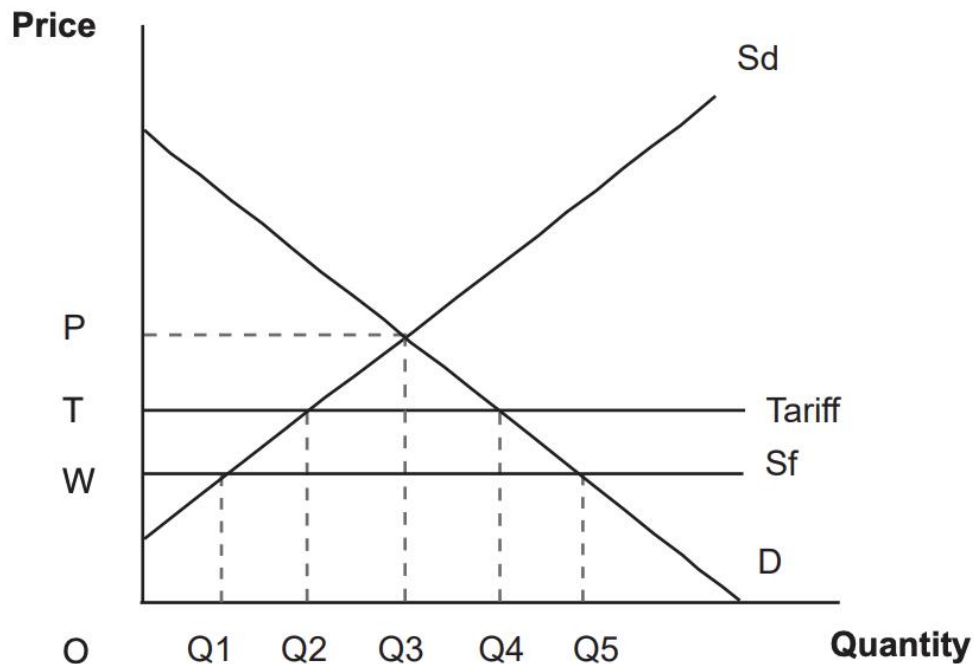


5. This question is based on the diagram below, which shows the demand and supply for trucks in Australia and the effect of a tariff. (OP = domestic price before imports were allowed to enter the market, OW = world price, Sd = domestic supply, D = domestic demand, Sf = foreign supply.)



The imposition of a tariff by the Australian Government on imported trucks would

- (a) decrease the price from OP to OT and the demand would expand from OQ3 to OQ4.
- (b) increase the price from OW to OT and the demand would contract from OQ4 to OQ3.
- (c) not affect the price but reduce the quantity of imports.
- (d) increase the price from OW to OT and expand local supply from OQ1 to OQ2.