

- 25** A particular good in the Barbados market could be supplied by domestic producers, or producers in Trinidad and Tobago, or producers in the United States (US), at the prices shown in US dollars.

origin of production	price
Barbados	\$1.00
Trinidad and Tobago	\$0.85
US	\$0.75

Originally, Barbados had a 20% ad valorem duty on imports from Trinidad and Tobago and the US.

Barbados then formed a customs union with Trinidad and Tobago, with a common external tariff, also of 20%.

From which countries would Barbados import the good, before the formation of the customs union and after the formation of the customs union?

	before	after
A	neither	Trinidad and Tobago
B	neither	US
C	US	Trinidad and Tobago
D	US	US

- 26** What would reduce an economy's protection against the import of cars?

- A** a higher quota of imported cars
- B** a higher subsidy for domestic car producers
- C** a higher tariff on imported cars
- D** a lower exchange rate