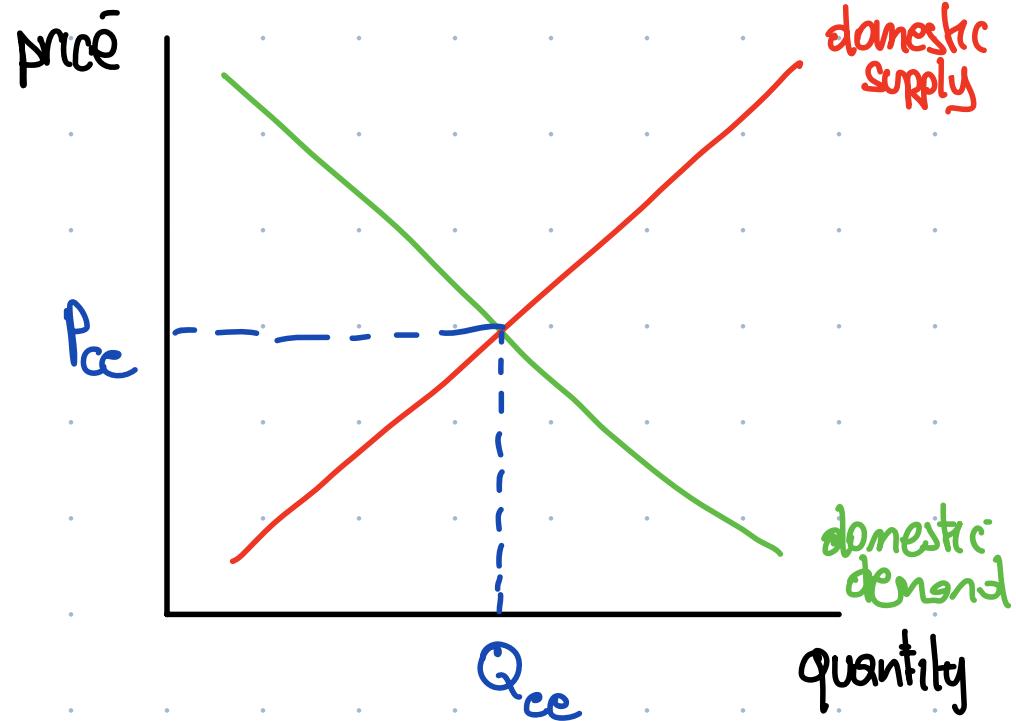
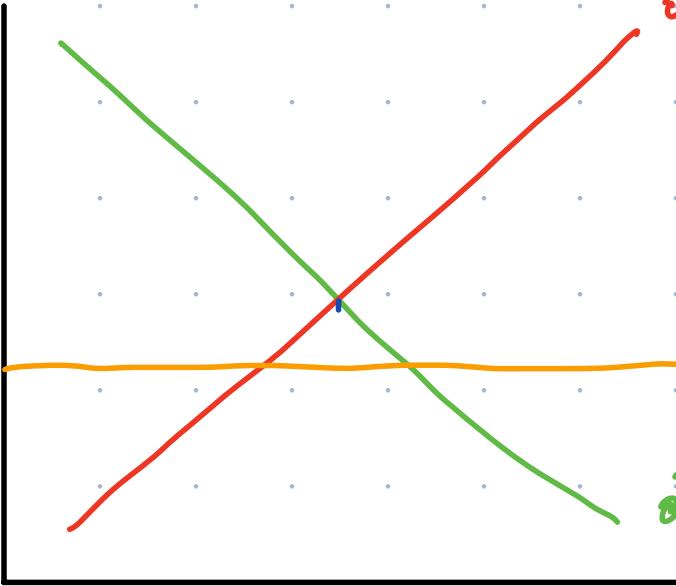


