	CPI Score
1	New Zealand	89
2	Denmark	88
3	Finland	85
3	Norway	85
3	Switzerland	85
4	Singapore	84
4	Sweden	84
5	Canada	82
176	Yemen	16
176	Sudan	16
177	Afghanistan	15
178	Syria	14
179	South Sudan	12
180	Somalia	9

Trade Controls by Governments

Protectionism: Government protects its domestic business at expense of free global markets.

Methods for Governments to Protect Domestic Business:

- **Quota**
 - limitations on importation of a product class
- **Embargo**
 - forbidding export/import from a nation (US vs. Cuba)
- **Tariff:**
 - Putting a tax of foreign goods when they are imported into country
 - Raises government revenues as well
- **Subsidy**
 - government financial assistance for domestic firms
- **'Local Content' Laws**
 - Requires that at least part of the product be made in the country that is importing. (eg Japanese car makers had to build assembly plants in Canada)



Reducing International Trade Barriers

- Trade Agreements between nations
- General Agreement on Tariffs and Trade (GATT)
- World Trade Organization (WTO)
- The International Monetary Fund (IMF)
- The World Bank



World Trade Organization (WTO)

- Member nations negotiate trade agreements and resolve trade disputes
 - successor of GATT, but more power
- 149 countries, plus
- Agricultural subsidies controversial
- Some protest against trade liberalization

Trade Agreements to Overcome Barriers to Trade

Treaties and Agreements between countries can prevent individual countries setting up barriers.

Major Agreements between Countries:

- European Union (EU)
- The North American Free Trade Agreement (NAFTA) since 1990's . Canada , Mexico, U.S.
- US president campaigned in 2016 on tearing up NAFTA.
- NOW A NEW USMCA signed in 2018. Key to Canadian economy.

An example: The European Union



- Trade agreement in 1990s
- 27 countries
- One currency – Euro
- No tariffs inside, common tariffs outside
- Individual countries' economies now tied to one another
- Brexit?? UK leaving