



Trading Hurdles

Handout and Assessment Key

Handout 2: Assessment—Answer Key (Page 1 of 2)

Directions: For each multiple-choice question, select the best possible answer.

1. Trade barriers:
 - a. increase the amount of goods that are traded.
 - b. *increase the cost of trading goods.*
 - c. make people better off.
 - d. make trading easier.

2. Which of the following is an example of a geographic trade barrier?
 - a. Tariff
 - b. Quota
 - c. Very low shipping costs
 - d. *A long distance between traders*

3. Generally, more trade occurs between two countries
 - a. with lower quotas.
 - b. *with lower tariffs.*
 - c. that are farther away from each other.
 - d. that have more standards traded goods must meet.

4. If Canada refuses to trade with the United States—if Canada won't allow any U.S. goods into Canada—then this is an example of a(n)
 - a. tariff.
 - b. quota.
 - c. standard.
 - d. *embargo.*

**Handout 2: Assessment-Answer Key (Page 2 of 2)****Directions: Answer the questions below using complete sentences.**

5. Canada and Mexico are two of the United States' largest trading partners. Using what you learned about trade barriers, explain two reasons why they trade a great deal with one another.

Both Mexico and Canada border the United States, so they are closer than other countries with which the United States might trade. So distance is less of a barrier to trade than trade with other countries. In addition, there are no major geographic barriers between these countries and the United States.

6. What is a quota and how does it limit trade?

A quota is a limit placed by a government on the amount of a good that can come into the country from another country. Once the limit is reached, no more goods are allowed in a country.

7. If the United States imposes a tariff on cars produced in Mexico, what will happen to trade between the two countries?

Trade between the two countries will decrease, and the price of Mexican cars sold in the United States will increase.

8. New medications must meet certain requirements before they can be sold in Germany. What type of barrier is this? How does this affect U.S. trade with Germany?

Requirements are standards. The United States must meet the standards before trading with Germany.