

24 Which item is **not** included in the current account on the balance of payments statement?

- A** the balancing item
- B** the export of services
- C** the import of goods
- D** the interest received from investment overseas

25 The prices of a country's exports rise by 5% while the prices of its imports fall by 5%.

What will definitely improve in the country as a result of these changes?

- A** balance of trade
- B** current account balance
- C** exchange rate
- D** terms of trade

26 What is **not** a form of protectionism?

- A** embargoes
- B** increase in sales tax (VAT)
- C** subsidies on goods for export
- D** voluntary export restraints

27 Two countries, X and Y, produce food and drink. The table shows how many hours it takes them to produce one unit of each.

	food	drink
X	10	2
Y	20	12

What will be the result if country Y doubles its productivity in the output of drink and both countries produce only one good according to comparative advantage?

- A** X will continue to produce drink.
- B** Y will produce drink instead of food.
- C** World drink production will rise.
- D** World food production will fall.