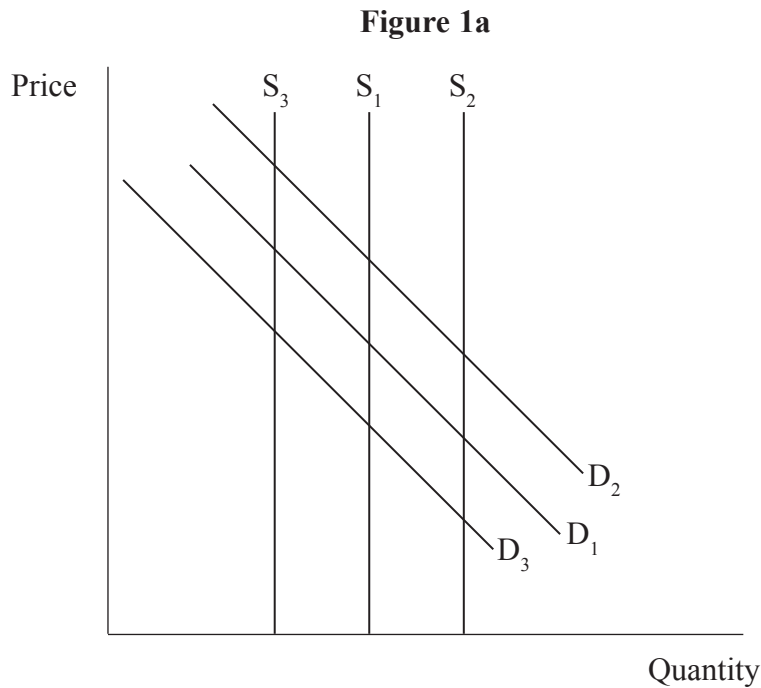


Answer ALL the questions.

Question 1

Figure 1a shows the demand and supply of rice. The original demand curve is D_1 and the original supply curve is S_1 .



(a) (i) Indicate on the diagram the original price P_1 and original quantity Q_1 . (2)

Using the diagram, identify the new demand curve (D_2 or D_3) or the new supply curve (S_2 or S_3) when the following changes take place. (The same answer may be used more than once.)

(ii) Rice farmers are given a government subsidy.

New curve = (1)

(iii) Medical research shows that rice consumption helps people live longer.

New curve = (1)



(iii) Using the data in Figure 1b, explain your answer given in (b)(ii).

.....

 (2)

(iv) What is the economic term used to describe the other product shown in Figure 1b?

.....

 (1)

Figure 1c

Price \$	Demand for Product C	Demand for Product D
5	10	10
6	9	7

Study the information in Figure 1c

(c) (i) What is meant by the term *price elasticity of demand*?

.....

 (2)

(ii) Which product, C or D, has an inelastic price elasticity of demand? Explain your answer using the information given in Figure 1c.

Product
 (1)

Explanation

 (2)



(iii) Examine the importance of price elasticity of demand **or** income elasticity of demand in the decision making process of firms.

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(5)

(Total 25 marks)

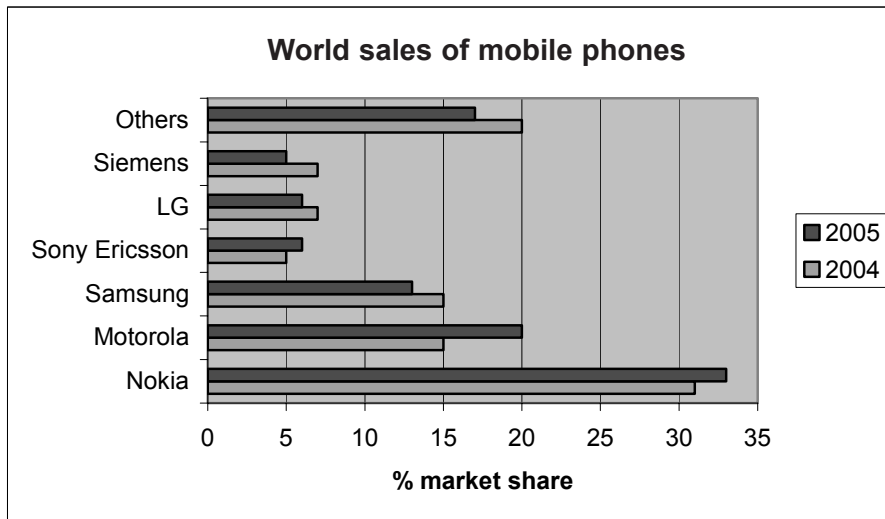
Q1

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Question 2

Figure 2a



(a) Using Figure 2a, name the manufacturer of mobile phones which had

(i) the largest share of the market in 2005

.....

 (1)

(ii) the smallest share of the market in 2005

.....

 (1)

(iii) the greatest increase in its market share from 2004 to 2005.

.....

 (1)

(iv) Calculate the increase in the market share of the company identified in (iii).

.....

