56. Trade – flows and trading blocs

Flows of international trade

The volume of trade has increased at about *8%* annually since 1945 ⇔ the world´s leading trading partners are:

- *USA*
- *Japan*
- *Europe*

The WWII destroyed much of the economy of many countries => economic recovery generated much trade ⇔ the reduction of <u>tariffs</u>

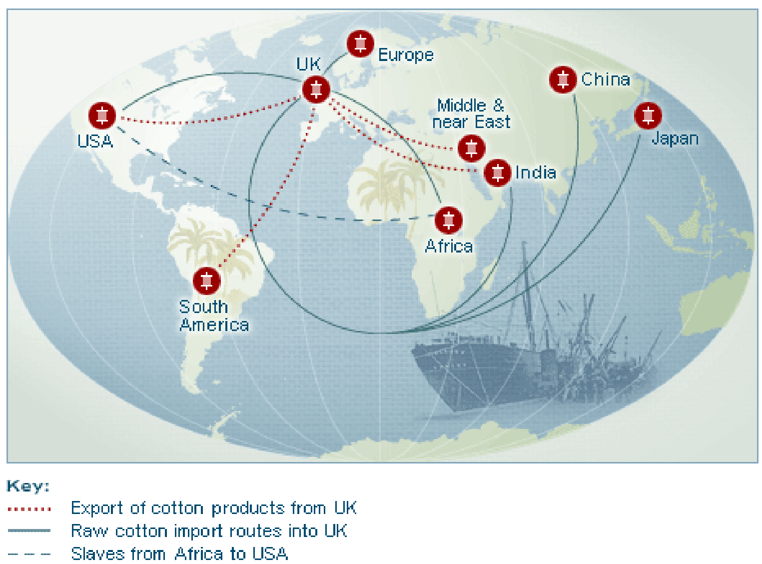
Tariffs = restrictions on trade to:

- protect home markets by making imports more expensive
- provide a source of revenue to the government

Other factors that increased trade: population growth and increasing standards of living.

Growth in trade was complicated by the *oil crisis* in 1973. But in general, distribution of the world trade is as the following:

- <u>Economically more developed countries</u> accounted for:
    - about *70%* of the world trade in 1938
    - about *75%* of the world trade in 1980
- <u>Economically less developed countries</u> accounted for:
    - about *23%* of the world trade in 1938
    - about *12%* of the world trade in 1980



Direction of flows

Most trade is in manufactured goods and services and between developed countries. Nearly <u>50% of the world trade is between developed countries</u>

- e.g. European countries trade with each other more than compared to ELDCs, i.e. CH + EU, NOR + EU, countries within the EU

Since 1945: number of changes

- a decline in the UK´s exports
- an increase in exports from the USA, Germany and Japan
- increased trade between the Socialist states
- an increased oil trade

Keywords

oil crisis, tariff, revenue, direction of international trade flows, trade routes