## Chapter 53: Trade creation



in a closed economy

price



in an open economy

price

P

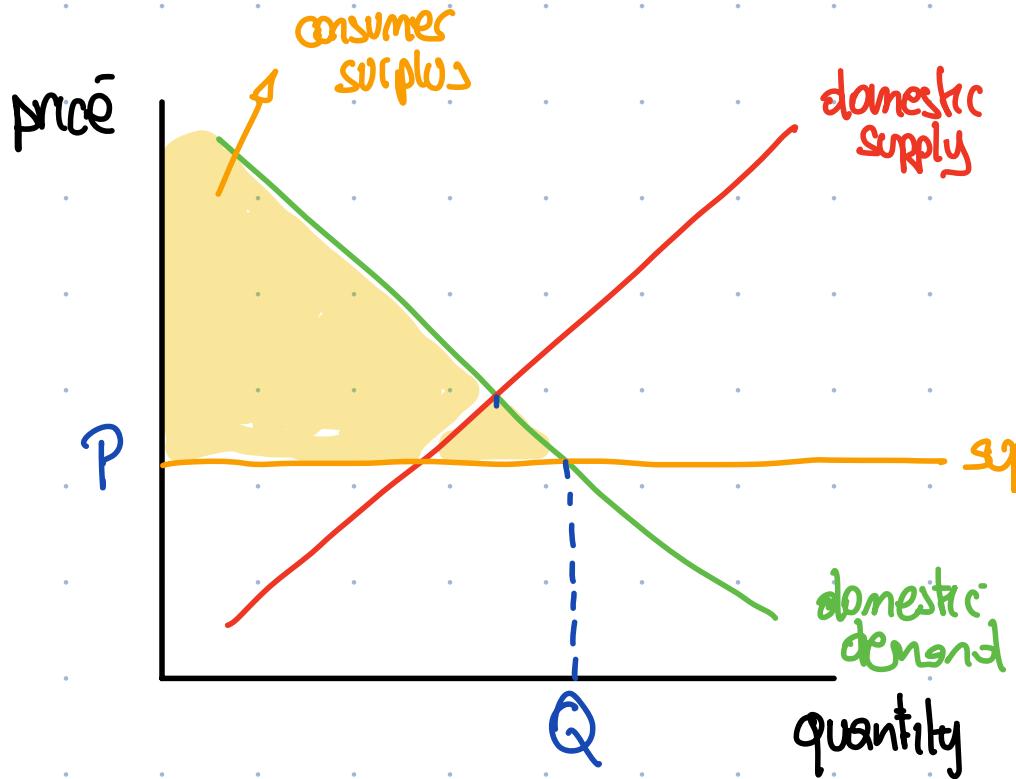
Q

domestic  
demand

domestic  
supply

