# **National Institutions & International Trade**

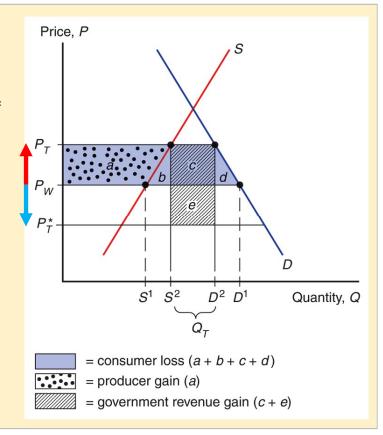


## **■** Tariff Barriers: 2 Economies Model | **■** Non-Tariff Barriers

### 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.



- **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.

