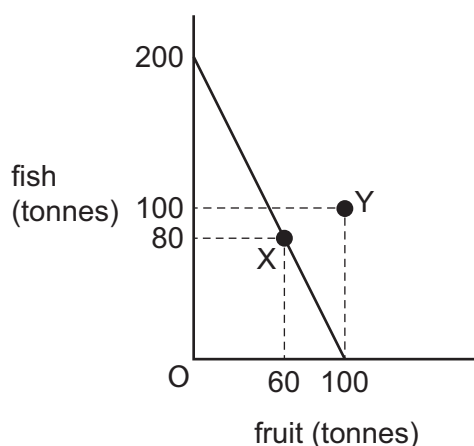


- 19 The production possibility curve shows island J's ability to produce fish and fruit. It specialises entirely in fish in which it has a comparative advantage and trades fish for fruit from island K.

As a result, island J increases its consumption from 80 tonnes of fish and 60 tonnes of fruit, point X, to 100 tonnes of fish and 100 tonnes of fruit, point Y.



What was island J's exchange rate of fish for fruit?

- A 1 tonne of fish for  $\frac{1}{2}$  tonne of fruit
- B 1 tonne of fish for  $\frac{3}{4}$  tonne of fruit
- C 1 tonne of fish for 1 tonne of fruit
- D 1 tonne of fish for 2 tonnes of fruit
- 20 The table shows details on the Gross Domestic Product (GDP) and the balance of payments of four countries.

Which country had the largest net errors and omissions figure in terms of US\$?

	GDP (US\$)	current account balance as a % of GDP	total of capital and financial accounts (US\$)
A	50bn	-8.0	4bn
B	50bn	-2.0	3bn
C	100bn	-3.0	3bn
D	100bn	+4.0	-4bn

- 21 What would **not** be a reason for a government to impose a quota on imports?

- A to prevent dumping
- B to raise tax revenue
- C to reduce a balance of trade deficit
- D to support an important industry