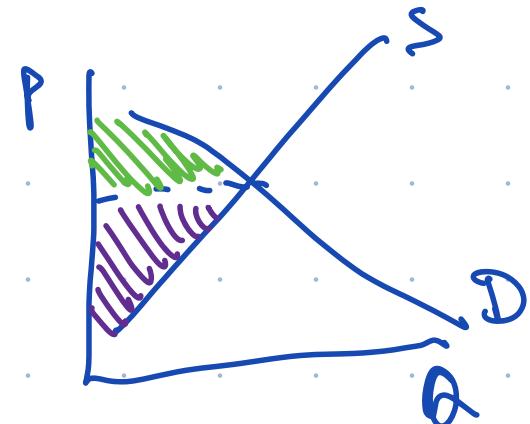
in an open economy

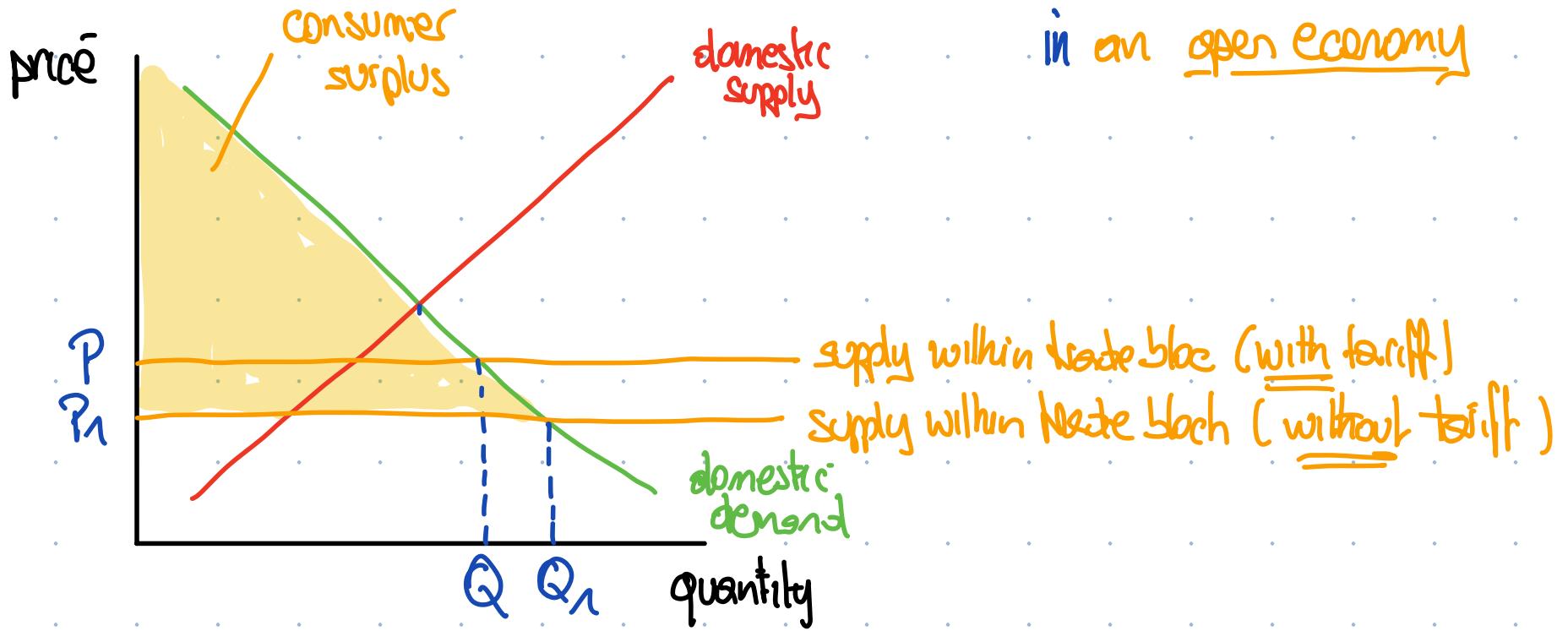
supply within trade bloc (with tariff)



in an open economy

supply within trade bloc (with tariff)

