**Globalization** refers to the shift toward a more integrated and interdependent world economy

The **globalization of markets** refers to the merging of historically distinct and separate national markets into one huge global marketplace.

The **globalization of production** refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of**factors of production** (such as labor, energy, land, and capital).

**General Agreement on Tariffs and Trade (GATT)** International treaty that committed signatories to lowering barriers to the free flow of goods across national borders and led to the WTO.

**World Trade Organization** The organization that succeeded GATT as a result of the successful completion of the Uruguay Round of GATT negotiations.

**The International Monetary Fund** International institution set up to maintain order in the international monetary system.

**World Bank** International institution set up to promote general economic development in the world’s poorer nations.

**United Nations (UN)** An international organization made up of 193 countries headquartered in New York City, formed in 1945 to promote peace, security, and cooperation.

**Group of Twenty (G20)**

Established in 1999, the G20 comprises the finance ministers and central bank governors of the 19 largest economies in the world, plus representatives from the European Union and the European Central Bank.

**International trade** occurs when a firm exports goods or services to consumers in another country.

**Foreign direct investment** occurs when a firm invests resources in business activities outside its home country.

**Moore’s law** predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months).

**stock of foreign direct investment (FDI)** refers to the total cumulative value of foreign investments as a percentage of the country’s GDP.

A **multinational enterprise (MNE)** is any business that has productive activities in two or more countries.

An **international business** is any firm that engages in international trade or investment.