

- 25** From the same quantity of factors of production, country X and country Y each produce the following units of output.

country	sugar	textiles
X	30	20
Y	40	10

Which statement is correct?

- A** Country X has absolute advantage in the production of both goods.
  - B** Country X has comparative advantage in the production of sugar.
  - C** Country Y has absolute advantage in the production of textiles.
  - D** Country Y has comparative advantage in the production of sugar.
- 26** Following a 10% depreciation in the \$ value of the £ sterling, a UK exporter leaves the \$ price of the goods it sells in the US market unchanged.

Other things being equal, what will be the effect on the revenue measured in sterling obtained by the manufacturer from its sales in the US?

- A** It will increase.
- B** It will decrease.
- C** It will be unchanged.
- D** It will depend on the elasticity of demand for the manufacturer's good in the US.