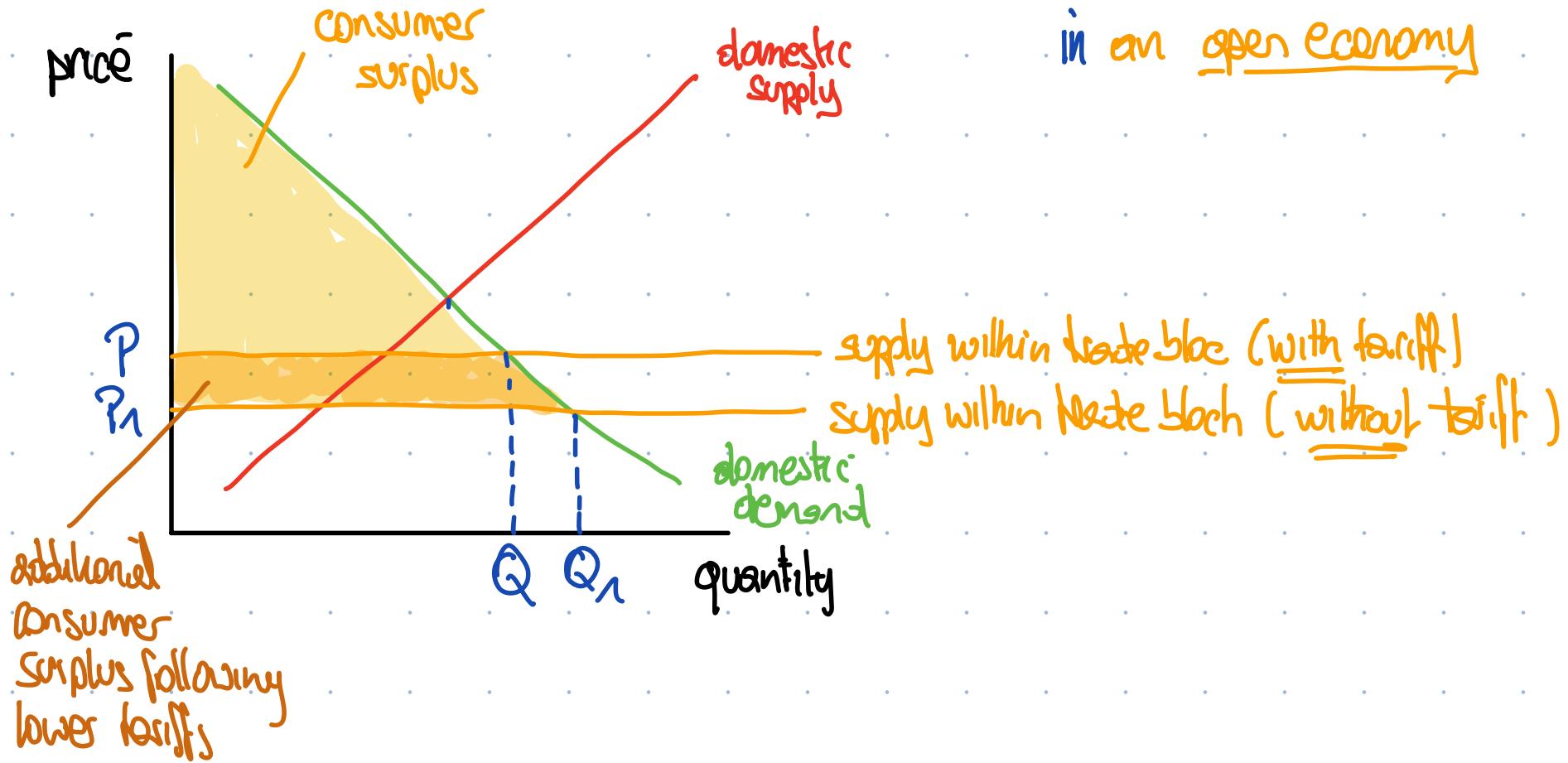




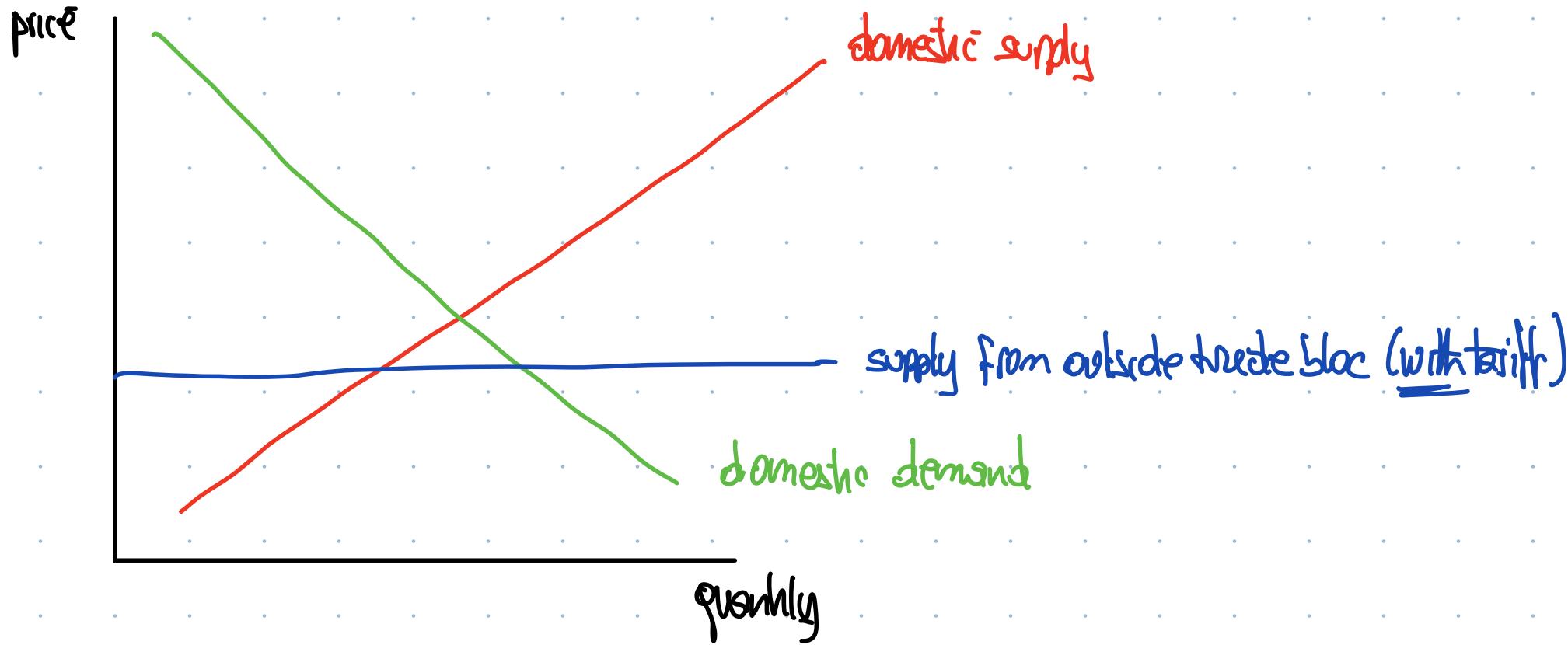
