

20 The statements that follow relate to possible gains from an increase in free trade.

Which gain is **least** certain to result?

- A** Increased specialisation leads to improvements in productivity.
- B** Trade extends the choice of goods available to consumers.
- C** Trade leads to an increase in the number of jobs.
- D** Trade leads to a reduction in costs of production.

21 A group of countries decides to change from being a customs union to being an economic union.

What additional feature will this give the group?

- A** a common external quota on imports from non-members
- B** a common external tariff on imports from non-members
- C** the removal of restrictions on the movement of capital and labour between members
- D** the removal of tariffs and quotas on products exchanged between members

22 The table shows the balance in \$ million for four items in a country's current account for two years.

| | visibles | invisibles | income | transfers |
|--------|----------|------------|--------|-----------|
| Year 1 | -72 | 84 | -3 | -24 |
| Year 2 | -87 | 96 | 12 | -44 |

What can be concluded about the changes between Year 1 and Year 2?

- A** Income has moved from a net inflow to a net outflow.
- B** The difference between the value of exported and imported services has increased.
- C** The value of exported goods has fallen.
- D** Transfers into the country have increased.