



[Glossary]
[Absolute, Equal and Comparative Cost Differences]

Subject:	Business Economics
Course:	B.A., 5 th Semester, Undergraduate
Paper No. & Title:	Paper – 541 International Economics
Unit No. & Title:	Unit - 1 International Trade Theory
Lecture No. & Title:	1: Absolute, Equal and Comparative Cost Differences

Glossary:

International trade: Exchange of goods and services between two nations

Absolute cost differences: one country has the natural advantage in production of one commodity and another country has the natural advantage in production of other commodity.

Equal cost differences: one nation has the equal absolute advantage in production of both commodities.

Comparative cost differences: one nation has the absolute advantage in production of both commodities but nation has comparative advantage in production of one commodity than another at home.



