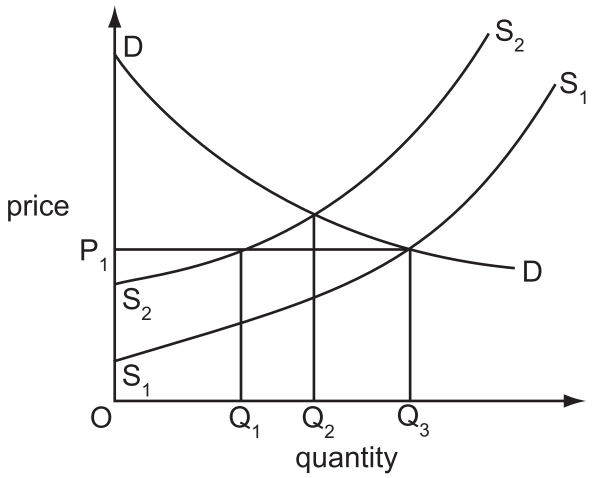
**18** In the diagram, $S_1S_1$ and DD represent the original supply and demand curves for an agricultural product.




Bad weather then reduces supply to $S_2S_2$.

The government does not allow the price to rise above $OP_1$.

How much of the product will the government have to supply from a buffer stock if demand is to be met?

**A** $OQ_1$ **B** $Q_1Q_3$ **C** $Q_1Q_2$ **D** $Q_2Q_3$

**19** Country X joins an existing customs union, comprising Y and W, which has a common external tariff equal to X's initial tariff.

After joining the customs union, X imports cars from Y which it previously imported from country V.

How will this affect the price of cars in country X and the cost of producing the cars imported into country X?

| | price | cost of production |
|---|---|---|
| **A** | lower | lower |
| **B** | lower | higher |
| **C** | no effect | lower |
| **D** | no effect | higher |