

Q1: What are the pros and cons to tariffs?

Pros

- Domestic government gets more tax revenue
- Domestic companies have an advantage
- More jobs for employees of domestic companies

Cons

- Foreign products become more expensive
- Less foreign investment

Q2: What is a trade quota and why might a country use it?

Trade quota = A government-imposed limit on the amount of a product that can be imported in a certain time.

A country might use it to protect domestic producers, ensuring they get to sell their products first before foreign producers

Q3: What is a trade embargo and why might a country use it?

Trade embargo = When a government bans trading a specific product or trading with a specific country.

A country might use it to pressure foreign governments to change their policies, especially related to inhumane treatment towards their citizens. Another reason is if a product from that country has a problem, such as when Canadian beef had the mad cow disease.

Q4: What is the difference between a trade embargo and a trade sanction?

Trade sanction = When a government limits or bans trade with another country as a way to force them to abide by international standards of conduct.

A trade sanction is basically a trade embargo, but there has to be an international standard that they want the country to follow. If there's no international standard, then it's a trade embargo.

Q5: Why might a country restrict foreign investment? Give an example.

Countries restrict foreign investment because foreign companies are ultimately loyal to their home country.

Example: The *Transportation Act* limits foreign ownership of a Canadian airline to 25%.

Q6: Give some examples of countries having different product standards.

Voltage standards for electronics are different in China versus North America.

Health and safety standards are often different between countries.