

- 25** Country X forms a customs union with country Y.

X then ceases to produce its own cars and instead imports cars from Y. Country Y diverts some of its car exports to X from country Z.

How is this likely to affect car prices in X and Z?

	country X	country Z
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

- 26** The table shows the ability of two countries to produce two commodities when they use all of their resources for that product.

country	maximum output of rice	maximum output of wheat
X	2000	2000
Y	4000	2000

Which statement is correct?

- A** Country X has an absolute advantage in wheat.
  - B** Country Y has an absolute advantage in wheat.
  - C** Country X has a comparative advantage in wheat.
  - D** Country Y has a comparative advantage in wheat.
- 27** In 2014, Poland was the world's largest exporter of apples. 55% of the crop went to Russia. Then Russia banned the imports.

What would **not** have prevented the revenue of the Polish apple farmers falling dramatically?

- A** The apple farmers found new markets in other countries.
- B** The apple farmers were able to store the harvest for sale later.
- C** The Polish Government placed a ban on imports of food from Russia.
- D** The Polish Government established a scheme to buy apples and supply them to charities.