

- 21** A particular good in the Barbados market could be supplied by domestic producers, or producers in Trinidad & Tobago, or producers in the USA, at the prices shown in US dollars.

origin of production	price
Barbados	\$1.00
Trinidad & Tobago	\$0.85
USA	\$0.75

Originally, Barbados had a 20% ad valorem duty on imports from Trinidad & Tobago and the USA.

Barbados then formed a customs union with Trinidad & Tobago, with a common external tariff, also of 20%.

From which countries would Barbados import the good, before the formation of the customs union and after the formation of the customs union?

	before	after
A	neither	Trinidad & Tobago
B	neither	USA
C	USA	Trinidad & Tobago
D	USA	USA

- 22** A Japanese car manufacturer established a successful factory in France.

How would this be shown in the Japanese balance of payments?

	investment in the factory	dividends and profits from the factory
A	negative entry in the financial account	positive entry in the current account
B	negative entry in the current account	positive entry in the financial account
C	positive entry in the financial account	negative entry in the current account
D	positive entry in the current account	negative entry in the financial account