

Q3 Explain the modern theory of International ~~trade~~ trade in detail. What are the characteristics of International Trade

Ans International Trade

International trade theories are simply different theories to explain International trade is the concept of this exchange between people or entities in two different countries.

people or entities trade because they believe that they benefit from the exchange. They may need or want the goods or services while at the surface, this may sound very simple. There is a great deal of theory, policy and business strategy that constitutes International Trade.

In this section, you'll learn about the different trade theories that have evolved over the past century and which are most relevant today.

Classic Country-Based Theory	Modern Firm-Based Theory
<ul style="list-style-type: none"> ① Mercantilism ② Absolute Advantage ③ Comparative Advantage ④ Heckscher-Ohlin 	<ul style="list-style-type: none"> ① Country Similarity ② Product life cycle ③ Global Strategic Rivalry ④ Porter's National Competitive Advantage

Country Based Theories

Mercantilism

Developed in the sixteenth century mercantilism was one of the earliest to develop an economy theory. This theory states the country.

Absolute Advantage

In 1776 Adam Smith questioned the leading mercantile theory of the time in *The Wealth of Nations*.