

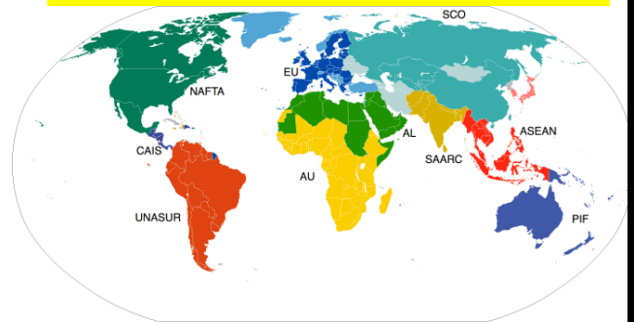
Trade Overview

	Subsidy	Tariff	Quota
What is it?	<ul style="list-style-type: none"> a guaranteed price/money paid by the trade Bloc to a business (usually for agricultural goods) 	<ul style="list-style-type: none"> a charge or tax on imports to make them more expensive 	<ul style="list-style-type: none"> A limit on goods being imported into a trade bloc
Benefits	<ul style="list-style-type: none"> Agricultural products like sugar and cotton can be produced cheaper. Therefore jobs in farming are protected and less likely to be lost. 	<ul style="list-style-type: none"> Makes domestic products cheaper so jobs and industries in the trade bloc are protected The money from the tariff goes to the trade bloc 	<ul style="list-style-type: none"> Less competition from foreign goods outside of the trade bloc so jobs are protected.
problems	<ul style="list-style-type: none"> LICs cannot sell their agricultural products (e.g. cotton and sugar) to HICs because their prices are too high when a subsidy keeps the HIC product lower 	<ul style="list-style-type: none"> Consumers in the trade bloc pay higher prices. Less exports for some countries keeping them poorer 	<ul style="list-style-type: none"> Higher prices paid by consumers

Quiz!-Quota, Tariff or Subsidy?

- The USA charges a tax on any steel Imported into the USA
- The EU will pay its farmers a guaranteed price for food produced in the UK
- This means a limit placed on the number of goods imported into a country
- The EU and USA guaranteed the price for cotton farmers
- This is a tax placed on goods that are imported into a country
- The EU placed a limit on the amount of textile products that could be imported from China into the EU
- The USA placed a tax on nuts imported from Brazil
- China put a tax on any steel imported from Japan or the USA
- The USA put a duty (extra charge) on Canadian timber imports
- The Chinese government guaranteed the price of any solar panels it manufactured

Trade Revision Notes



Key Word-Trade Bloc:

This is where groups of countries get together and arrange their own trade rules or restrictions.