in an open economy

supply within trade bloc (with tariff)

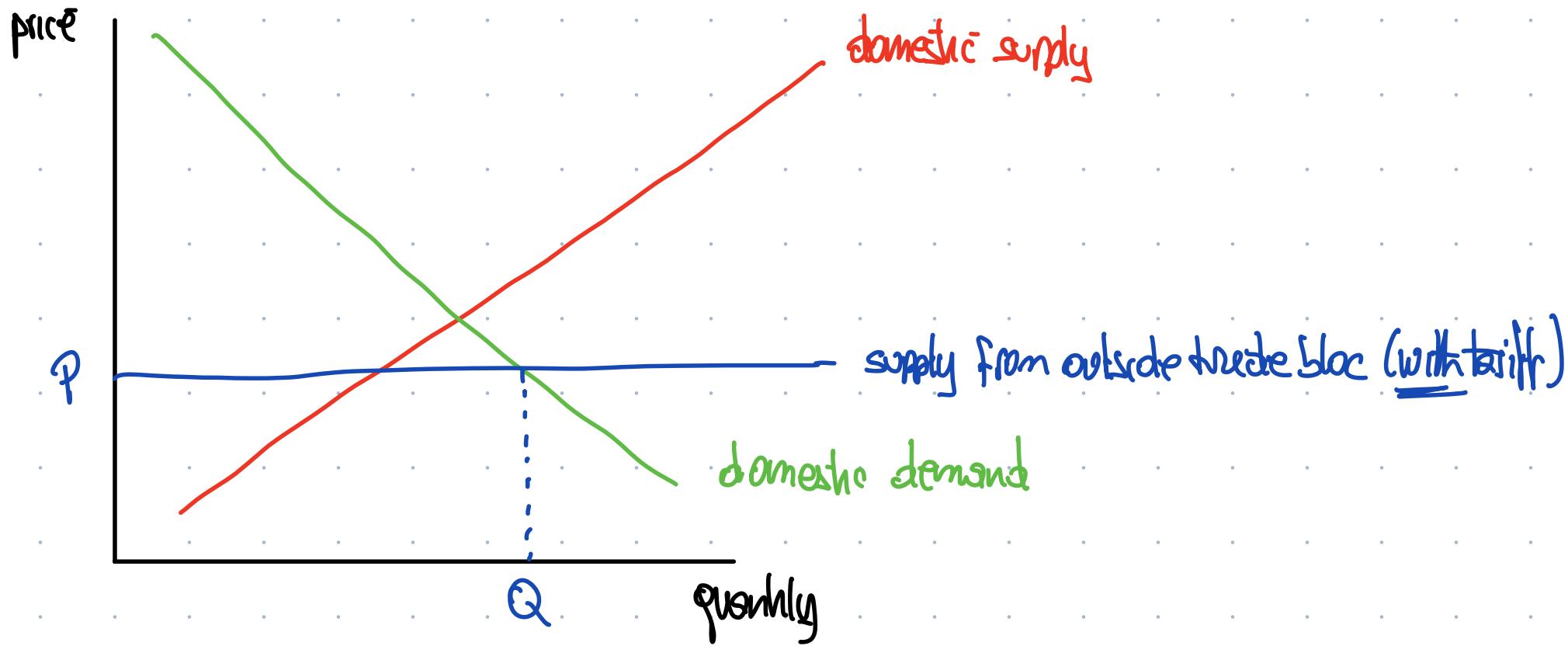
supply within trade bloc (without tariff)



