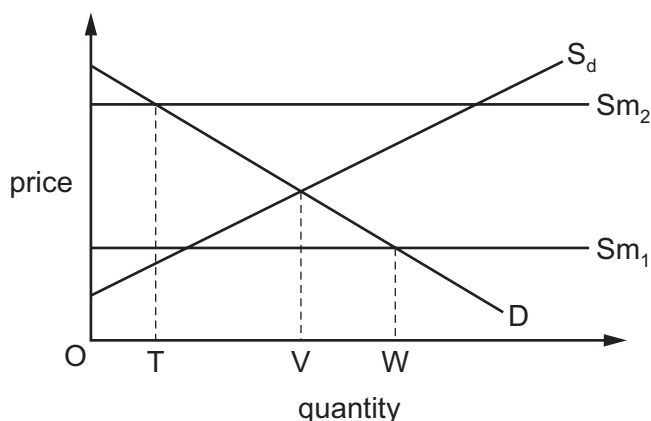


- 11 The diagram shows the market for coffee in a small coffee-producing country. The domestic supply of coffee is represented by S_d . The supply curve of imports was initially Sm_1 . A bad harvest that affects only other coffee-producing countries shifts the supply curve of imports to Sm_2 .



How will consumption and imports be affected by the supply change?

- A Consumption falls by VW and imports fall to OT .
 - B Consumption falls by VW and imports fall to zero.
 - C Consumption is unchanged and imports fall to OT .
 - D Consumption is unchanged and imports fall to zero.
- 12 When demand for a good falls, its price falls.

What is the function of the price fall?

- A to eliminate shortages
- B to reduce consumer surplus
- C to send a signal to producers
- D to stimulate a further fall in demand