International Trade Is Affected In Many Ways

International trade affects me in multiple ways. It affects how much I am going to pay for groceries at the local grocery store. It affects how much I am going to be spending on new clothes for myself and my children. Some of the make up I use could have come from international trade. Looking around my house at a random selection of 10 items, most were made in China. My items included a 3-hole punch, a stapler, a leather-bound notepad, a desk lamp, an external hard drive, a candle, a box of note cards, a picture frame, a candle holder and Burt's Bees lip balm. The lip balm was made in the USA. The candle holder was made in India. The external hard drive was made in Thailand. The candle was poured in the USA, but its container was made in China. The note cards were designed in the USA, but were printed in China.

America exports so many different items to other countries. Some of the top exported items are machinery, mineral fuels, aircraft, vehicles, pharmaceuticals, food, and beverages. America's number one trading partner in terms of exports is Canada followed by Mexico, China, Japan, and the United Kingdom. Items being imported to America include computers, cell phones, televisions, apparel and footwear, oil and petroleum, automobiles, food, and beverages. Food and beverages account for the smallest category of imports coming to America. America's number one trading partner in terms of imports is China followed by Mexico, Canada, Japan, and Germany (Branch, 2009) (United States Imports).

Comparative advantage means that one country or individual has a lower opportunity cost in producing a particular good or service than another country or individual. Comparative advantage affects international trade because items that are cheaper to produce in China, for example, can be traded with items that America can produce for cheap. A top export for America is soy beans, so America could decide to trade those with China for iPhones. Another example is Mexico's ability to grow so many avocados because they have the perfect climate for growing them. Mexico could trade avocados with Canada to receive Canada's maple syrup that is so readily available due to their abundance of maple trees (Krugman & Wells, 2018).

A tariff is a tax imposed by the government on imported goods. The purpose of a tariff is to limit the amount of that particular good being imported into the country. Countries may also impose or raise tariffs on their trading partners to try and get those countries to reduce or remove tariffs. Tariffs are paid to the government by the company importing the goods. Importers are supposed to check the prices of the tariffs and other taxes on the goods being imported and then pay it. If an underpayment is found by U.S. customs, they will send out a new bill reflecting the underpayments (Krugman & Wells, 2018).

President Trump made claims that the tariffs he imposed on China were increasing the U.S. government's revenue. Many economists believe that to be an inaccurate statement stating that the higher tariffs could eventually cause companies to raise prices. Then, ultimately American consumers would be indirectly paying for the tariff imposed by the president. Revenue generated by U.S. tariffs goes to the U.S. treasury and becomes part of the general budget. (Graham, 2019).

American workers are affected by tariffs because if the tariffs become too costly other countries may not want to pay to receive those goods anymore. Warehouses could close down and leave American workers without jobs. American consumers are affected by tariffs because if the tariffs become too expensive companies would have to raise prices to accommodate for the tariffs. American consumers would be the ones paying for those price increase and in turn, the tariffs. Foreign workers and consumers are affected by increased tariffs because they have to pay them to get their goods into the U.S. (Graham, 2019).

Retaliatory tariffs are tariffs imposed to pressure another country into removing its own tariffs or making trade concessions. In 2019, China increased tariffs on U.S. imports by applying an additional 20-25% tariff on more than half of the targeted products being imported. Everyone is affected by these tariffs and retaliatory tariffs (Industry & Analysis, 2020).

There are many differences between the culture in America and the culture of the countries we trade with. Some countries work for many more hours in a day which does not coincide with the ethics of America. Those countries should understand that difference and try to accept it. Some companies, like Apple, faced major problems when it was found that they were employing children in their factories. Apple should carry over the ethical standards that we have in America and understand that isn't okay to do that in other countries either. In order to succeed in business, we must be able to understand the cultural differences of the countries America is trading with.

I believe that communication plays a huge part in doing business with people from around the world. People of different countries are going to convey their messages very differently. In one country, the people may be quiet and softer spoken while in another they may be more concise and to the point. It is important to understand cultural differences in these situations so the message does not come across wrong. When trading with other countries it is important to accept their basic customs and gestures. Something that is common in one person's culture could potentially be unusual or offensive in another's.

To help Americans understand and accept foreign cultures I would recommend that they put an effort into understanding those cultures. Americans must take the time to be able to find out what languages are spoken, what the education levels are in a particular region, what religions are in that culture and what values those people have (Hyatt, 2017).

In conclusion, to keep importers, exporters and consumers happy tariffs should be a fair amount to try and avoid retaliatory tariffs that will eventually raise prices that consumers will have to pay. All countries have incredible goods to offer and should be able to trade as needed for goods that their country can not produce. Comparative advantage is so important in these situations because it helps countries to trade goods that they can produce for a lower cost than others. Americans owe it to themselves to take the time to understand other's cultures if they want to do business with other countries. People from different cultural backgrounds bring different language skills, new ways of thinking and creative solutions to problems.