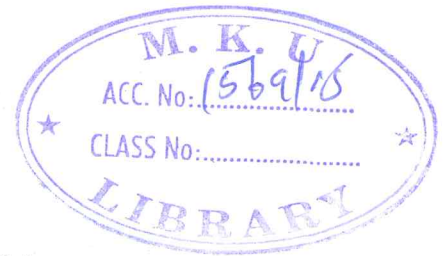


AN ANALYSIS OF BARRIERS TO INTERNATIONAL TRADE

CASE OF REDINGTON GULF COMPANY LIMITED



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ABSTRACT

In principle, International trade has been conceived of as the exchange of services, goods and capital (human or financial) among various countries and regions without much hindrance. International trade is the backbone of our modern, commercial world, as producers in many nations try to profit from an expanded market, rather than be limited to selling within their own borders. There are many reasons that trade across national borders occurs, including lower production costs in one region versus another, specialized industries, lack or surplus of natural resources, consumer tastes and favorable trading policy and environment. The economic, political and social significance of International Trade has been theorized in the Industrial age. The restrictions to International trade would limit the nations to the services and goods produced within its territories, and they would lose out on the valuable revenue from the global trade. David Ricardo, a classical economist, in his principle of comparative advantage explained how trade can benefit all parties such as individuals, countries and companies involved in it, as long as goods and services are produced with different relative costs. The net benefits from such activity are called gains from trade. This is one of the most important concepts in international trade. International trade has flourished over the years due to the many benefits it has offered to different countries across the globe. International trade accounts for a good part of a country's Gross Domestic Product. It is also one of the most important sources of revenue for a developing country. However, despite all these positive drivers of International trade, it is important to consider the flip side and reveal some of the barriers to realization of some of the above mentioned benefits. This study focuses on how tariffs, custom fee/charges, finances and quotas impede on the success of International trade to either of the parties involved, but more precisely to an international business company.