**Trade Barriers**

Answer the following questions.

1. Show on a correctly labeled graph and explain what will happen in the market for wood if the

U.S. places a tariff on foreign wood.

Explanation

1. Show on a correctly labeled graph and explain how the tariffs on foreign goods would impact the international value of the U.S. dollar.

Explanation

1. Suppose instead that the United States imposes a quota on wood. Show on a correctly labeled graph how the market for wood will be impacted.
2. Who are the winners and losers when tariffs are imposed on foreign goods?

# Barriers Answer Key

## Show and explain what will happen in the market for wood if the U.S. places a tariff on foreign wood.

*Supply shifts left as some producers are not willing or able to pay the tariff increasing price and decreasing quantity.*

1. Show and explain how the tariffs on foreign goods would impact the international value of the U.S. dollar.

*Because foreign wood is more expensive, there is a decrease in supply of U.S. dollars to the foreign exchange market.*

*This causes the U.S. dollar to appreciate.*

1. Suppose instead that the United States imposes a quota on wood. Show how the market for wood will be impacted.
2. Who are the winners and losers when tariffs are imposed on foreign goods?

*Consumers and foreign producers are losers. The U.S. government and domestic producers are winners.*