**Global Interdependence**

* Linkages between economies including trade, investment, tourism, and immigration
* The patterns and trends in global trade
* The concept and determinants of international competitiveness
* The concept and extent of globalisation
* The factors facilitating globalisation
* The economic effects of globalisation

**Free Trade and Protection**

* The significance of trade for the Australian economy
* Sources of comparative advantage
* Demonstrate the gains from specialisation and trade, i.e., the theories of absolute and comparative advantage using the demand and supply model, the PPF or the concept of opportunity cost
* Identify different forms of protection
* Demonstrate the operation of tariffs and subsidies as forms of protection and their effects on trade and market efficiency
* Arguments for and against trade liberalisation
* The influence of trade agreements, organisations, and blocs on world trade

**Patterns of Trade**

* Australia’s trade intensity
* Patterns and trends in the composition and direction of Australia’s trade

**Balance of Payments**

* Structure of Australia’s balance of payments and the concept of the current account balance
* Recent (the last ten years) trends in Australia’s current account
* Structural and cyclical reasons for Australia’s current account deficit
* Differing views as to the significance of Australia’s current account deficit

**Terms of Trade**

* The concepts of the terms of trade and the terms of trade index
* Factors that affect the terms of trade
* Recent (the last ten years) trends in Australia’s terms of trade
* The significance of changes in Australia’s terms of trade

**Exchange Rates**

* The concept of an exchange rate
* Demonstrate the determination of, and movements in, the exchange rate under a freely floating system using the demand and supply model
* The trade weighted index
* Demonstrate the impact of changes in the factors that affect the exchange rate using the demand and supply model
* The relationship between the balance of payments and the exchange rate
* Effects of movements in the exchange rate on various sectors of the economy
* Recent (the last ten years) trends in Australia’s exchange rate

**Foreign Investment**

* The concept of foreign investment in terms of foreign assets and foreign liabilities
* The concept of foreign liabilities i.e., foreign debt and equity
* The relationship between the current account outcome and foreign liabilities
* The extent of, and recent (the last ten years) trends in Australia’s foreign direct investment and foreign debt
* Benefits and costs of foreign direct investment and foreign debt to Australia