

Trade Rules Compared

Read closely to compare tariffs, quotas, and embargoes.

SS6E8.b "Compare and contrast different types of trade barriers such as tariffs, quotas, and embargoes."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each trade-barrier name. In each paragraph, circle the sentence that tells what that barrier directly does, then write 1, 2, and 3 beside the tariff, quota, and embargo explanations.

Three Limits on Trade

- ① Countries in Europe trade with one another, but governments sometimes limit trade. A trade barrier is a rule that makes buying or selling across borders harder. One type is a tariff, which is a tax on imported goods. For example, if a country adds a tariff to imported bicycles, stores must pay extra money when the bicycles enter. Stores may raise their prices, so shoppers might buy fewer imported bicycles. A tariff does not set a limit on the number of bicycles that may enter.
- ② A quota is different. It sets the largest amount of a product that can be imported during a certain time. Suppose a government allows 10,000 pairs of imported shoes in one year. After that amount enters, no more pairs covered by the quota may enter until the next period. Like a tariff, a quota can make imported goods less available or more costly. Unlike a tariff, a quota controls quantity directly, even if sellers are willing to pay more money.
- ③ An embargo is the strongest of these three barriers. It stops trade with a specific country or stops trade in particular goods. For instance, a European country might ban all imports of a product from another country during a serious conflict. Unlike a tariff, an embargo does not simply add a tax. Unlike a quota, it does not allow a limited amount to enter. Leaders may use embargoes to pressure another government, but businesses and shoppers can lose access to goods.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How could a tariff on imported bicycles affect stores and shoppers? Explain the chain of effects.

2 How is a quota on imported shoes different from a tariff on imported bicycles?

3 What is one way that tariffs and quotas are alike? Use information from the passage.

4 How does an embargo differ from both a tariff and a quota?

3 YOUR TURN _____ Your own words

Invent a product that a European country imports. Write three sentences explaining whether the country uses a tariff, quota, or embargo, how the barrier works, and how it differs from one other barrier.

PART 1 • READ AND MARK

Underline each trade-barrier name. In each paragraph, circle the sentence that tells what that barrier directly does, then write 1, 2, and 3 beside the tariff, quota, and embargo explanations. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How could a tariff on imported bicycles affect stores and shoppers? Explain the chain of effects.	Stores pay the tax when bicycles enter, may raise prices, and shoppers may buy fewer imported bicycles.
2	How is a quota on imported shoes different from a tariff on imported bicycles?	A quota directly sets the maximum number of shoes that may enter during a time period. A tariff is a tax and does not set a number limit.
3	What is one way that tariffs and quotas are alike? Use information from the passage.	Both can make imported goods less available or more costly.
4	How does an embargo differ from both a tariff and a quota?	An embargo stops trade with a country or in certain goods. A tariff adds a tax, while a quota allows a limited amount to enter.

PART 3 • YOUR TURN (SAMPLE ANSWER)

Portugal limits imported notebooks to 5,000 each month, so it uses a quota. The quota directly controls how many notebooks can enter. A tariff would tax the notebooks instead of setting a number.

Accept any realistic product and European country. The response should correctly name a barrier, explain its effect, and accurately contrast it with another barrier.