

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

IV. 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.

V. Materials: Three apples to serve as export products, scissors, index cards (see cut-out attachment), and a quiz (see attachment).

VI. Procedures:

- A. Review selected key terms from “Every Day Trade” presentation:
i.e.: FTA, export, import, tariffs (5 minutes)
- B. FTA export activity: (20 minutes)

Colombia FTA Export Activity

1. Select four students and assign one of the following roles to each:
 - a. Apple exporter from Country X
 - b. Apple exporter from Country Y
 - c. Apple exporter from USA
 - d. Local Colombian fruit vendor
2. Explain to the classroom that a local Colombian grocer is looking to import a specific kind of apple that may not be readily available in his country. After doing some research, he has identified three countries that can supply him with the apples he is seeking. Keep in mind, it should be a business owner’s goal to offer customers the highest quality product at the best possible price.
 - a. First, hand each exporter an apple.
 - b. Next, have the Colombian fruit vendor inspect the three apples from each of the apple exporters and help guide him to the conclusion that all three apples are equal in terms of their quality.
 - c. Given that all three exporters have apples that are similar in quality, shift the focus of the demonstration to the price of the items.
 - d. During this portion of the activity, hand out the set of index cards labeled “export prices,” to assign prices to each of the apples from the different exporters.
 - e. Have the apple exporters read aloud their price, tariff rate, and then total export

price.

- f. Ask the local fruit vendor to rank the apple exporters, according to which he is most likely to purchase and explain why.
 - g. Take a moment to explain that if both price and quality are held constant in this scenario then the U.S. product is less competitive because of the artificial increase in cost imposed by the tariff.
3. Now, make an announcement that a Free Trade Agreement between the U.S. and Colombia has just been signed which means all of the trade tariffs, including those imposed on apples, have been dropped.
 - a. Given the recent announcement, distribute the next set of index cards labeled “export prices₂” with the new adjusted prices under the Free Trade Agreement, and ask each exporter to read their new prices aloud.
 - b. Now, ask the fruit vendor to reconsider the order in which he would rank his apple purchases. The decision should be more difficult to assess since all three products are nearly equal in quality as well as in price.
 4. In conclusion, explain to the class one of the biggest benefits of an FTA, for U.S. companies, is it levels the playing field for U.S. products in international markets. As the example shows, this is also one of the purposes of the US- Colombia FTA.

C. Questions and answers session concerning the FTA activity and current event articles
(5 minutes)

VII. Evaluation: In order to evaluate a student’s comprehension of this lesson, handout the “Every Day Trade” quiz provided with lesson plan. The quiz will consist of multiple choice and short essay questions (see attachment). (10 minutes)

EXPORT PRICES₁

Country X Exporter

Price:	\$1
Tariff Rate:	0%
Total Export Price:	\$1

EXPORT PRICES₂

Price:	\$1
Tariff Rate:	0%
Total Export Price:	\$1

Country Y Exporter

Price:	\$1
Tariff Rate:	10%
Total Export Price:	\$1.10

Price:	\$1
Tariff Rate:	10%
Total Export Price:	\$1.10

U.S. Exporter

Price:	\$1
Tariff Rate:	15%
Total Export Price:	\$1.15

Price:	\$1
Tariff Rate:	0%
Total Export Price:	\$1

Apples to be exported

