

- 25** The introduction of the euro as the common currency of much of Western Europe created a powerful economic group.

What is least likely to have been the intention?

- A** faster economic growth in the region
- B** greater labour mobility and employment in the region
- C** more international trade within the region
- D** more international trade with non-members

- 26** Country X has a comparative advantage in producing wheat and country Y in producing cars. However, the countries choose not to specialise and trade.

What is a valid reason for this behaviour?

- A** The cost of transport is high relative to the opportunity cost differences between the countries.
- B** The exchange rate lies within the countries' opportunity cost ratios.
- C** There is immobility of factors of production between the countries.
- D** Trade is based on absolute rather than comparative advantage.

- 27** What is **not** an example of protectionism?

- A** a ban on the imports of chicken products
- B** import tariffs on agricultural products
- C** maximum supermarket food prices
- D** strict health and safety requirements