

**Paper Reference 9EC0/03**  
**Pearson Edexcel**  
**Level 3 GCE**

Total Marks
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# **Economics A**

**Advanced**

**Paper 3: Microeconomics and Macroeconomics**

**Friday 15 June 2018 – Morning**

**Time: 2 hours plus your additional time allowance.**

**In the boxes below, write your name, centre number and candidate number.**

<b>Surname</b>					
<b>Other names</b>					
<b>Centre Number</b>					
<b>Candidate Number</b>					

**X52317A**

**You do not need any other materials.**

**YOU WILL BE GIVEN**

**Data Book**

**INSTRUCTIONS**

**There are two sections in this Question Paper.**

**In Section A, answer ALL questions 1(a) to 1(c) and ONE question from 1(d) or 1(e).**

**In Section B, answer ALL questions 2(a) to 2(c) and ONE question from 2(d) or 2(e).**

**Answer the questions in the spaces provided in this Question Paper – there may be more space than you need.**

**INFORMATION**

**The total mark for this paper is 100**

**The marks for EACH question are shown in brackets – use this as a guide as to how much time to spend on each question.**

**Calculators may be used.**

**Turn over**

**ADVICE**

**Read each question carefully before you start to answer it.**

**Check your answers if you have time at the end.**

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## **SECTION A**

**Read Figure 1, Figure 2, Figure 3, Extract A, Extract B and Extract C in the Data Book before answering Question 1.**

**Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).**

**Write your answers in the spaces provided.**

**You are advised to spend 1 hour plus some of your additional time allowance on this section.**

## **1. Branded coffee shops**

- (a) With reference to Figure 1, briefly explain the market structure that best describes the UK branded coffee shop market.**

**(5 marks)**

- (b) With reference to Figure 3 and other information provided, discuss the price and non-price strategies that Starbucks may use to increase profitability.**

**(12 marks)**

- (c) Examine the advantages of using an indirect tax as a means of reducing the use of disposable coffee cups.**

**(8 marks)**

**(continued on the next page)**

1. continued.

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic factors that may influence Starbucks' decision whether to expand in a particular country.**  
**(25 marks)**

**OR**

- (e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of increased UK demand for coffee at branded coffee shops.**  
**(25 marks)**

**(continued on the next page)**

**Turn over**

**1. continued.**

**(a) With reference to Figure 1, briefly explain the market structure that best describes the UK branded coffee shop market.**

**(5 marks)**

**Answer lines continue on the next two pages.**

[illegible]

**1. (a) continued.**

[illegible]

**Turn over**



**1. (a) continued.**

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**(continued on the next page)**

**Turn over**

**1. continued.**

**(b) With reference to Figure 3 and other information provided, discuss the price and non–price strategies that Starbucks may use to increase profitability.**

**(12 marks)**

**Answer lines continue on the next five pages.**

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**Turn over**

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

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**Turn over**

**1. continued.**

**(c) Examine the advantages of using an indirect tax as a means of reducing the use of disposable coffee cups.**

**(8 marks)**

**Answer lines continue on the next three pages.**

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**Turn over**



**1. (c) continued.**

[illegible]

**Turn over**

**1. (c) continued.**

[illegible]

**Turn over**

1. (c) continued.

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(continued on the next page)

Turn over

1. continued.

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic factors that may influence Starbucks' decision whether to expand in a particular country.**  
**(25 marks)**

**OR**

- (e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of increased UK demand for coffee at branded coffee shops.**  
**(25 marks)**

**(continued on the next page)**

**Turn over**

1. continued.

**Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.**

**Chosen question number:**

**Question 1(d)**

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**Question 1(e)**

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**Write your answer here:**

**Answer lines continue on the next twelve pages.**

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**Turn over**

**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

**Turn over**



**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

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**1. continued.**

[illegible]

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**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

**Turn over**

**1. continued.**

[illegible]

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1. continued.

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(Total for Question 1 = 50 marks)

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**TOTAL FOR SECTION A = 50 MARKS**

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Turn over

**SECTION B**

**Read Figure 4, Figure 5, Extract D and Extract E in the Data Book before answering Question 2.**

**Answer ALL Questions 2(a) to 2(c), and EITHER Question 2(d) OR 2(e).**

**Write your answers in the spaces provided.**

**You are advised to spend 1 hour plus some of your additional time allowance on this section.**

## **2. Indonesia**

- (a) Using the data in Figure 4 and other information provided, explain the likely change to Indonesia's terms of trade since 2011 (5 marks)**
- (b) Examine the likely effects on the profitability of Indonesian rice farmers of the government's increased investment in dams (Extract E, lines 49–54). Use a cost and revenue diagram to support your answer. (8 marks)**
- (c) Discuss the benefits of aid to Indonesia. (12 marks)**

**(continued on the next page)**

2. continued.

**EITHER**

- (d) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects on Indonesia of the volatility of prices of commodities such as coal.**

**(25 marks)**

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of the supply–side policies recently introduced in Indonesia.**

**(25 marks)**

**(continued on the next page)**

**2. continued.**

- (a) Using the data in Figure 4 and other information provided, explain the likely change to Indonesia's terms of trade since 2011 (5 marks)**

**Answer lines continue on the next two pages.**

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**Turn over**

**2. (a) continued.**

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**Turn over**

**2. (a) continued.**

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**Turn over**

**2. continued.**

**(b) Examine the likely effects on the profitability of Indonesian rice farmers of the government's increased investment in dams (Extract E, lines 49–54). Use a cost and revenue diagram to support your answer.**

**(8 marks)**

**Answer lines continue on the next four pages.**

[illegible]

**Turn over**



**2. (b) continued.**

[illegible]

**Turn over**

**2. (b) continued.**

[illegible]

**Turn over**

**2. (b) continued.**

[illegible]

**Turn over**

2. (b) continued.

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**2. continued.**

**(c) Discuss the benefits of aid to Indonesia.**

**(12 marks)**

**Answer lines continue on the next five pages.**

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**Turn over**

**2. (c) continued.**

[illegible]

**Turn over**

**2. (c) continued.**

[illegible]

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**2. (c) continued.**

[illegible]

**Turn over**



**2. (c) continued.**

[illegible]

**Turn over**

**2. (c) continued.**

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**(continued on the next page)**

**Turn over**

**2. continued.**

**EITHER**

- (d) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects on Indonesia of the volatility of prices of commodities such as coal.**

**(25 marks)**

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of the supply–side policies recently introduced in Indonesia.**

**(25 marks)**

**(continued on the next page)**

2. continued.

**Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.**

**Chosen question number:**

**Question 2(d)**

☐

**Question 2(e)**

☐

**Write your answer here:**

**Answer lines continue on the next thirteen pages.**

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**Turn over**

**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

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**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**



**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

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**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**

**2. continued.**

[illegible]

**Turn over**



2. continued.

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(Total for Question 2 = 50 marks)

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**TOTAL FOR SECTION B = 50 MARKS**

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**TOTAL FOR PAPER = 100 MARKS**

**END OF PAPER**

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