

The story of foreign trade and exchange



**ASSIGN
BUSTER**

After reading “ The Story of Foreign Trade and Exchange” I began to think about my company and the manufactures that we acquire our items from. We normally receive items from a company in the United States because they are local and the shipping is not as expensive. However, on occasion we import from a Honduran company when the United States company can't produce as fast or if we need a bulk order. Our biggest problem recently has been getting the jackets we need fast enough for the Department of Corrections and their new hires.

The new hires usually consist of 150 to 200 people all getting one jacket a piece. Both companies' trade and exchange goods with one another to comply with customer needs in their country. The United States company does not have an absolute advantage in pants or jackets that are ordered in bulk, which is my company's biggest need. The Honduran company has an absolute advantage in jackets and pants because it doesn't take them long to produce both items in bulk and in an expedited time frame.

The United States company would have a comparative advantage in pants if they stopped producing jackets and just made pants because they would produce more in a decent time frame and complete the bulk order. As for the Honduran company, they have a comparative advantage in jackets because it doesn't take them long to produce jackets in the bulk that is needed if they stopped making pants. This analysis for both of these companies is very important for my company because when we have a demand for pants and jackets we know who we need to confer with for a faster turnaround time. If these two companies would do what the case study suggests and produce

what is a comparative advantage for them, it would benefit them as well as their customers, including my company.

One of the benefits would be the stimulation it would provide to the economy, the producer and consumer markets, in addition to allowing their business to improve financially.