



■ Tariff Barriers: 2 Economies Model ■ Non-Tariff Barriers

- > **Subsidies:** Government payments to domestic firms.
- > **Import quotas:** Restrictions on the quantity of imports.
- > **Voluntary export restraints (VER):** An international agreement in which exporting countries voluntarily agree to restrict their exports.
- > **Local content requirement:** A requirement that a certain proportion of the value of the goods made in one country.

Figure 8-9

Costs and Benefits of a Tariff for the Importing Country

The costs and benefits to different groups can be represented as sums of the five areas *a*, *b*, *c*, *d*, and *e*.

