Kite Shop Changes

Trade rules, supply, demand, and price

5.E.4 "Define types of trade barriers and predict the effect of changes in supply and demand on price."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the three trade barrier definitions, circle the four rules about price, and number the five changes at the kite shop. Use your marks to help you answer the questions.

What Changes the Price of Kite Paper?

1. A busy kite shop buys colorful paper from another country. Buying goods from another country is importing. Governments sometimes set trade barriers, rules that make trade harder. A tariff is a tax on imported goods. A quota is a limit on how much of a good may be imported. An embargo stops trade with a country or stops trade in certain goods.

2. Supply is how much sellers can offer for sale. Demand is how much buyers want to buy at different prices. If supply falls while demand stays the same, prices usually rise. If demand grows while supply stays the same, prices usually rise too. More supply usually lowers prices, and less demand usually lowers prices, when other things stay the same.

3. Imagine each of these changes happens on its own at the kite shop. The government adds a tax to each imported paper roll. In another case, it allows only 100 rolls to enter the country each month. In a third case, it bans paper trade with the country that sends the rolls. A school kite festival could also bring more shoppers, while a new supplier could offer many extra rolls.

2 ANSWER WITH EVIDENCE

Use the passage

1. What type of trade barrier is the tax on imported paper rolls? Why might it raise the shop's price?

2. What type of trade barrier allows only 100 rolls to enter each month? If that limit keeps rolls out, what would likely happen to supply and price?

3. What type of trade barrier bans paper trade with the country sending the rolls? If the shop cannot replace those rolls, how might the ban affect price?

4. If the festival and the new supplier happen separately, which one changes demand and which one changes supply? Predict each change's effect on price.

3 YOUR TURN

Your own words

Invent a situation involving imported soccer balls. In three or four sentences, name and describe one trade barrier, then describe a separate change in supply or demand and predict how each change could affect the price if other things stay the same.

ANSWER KEY

Kite Shop Changes

GRADE 5 · 5.E.4

PART 1 · READ AND MARK

Underline the three trade barrier definitions, circle the four rules about price, and number the five changes at the kite shop. Use your marks to help you answer the questions. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What type of trade barrier is the tax on imported paper rolls? Why might it raise the shop's price?	**It is a tariff. The tax raises the shop's cost, so the shop might charge customers more.**
2	What type of trade barrier allows only 100 rolls to enter each month? If that limit keeps rolls out, what would likely happen to supply and price?	**It is a quota. Supply would fall, so the price would likely rise.**
3	What type of trade barrier bans paper trade with the country sending the rolls? If the shop cannot replace those rolls, how might the ban affect price?	**It is an embargo. With fewer rolls available, the price would likely rise.**
4	If the festival and the new supplier happen separately, which one changes demand and which one changes supply? Predict each change's effect on price.	**The festival increases demand, which tends to raise price. The new supplier increases supply, which tends to lower price.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A shop imports soccer balls, but the government puts a tax on each imported ball. That tariff raises the shop's cost, so the price customers pay might rise. Separately, more children join soccer teams, increasing demand for balls. If supply stays the same, the price will likely rise.

Accept price predictions that state an appropriate condition, such as a quota keeping goods out or a shop passing a tariff's cost to buyers. For Your Turn, the trade barrier must be named and described accurately, and the separate supply or demand change must support the predicted price effect.