Lesson Title: Understanding Barriers and Evolution of Canada's International Business Relationships

Objective:
By the end of this lesson, students will be able to: Identify and analyze the effects of barriers and obstacles to international business activity. Explain how and why Canada's major international business relationships have evolved over time.

Introduction:

International business involves economic activities conducted across national borders. Barriers and obstacles can prevent the smooth flow of international business, affecting trade, investment, and economic relationships.

Barriers and Obstacles to International Business:

1.Tariff Barriers:

Definition:
Taxes imposed on imported goods and services.

Effects:
Increase the cost of imports, making foreign goods less competitive.
Can lead to trade imbalances and strained diplomatic relations.

Trade Imbalances:

Trade balance is the difference between the value of a country's exports and its imports. When a country imposes tariffs on imports, it can affect the balance by making imported goods more expensive. If the tariffs are significant, they may discourage imports, potentially leading to a **trade surplus (more exports than imports) or a trade deficit *(more imports than exports).***

Tariffs, by influencing the cost of imports, can disrupt the natural flow of trade and impact the balance between a country's exports and imports.

Strained Diplomatic Relations:

Diplomatic relations refer to the interactions and relationships between countries. When a country imposes tariffs on another, it can lead to tensions and strained diplomatic relations.

Tariffs can be perceived as **protectionist** measures,(policy of shielding a country's domestic industries from foreign competition by taxing imports)

They may lead to retaliatory actions by the affected countries. This retaliation, in the form of counter-tariffs or trade restrictions, can strain diplomatic relations and create an atmosphere of trade disputes or conflicts.

2.Non-Tariff Barriers:

Definition:
Various restrictions, other than tariffs, that hinder international trade e.g., quotas, and trade embargo

Effects:
Create additional hurdles for foreign businesses.
Can be used to protect domestic industries.

3. Restrictions on Foreign Investment:

Definition:
Regulations limiting the ability of foreign entities to invest in domestic industries.

Effects:
Limits capital inflow and potential economic growth.
May hinder technology transfer and knowledge exchange.

4 Fluctuations in Currency:

Definition:
Changes in the exchange rates between currencies.

Effects:
Affects the cost of imported goods and the competitiveness of exports.
Increases uncertainty for businesses engaged in international transactions.