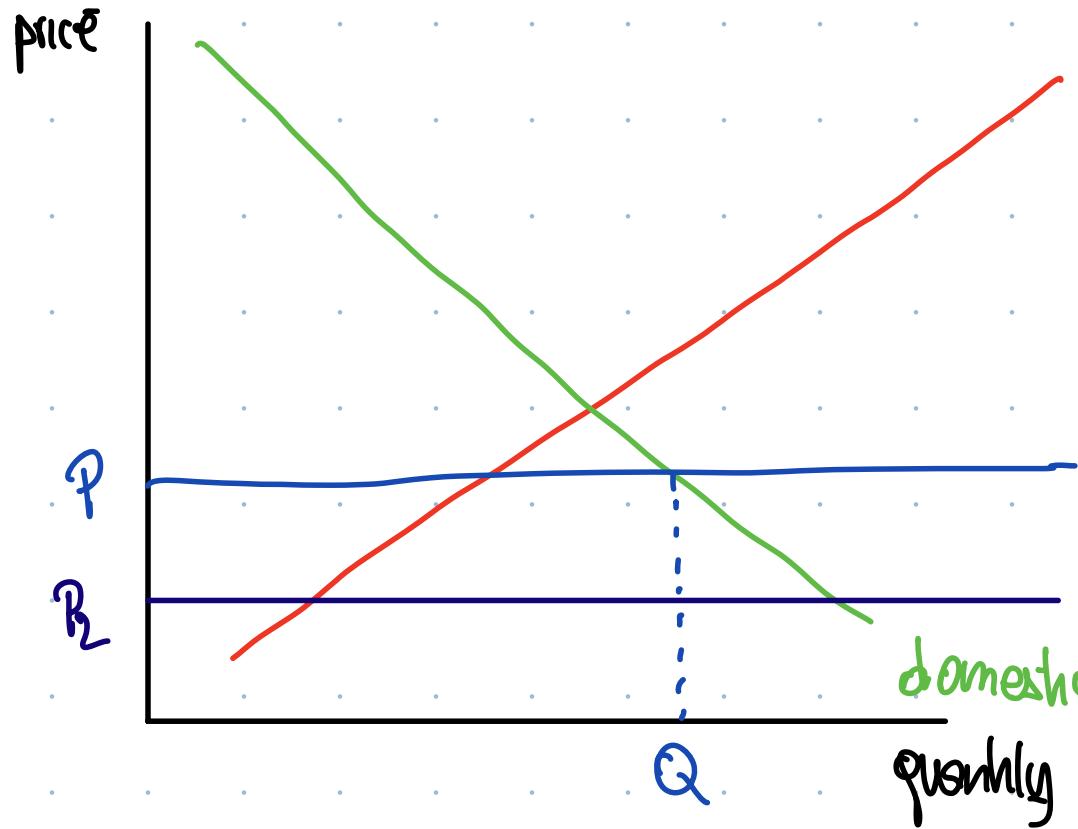
# Chapter 53 : Trade diversion



# Chapter 53 : Trade diversion



# Chapter 53 : Trade diversion



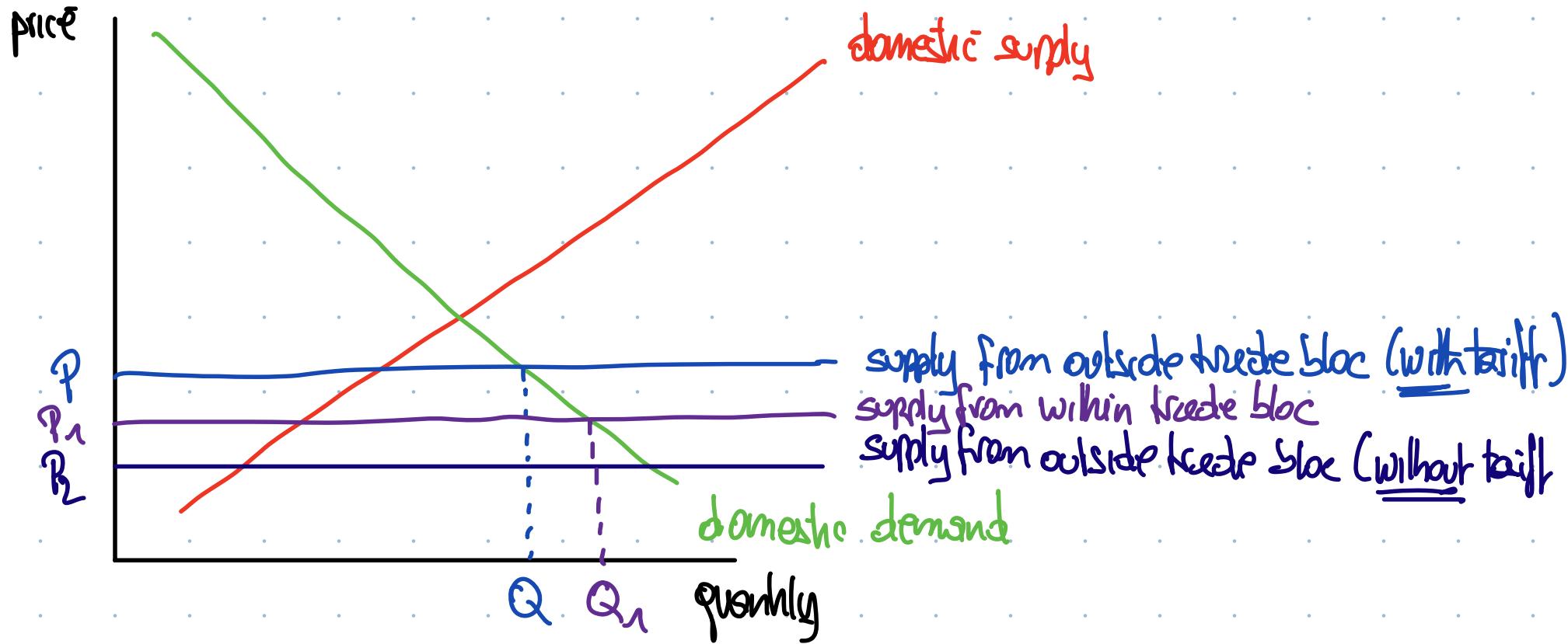
domestic supply

supply from outside trade bloc (with tariff)