 (1)

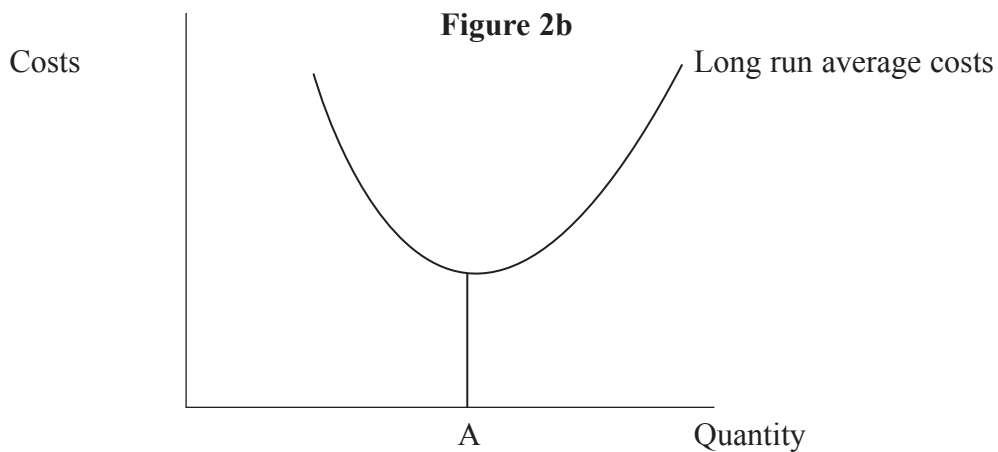


(v) With reference to Figure 2a, what is the market structure of this industry? Give reasons for your answer.

.....
.....
.....
.....

(3)

(b) In 2006, Nokia merged with Siemens. Mergers between firms can bring about economies and diseconomies of large scale production, shown on Figure 2b.



Study Figure 2b. Briefly explain

(i) **one** reason for the shape of the curve to the left of A

.....
.....
.....

(2)

(ii) **one** reason for the shape of the curve to the right of A.

.....
.....
.....

(2)



(iii) Which of the two methods identified in (c)(ii) has been more successful in overcoming the regional problem in a country of your choice? Give reasons for your answer.

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(4)

Q2

(Total 25 marks)

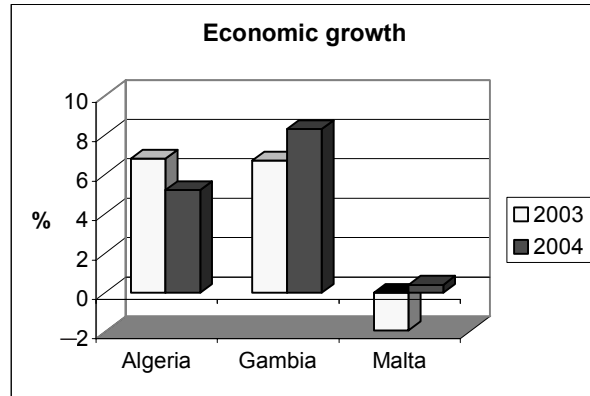
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Question 3

Figure 3a shows economic growth in Algeria, Gambia and Malta in 2003 and 2004.

Figure 3a



(a) Insert the missing words to complete the definition of economic growth below.

Economic growth is measured by the rate of change in

(i) Gross (ii) Product over a period of time. **(2)**

(iii) With reference to the level of economic growth shown in Figure 3a, describe the likely state of the economy of Malta in 2003.

.....
.....
.....
..... **(3)**

(iv) Which country experienced greatest economic growth in 2004?

.....
..... **(1)**



(ii) Briefly explain **two** ways in which rising inflation might influence the current account of the balance of payments.

.....

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(4)

(c) (i) Identify and briefly explain **one** monetary measure a government can use to control the rate of inflation.

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(3)



Question 4

Figure 4a

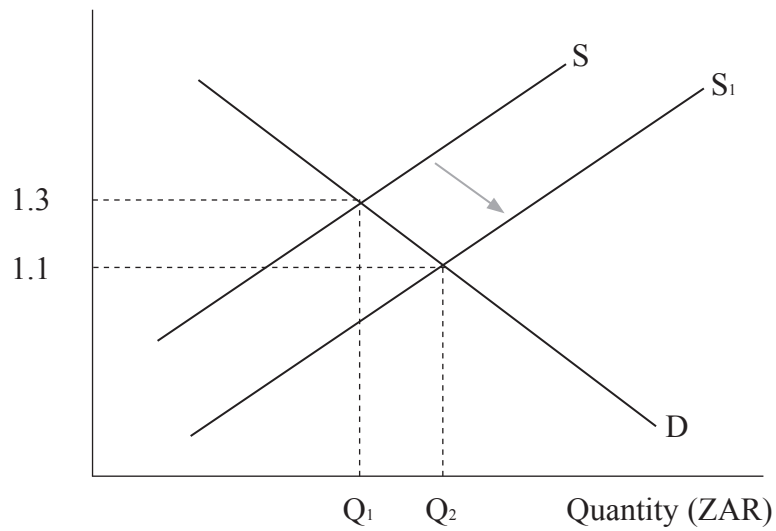
	Exchange rate
January 2006	1 ZAR = 1.3 CNY
January 2007	1 ZAR = 1.1 CNY

ZAR = South African Rand
CNY = Chinese Yuan

Figure 4b shows the demand and supply curves of South African Rands (ZAR) between January 2006 and January 2007.

Figure 4b

Exchange rate:
CNY and ZAR



(a) Study Figures 4a and 4b.

A South African tourist wishes to exchange 100 South African Rands for Chinese Yuan. State how many Chinese Yuan the tourist would receive in

(i) January 2006

..... (1)

(ii) January 2007.

..... (1)



(iii) The change in the exchange rate was caused by the shift in the supply curve of South African Rands from S to S_1 . Briefly explain **one** possible reason for this shift in the supply curve.

.....

 (2)

(iv) Show on the Figure 4b the effect of an increase in South African exports on the exchange rate of South African Rands.

.....

 (2)

Figure 4c

South Africa: Current Account Balance of Payments	
South African Rands (bn).	
2004	2005
-57.05	-78.43

(b) (i) Define the term *Current Account Balance of Payments*.

.....

 (2)

(ii) What do the data in Figure 4c show has happened to the South African Current Account Balance of Payments between 2004 and 2005?

.....

 (2)



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