

International Relations

Trade Alliances

Trade happens when countries **buy from** and **sell to** other countries. Imports are goods brought into a country. Exports are goods sent out of a country.

An alliance is when a group of countries work together in some way.

In a trade alliance countries co-operate by

- Making it easy to buy and sell goods between the members of the alliance
- Making it harder for other countries to sell into the alliance

An trade alliance, such as the E.U. (European Union), makes trading harder for outside (non-member countries) by

- By having quotas – these are a **limit** on the amount of a good that can be sold by one country
- By having tariffs – these are **taxes** which are put on imports to make them more expensive, and so less likely to be bought

Selling Alliances

An alliance is when a group of countries work together in some way.

In a selling alliance countries co-operate by

- Agreeing to limit the production of a good that all the countries produce – this creates a shortage, which pushes up the price
- Agreeing not sell the good for less than a minimum price

An example of a selling alliance is O.P.E.C. – the Organisation of Petroleum Exporting Countries. In the early 1970's it managed to push up the price of oil by controlling how much oil was made available to other countries.

Selling alliances can only work if all the main producers of the goods stick to the agreed production levels and prices. Otherwise countries will undercut each other in an attempt to sell more of their good, and this brings the price of the commodity down.

Social Alliances

An alliance is when a group of countries work together in some way.

In a social alliance countries that have historical or cultural links co-operate by working together in areas they have in common e.g. sport, language, religion and education. An example of a social alliance is the Commonwealth. This is made up of former colonies of the U.K., and includes countries such as India, Kenya and Australia.

Defence Alliances

An alliance is when a group of countries **work together** in some way.

In a defence alliance countries promise to come to each others help if one member is attacked by an outside enemy. The idea is the alliance would be so powerful that wars would be prevented. An example of a defence alliance is N.A.T.O. (North Atlantic Treaty Organisation). This is mainly made up of allies of the U.S.A. and the U.K. from the second world war.

International Influence

A country can be said to have a lot of international influence if it has considerable

- Money
- Military strength
- Resources

The area and population of a country also affect a the importance of a country.

A **superpower** is a country which has significant influence in the world. The U.S.A. (United States of America) is the only true superpower left since the break-up of the Soviet Union. Japan is sometimes considered a superpower due to its economic strength.

Alliances can make individual countries into a group that has international influence. The European Union, for example, has a combined population and wealth which is greater than the U.S.A.

The European Union



Although primarily a **trade** alliance the European Union also is a **social** alliance. It was set up in 1951, and was originally a group of six countries. These countries could see the benefits of greater co-operation and did not want the repetition of the conditions that led to the second world war. It has grown into an alliance of 15 countries with other countries applying to join.

People disagree about the usefulness of the E.U.

People who are in favour of the E.U. put forward the following advantages

- Free trade (no tariffs or quotas) benefits industries as they have a larger market to sell their goods to
- Greater co-operation between countries should prevent the outbreak of war between members
- Greater cultural understanding results from freedom to travel within the E.U.
- The E.U. has a greater influence on world events than the individual countries could have
- European Union regional development funding has improved conditions in the poorer countries and areas

People who are not in favour of the E.U. give the following disadvantages

- Goods cost more to import from non-E.U. countries due to tariffs
- E.U. funded schemes, such as the Common Agricultural Policy, are expensive, inefficient and sometimes corrupt
- Whereas some areas are net receivers, some richer countries are net donors, that is they have to spend give money to the poorer countries. Germany is a net donor and Greece is a

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net receiver

- It reduces the political independence of each country – decisions are taken for all countries by the European Parliament