

Trade Barriers

Tariff, Quota, & Embargo

Standards

SS6E6 The student will analyze the benefits of and barriers to voluntary trade in Europe.

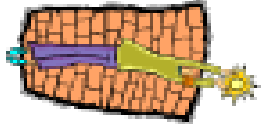
- a. Compare and contrast different types of trade barriers such as tariffs, quotas, and embargos.

*This file is generic and can be taught with any area of the world. It was designed to teach the trade barriers standard for both 6th & 7th grade Social Studies in Georgia.

Teachers

Print off the following page for each student. Have the students complete the chart while discussing the presentation.

Trade Barriers



Directions: While discussing the *Trade Barriers* presentation, please fill in the chart below.

	Definition	Example	Illustration
Physical Trade Barrier			
Economic Trade Barriers			
Tariff			
Quota			
Embargo			

International Trade

- This involves the exchange of goods or services between countries.
- International trade is described in terms of:
 - **Exports:** the goods and services sold to other countries
 - **Imports:** the goods or services bought from other countries
- Countries trade goods because no country has all the resources necessary to efficiently produce everything its people need.

Free Trade Vs.

Trade Barriers

- With **free trade**, nothing hinders or gets in the way of two nations trading with each other.
- Countries sometimes set up **trade barriers** to restrict trade because they want to produce and sell their own goods:
 - Trading is difficult because things get in the way.
- There are costs and benefits related to free trade as well as trade barriers.

Trade Barriers

- Trade barriers keep products from being bought and sold between countries.
 - They hinder (stop or slow down) global trade.
- There are 3 major types of economic trade barriers:
 1. **Tariff**
 2. **Quota**
 3. **Embargo**
- Most barriers to trade are designed to prevent imports from entering a country.

Physical Trade Barriers

- Natural barriers can slow down trade between nations by making it harder and more expensive to move goods from place to place.
- Example: The Swiss Alps make it difficult for northern Italy to trade with Switzerland. The countries are building tunnels through the mountains to help make trade easier.
- Example: The Sahara Desert makes it extremely hard for countries in Northern Africa to trade with the rest of the continent.



Tariff

What is a Tariff?

- A **tariff** is a tax put on goods imported from other countries.
- The effect of a tariff is to raise the price of the imported product.
- It makes imported goods more expensive so that people are more likely to purchase lower-priced items produced domestically.

Tariffs

- Tariffs are taxes charged for goods that leave or enter a country.
 - In order to get a product from another country, you have to pay extra for it.
 - It is the same concept as sales tax that is put on items your purchase at the store.
- Think of how many goods the United States imports.
 - How do you think tariffs might affect the economy?
 - How do you think this affects world trade?



Quota

What is a Quota?

- A **quota** is a restriction on the amount of a good that can be imported into country.
- Putting a quota on a good creates a shortage, which causes the price of the good to rise.
 - Consumers are less likely to buy this good because it's now more expensive than the good produced in the home country.
- Quotas encourage people to buy domestic products, rather than foreign goods (boosts country's economy).

Quota

- A quota is when a country limits the amount of a product that can be imported from another country.
 - Example: A country might limit the amount of cars imported from other countries to 500,000 per year.
- What do you think happens when the country reaches the import limit? Where will the rest of the cars come from?
- How do you think this quota impacts the country's economy?



Embargo

What's an Embargo?

- Trade embargoes forbid trade with another country.
- The government orders a complete ban on trade with another country.
- The embargo is the harshest type of trade barrier and is usually enacted for political purposes to hurt a country economically.

Embargo

- An embargo is when one country completely refuses to trade with another country.
 - Example – The US had an embargo with South Africa during apartheid.
 - Example – The US has an embargo with Cuba that has lasted over 50 years.
- This is usually done between two countries that are disagreeing over political issues.
- How do you think embargoes affect world trade?

Benefits of Trade Barriers

- Trade barriers provide many benefits:
 - They protect homeland industries from competition.
 - They protects jobs.
 - They help provide extra income for the government.
 - They increase the number of goods people can choose from.
 - They decreases the costs of these goods through increased competition.

Costs of Trade Barriers

- Tariffs increase the price of imported goods.
 - The tax on imported goods is passed along to the consumer so the price of imported goods is higher.
- Less competition from world markets means there is an increase in the price of goods.
- With quotas, there is a smaller variety of goods available for consumers to choose from.

Trade Barriers Review Questions

TARIFF

1. Define tariff:
2. What does a tariff do to imported and exported goods?
3. How do tariffs impact world trade?
4. Create a tariff scenario between two countries. (Make this up!)

QUOTA

5. Define quota:
6. How do quotas impact world trade?
7. Create a quota scenario between two countries. (Make this up!)

EMBARGO

8. Define embargo:
9. Why might countries have embargoes against each other?
10. How do embargoes impact world trade?
11. Create an embargo scenario between two countries. (Make this up!)

Your Task:

- If you could invent anything, what would it be?
- Draw your invention on your paper—name & color it!
- Answer the questions on the following slide about your product.

Product Questions

1. Would you want to sell this product in other countries? Why?
2. Why wouldn't you want quotas when selling this product?
3. Why wouldn't you want tariffs when selling this product?
4. Why wouldn't you want an embargo when selling this product?
5. Why might you want embargoes when selling this product?

Trade Barriers Memory Clues

Directions: Fill in the graphic organizer below with information that you learned during the *Trade Barriers* presentation.

	Tariff	Quota	Embargo
Synonyms that Describe the Trade Barrier:			
Quick Sketch of the Trade Barrier:			

Trade Barriers Mascots

Directions: Choose a "mascot" that could represent each type of trade barrier that was discussed in the *Trade Barriers* presentation. Draw illustrations of your mascots in the boxes below. Be sure to give your mascots names and write down a reason why you chose each one to represent the trade barriers that we've studied.

Team Tariff	Team Quota	Team Embargo
Illustration:	Illustration:	Illustration:
Mascot's Name:	Mascot's Name:	Mascot's Name:
How does this represent a tariff ?	How does this represent a quota ?	How does this represent an embargo ?

Role Plays

- You will work with a group of three for this activity.
- Choose one of the economic trade barriers.
- Create a role play that depicts a scenario where the trade barrier is in action.

Teachers

For the next activity, you may want to change the country before giving the page to your students. I suggest using one of the countries that you are studying & one of its natural resources.

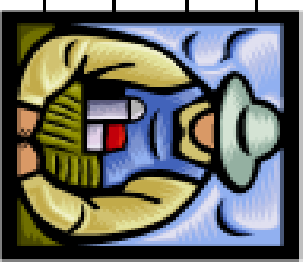
*This page is in the Editable Docs folder – saved as “Trade Barriers Letter”.

Which Trade Barrier Would You Recommend?

The German Potato Growers Association is concerned about increased competition from imported potatoes that are larger than those grown within Germany's borders. The Association wants to lobby for a trade barrier. Some members think a tariff or quota would be most beneficial. Others disagree and suggest an embargo would be best.

The president of the association must send a letter to the membership explaining which trade barrier (tariff, quota, or embargo) he thinks would help the German growers achieve their goal to reduce competition from imported potatoes. He wants your advice.

Which trade barrier would you recommend? Explain how this barrier will help the potato growers achieve their goal. *You must write at least ONE PARAGRAPH!



Teachers

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