

Unit 7: International Environment

1. **International trade** refers to the importing (buying) and (exporting (selling) of goods and services between countries
2. **An open economy** is an economy that engages in international trade.
3. **Visible imports** are goods that Ireland buys from other countries e.g. oil, cars, wine
4. **Invisible imports** are services Ireland buys from other countries e.g. Irish person holidaying abroad, Irish person taking out a loan with a Dutch bank. These benefit the foreign economy.
5. **Import substitution** involves consumers and businesses purchasing Irish – made goods in place of imported goods.
6. **Visible exports** are goods that Ireland sells to other countries e.g. computers, chemical products, beef
7. **Invisible exports** are services Ireland sells to other countries e.g. tourists coming to Ireland, ESB International doing work abroad. Both benefit the Irish economy.
8. **Balance of Payments** is the difference between the export of goods and services and the import of goods and services i.e. Total Exports – Total Imports
9. **Balance of Trade** is the difference between visible exports and the visible imports i.e. Visible Exports – Visible Imports
10. **Protectionism** is when governments try to limit imports coming into their country to allow home industries to stay in business.
11. A **trading bloc** is a group of countries which agrees to operate a free trade area among themselves
12. **Import taxes** are a tax on certain goods coming into a country making these imports more expensive.

13. **Quotas** is where a limit is put on the quantity of certain goods imported into a country
14. **Embargo** is a total ban on the importation of certain goods into a country.
15. **Subsidies** are payments by governments to firms to reduce their costs of production.
16. **Globalisation** is where firms see the world as **one market**
17. **A transnational corporation (TNC)** is a company that produces goods or services in many countries
18. **Deregulation** is the removal of rules that restrict competition e.g. governments now have to open up state monopolies to competition e.g. air transport was controlled by government rules. It removes government influence in business
19. **The European Union (EU)** is the European block of countries, which provides for closer unification of the economic, social and political systems of the member states.
20. **The European Commission** is the management body of the EU. It's made up of commissioners who are selected by the governments of each member state.
21. **The European Parliament** is the only directly elected body at this level in the EU. It's made up of Members of European Parliament (MEP's) who are elected by the voters and as a result it represents the citizens of the EU.
22. **Council of Ministers** is the main decision-making body of the EU. It sets all the political objectives of the EU and **makes all final decisions** on new or proposed legislation. The Council of Ministers is made up of one government minister from each member state. Depending on the area being discussed, the relevant Minister in each member state will represent his/her country e.g. Finance, Education, Health, Environment ministers etc.
23. **European Court of Justice**
The European Court of Justice is the most important court in the EU. It's based in Luxembourg and its main role is to ensure that all EU laws are observed by member states.

24. **Court of Auditors**

The Court of Auditors checks all revenue and expenditure of the EU. This is important to prevent fraud.