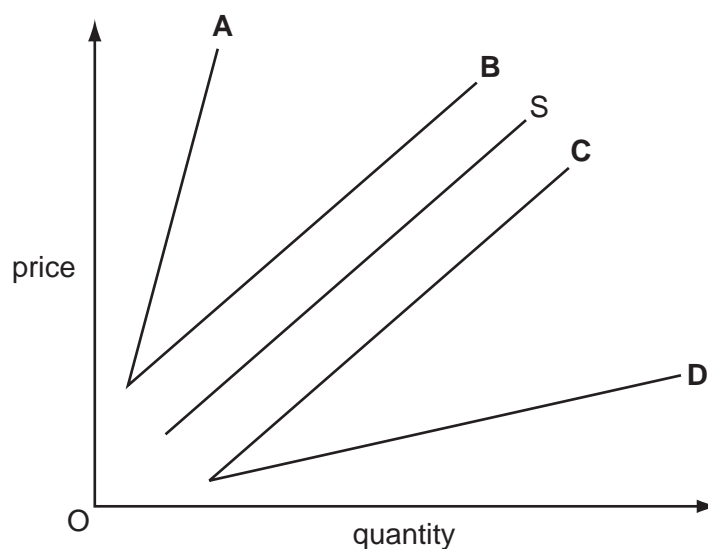


- 18 Steel is produced in a number of countries, including China, Japan and the US. It is used in the manufacture of cars. The US protects its domestic steel industry by imposing high tariffs on foreign steel imports.

Which two groups would benefit from the removal of the US tariffs?

- A Chinese steel producers and Japanese car manufacturers
 - B Japanese steel producers and US car manufacturers
 - C US steel producers and Chinese steel workers
 - D the US government and Japanese steel workers
- 19 The supply of an imported good is shown by curve S.

What will be the new supply curve if an ad valorem (percentage) tariff is imposed on the good?



- 20 What is found in a customs union but **not** a free trade area?

- A a common currency
- B a common external tariff
- C fixed exchange rates
- D free movement of labour