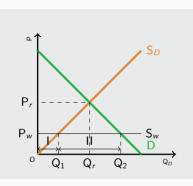
Trade protectionism



Market with free trade

- The product is produced domestically (S_0) and imported (S_W)
- S_W is a flat line because the demand in this small country won't affect price
- With free trade domestic producers will produce OQ1 (I)
- Q₁Q₂ will be imported (II)