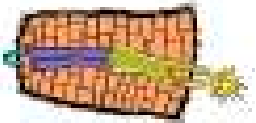


Trade Barriers in Europe

Tariff, Quota, & Embargo



Trade Barriers

Directions: While reviewing the *Trade Barriers* notes, please fill in the chart below.

	Definition	Example in Europe	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

Free Trade Vs. Trade Barriers

- **Free Trade:** Nothing hinders or gets in the way from two nations trading with each other.
- **Trade Barriers:** Trade 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.
- There are 3 major types of economic trade barriers:
 1. Tariffs
 2. Quotas
 3. Embargoes
- They “hinder” (stop, or slow down) global trade.

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.
- EX) 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.



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 products produced in the home country.

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.
 - Just like sales tax
- 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?

Tariffs in Europe

- When countries outside of European Union want to sell their goods in the EU, they must pay tariffs.
- This makes the non-EU products more expensive than the products made by EU members.
 - Which would you buy?
- EX) If a US company wants to export fruit to a country in the EU, the US company must pay a tariff which makes US fruit more expensive.



Quota

What's a quota?

- A **quota** is a limit on the amount of goods that can be imported from another 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 sold to another country.
 - EX: A country might limit the amount of cars sold to other countries to 500,000 per year.
- What happens when a country has already bought their entire quota?
- How do you think this affects world trade?

Quotas in Europe

- The EU places a quota on the amount of steel that can be imported from certain countries.
 - The effect is similar to a tariff, because it makes steel from those countries harder to get, and more expensive.
 - This helps steel producers within EU sell more steel.

A black decorative frame with a white border and a pink background. The frame has a scalloped, ornate shape with pointed corners. The word "Embargo" is written in white, bold, sans-serif font across the center of the frame.

Embargo

What's an Embargo?

- 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.
 - EX) We used to have an embargo with the Soviet Union
 - EX) We now have an embargo with Cuba
- This is usually done between two countries that don't like each other.
- How do you think this affects world trade?

embargoes in Europe

- Recently, EU began placing embargoes on the sale of certain weapons and other technologies to Iran.
 - This was done because the countries of the EU suspected Iran was trying to build a nuclear bomb.
- EU countries hope that the embargo will make it difficult for Iran to build this type of weapon.

Benefits of Trade Barriers

Most barriers to trade are designed to prevent imports from entering a country.

Trade barriers provide many benefits:

- protects homeland industries from competition,
- protects jobs,
- helps provide extra income for the government,
- increases the number of goods people can choose from,
- and decreases the costs of these goods through increased competition.

Costs of Trade Barriers

- Tariffs increase the price of imported goods.
- Less competition from world markets means there is an increase in the price.
- The tax on imported goods is passed along to the consumer so the price of imported goods is higher.

Trade Barriers Review

TARIFF

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

QUOTA

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

EMBARGO

8. Define Embargo:
9. Why might countries have embargoes with each other?
10. What do embargoes do to 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

Directions: Fill in the graphic organizer below with information from the *Trade Barriers* PowerPoint.

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

Trade Barrier Mascots

Directions: Choose a “mascot” that could represent each type of trade barrier that was discussed in the *Trade Barriers* PowerPoint. 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.

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!



Name: _____

Trade Barriers

Assessment Activity

Part One: Answer the following after reviewing the lesson on Trade Barriers.

1. What are trade barriers?
 2. What is a tariff?
 3. What is a quota?
 4. What is an embargo?
 5. How do trade barriers affect worldwide material standards of living?
-

Part Two: For each example below, identify the trade barrier described and write the name of that barrier (tariff, quota, and embargo) in the space provided.

6. The United Kingdom taxes all wood coming into the UK from Canada.

7. The Russian president increases the amount of imported peanuts allowed into the country by 100 million pounds per year. _____
8. In 1963, US President Kennedy issued sanctions, which prohibited all trade with Cuba. _____
9. Germany limits the amount of wool suits that Ireland can ship to them.
