

everydaytrade

Follow-up Lesson Plan

Name:

Date:

Lesson #

I. Grade Level: Grade 8-12

II. Topic: Trade

III. STANDARDS

B. National Standard of Learning: NSS-EC 5-8 Gains from Trade

III. Objective:

- By participating in the U.S. and Colombia Free Trade Agreement export activity, students will have a better understanding of free trade agreements and the economic benefits they provide.
- Students will be explain the role and effect of the U.S. and Colombia Free Trade Agreement

IV. Resources:

- <http://www.tradeagreements.gov/PendingFTAs/Colombia/index.htm>
Background and Facts regarding the Colombia Free Trade Agreement
- http://www.ustr.gov/Trade_Agreements/Bilateral/Colombia_FTA/Section_Index.html
Summary and Benefits of Colombia Free Trade Agreement
- <http://export.gov/fta/colombia>
Information on Benefits for Consumer and U.S. Companies

VI. Procedures:

- Review with students the following definitions: (taken from "Every Day Trade" packet)
 - Tariff:** A tax levied on goods imported into a country. For example a 10% percent tariff placed on an imported car priced at \$20,000 would increase price to \$22,000
 - Free Trade:** A theoretical concept that assumes international trade unhampered by government measures such as tariffs or nontariff barriers.
 - Imports:** The inflow of goods and services into a country's market for consumption.
 - Exports:** Goods and services produced in one country and sold in other countries in exchange for goods and services.
- Review with students some key points about the U.S.-Colombia Free Trade Agreement.
 - What is the U.S-Colombia Free Trade Agreement?
 - The United States and Colombia signed an agreement on November 22, 2006. The Trade Agreement will eliminate trade barriers between Colombia and the United States creating a level the playing field for U.S. companies. The FTA is still waiting for Congressional approval before it can be implemented.
 - Have the students look at the websites below and answer the questions.
 - <http://www.tradeagreements.gov/PendingFTAs/Colombia/index.htm>
 - http://www.ustr.gov/Trade_Agreements/Bilateral/Colombia_FTA/Section_Index.html
 - <http://export.gov/fta/colombia>

- c. Use the web sites suggested above to gather data following: (First three answers found at: <http://www.tradeagreements.gov/PendingFTAs/Colombia/index.htm> under “Colombia numbers you should know”)
- i. Amount of Colombian exports to the U.S. in dollars in 2007 [*More than 9,000 U.S. companies export to Colombia and in 2007 U.S. goods exports totaled \$8.6 billion to Colombia*]
 - ii. U.S. industrial and consumer goods exported to Colombia will face tariffs upwards of what percentage? [*U.S. goods face tariffs of up to 35 percent with much higher tariffs on many agricultural products*]
 - iii. How much was the two way trade between the U.S. and Colombia in 2007? ([*The two way trade between the U.S. and Colombia reached 18 billion in 2007*]
 - iv. Why is it important? What effect will it have? (search <http://export.gov/fta/colombia>) [*The CFTA provides expanded economic opportunities for U.S. companies. Once barriers interfering with trade were lifted, the United States could export more goods and services to Colombia. Both countries would benefit from the increased trade.*]
- C. As a class, read and discuss the article, “15 Hostages Rescued in Colombia” focusing on the following critical thinking questions:
- a. Q: Why is this article important?
 - i. [*This article showcases the enormous gains that the Colombian government has made since the beginning of President Uribe’s administration in 2002. To have executed a rescue such as this without firing a shot proves that Colombia is a strong and capable democratic nation. Additionally, the hostage rescue made by the national military shows how serious Colombia is at defeating terrorism.*]
 - b. Q: What does it have to do with Trade?
 - i. [*This hostage rescue of 3 Americans brings to light the trade relationship that exists between the two democratic nations. Currently there is a Free Trade Agreement (FTA) between the two nations that is pending approval by the U.S. congress. Today, Colombia has become America’s strongest ally in Latin America. In 2007 trade between the two nations reached \$18 billion making Colombia our fourth largest trading partner in Latin America and the largest export market for U.S. agriculture products in South America. This would be a great opportunity for the U.S. to show our support for Colombia by implementing the FTA because it would bring economic gains to both countries, as well as strengthen our alliance with the Democratic nation.*]
 - c. Q: Why is this important for the Colombia FTA and the United States?
 - i. [*There is an opportunity for the United States to expand its investment into Colombia, with the Colombia FTA. The environment for investment is ripe for the United States. Colombia has worked hard to reduce crime rate, drug trafficking, and terror. Today, their economy is growing. With the failure to approve the Colombia FTA, everyday U.S. businesses are paying more tariffs as they export their products and produce to Colombia. Currently the United States exporters are paying an estimated 1.1 billion dollars in tariffs. There is a need to level the playing field and open markets during this time of economic uncertainty. Additionally increasing our trade with Colombia helps strengthen our fight against terrorism.*]

- D. Conclusion: Display and read quote from Adam Smith to your students: (optional)
- a. In 1776 Adam Smith said:

“It is the maxim of every prudent master of a family, never to attempt to make at home what it will

cost him more to make than to buy. The taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes but employs a Taylor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.”

-Adam Smith, *Wealth of Nations* (New York: Modern Library, Inc. 1937), p.424.

- E. Ask students if they think this theory still holds true today, and why or why not. [*Answers will vary*] and how CFTA might affect them and their future. [*The U.S.-Colombia FTA will expand opportunities for U.S. companies to invest in Colombia creating more jobs, increasing trade between the two nations. This trade extension could create increased opportunities for young people entering the labor force.*]
- F. Homework: What are the USKORUS and Panama FTA? Gather information about the Free Trade agreements by visiting <http://www.tradeagreements.com> and have students create informational poster.

VII. Evaluation: Collect discussion questions for assessment. This lesson plan was taken from The National Council on Economic Education (<http://www.econedlink.org/lessons/index.cfm?lesson=EM567&page=teacher>)