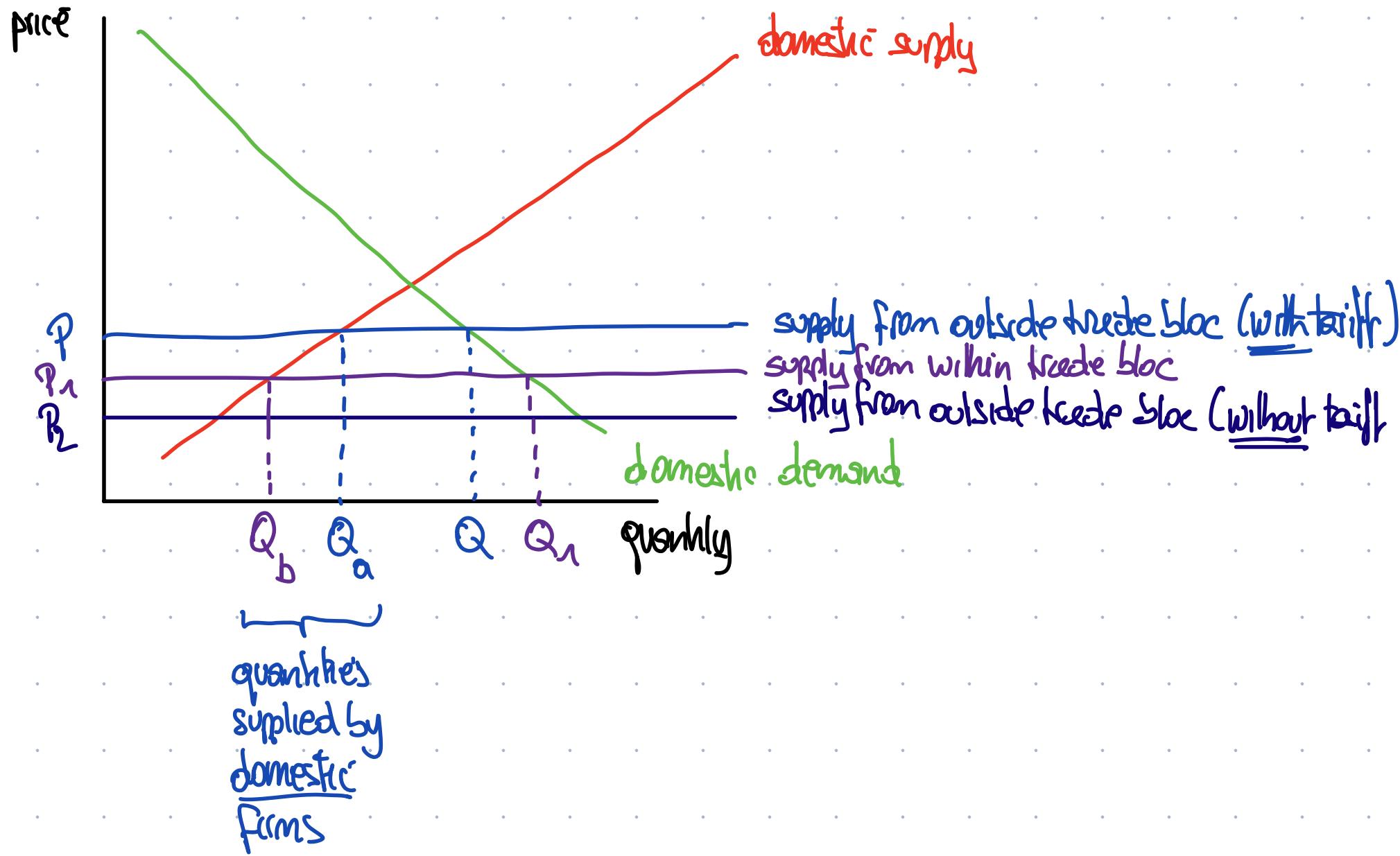
supply from outside trade bloc (without tariff)

domestic demand  
quantity

# Chapter 53 : Trade diversion



# Chapter 53 : Trade diversion



# Chapter 53 : Trade diversion

