

**Paper Reference 9EC0/03**

**Pearson Edexcel**

**Level 3 GCE**

Total Marks

**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>					

**V52317A**

**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.**

**Turn over**

## **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.**

## **ADVICE**

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

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

---

## **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.**

**Turn over**

**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)**

**(continued on the next page)**

**1. continued.**

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

**(8 marks)**

**EITHER**

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

**(25 marks)**

**(continued on the next page)**

**Turn over**

**1. continued.**

**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 three pages.**

---

---

---

---

---

---

---

---

---

---





1. (a) continued.

---

---

---

---

---

---

**(continued on the next page)**

**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 eight pages.**

---

---

---

---

---

---

---

---















1. (b) continued.

---

---

---

---

---

---

**(continued on the next page)**

**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 four pages.**

---

---

---

---

---

---

---

---

---

---









**1. continued.**

**EITHER**

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

**(25 marks)**

**(continued on the next page)**

**1. continued.**

**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)**

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)**

**Question 1(e)**

**Answer lines are on the next seventeen pages.**

**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 104–116). Use a cost and revenue diagram to support your answer.**

**(8 marks)**

**(continued on the next page)**

**Turn over**

**2. continued.**

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

**(12 marks)**

**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)**

**(continued on the next page)**

**Turn over**

**2. continued.**

**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 three pages.**

---

---

---

---

---

---

---

---





**2. (a) continued.**

---

---

---

---

---

---

**(continued on the next page)**

**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 104–116). Use a cost and revenue diagram to support your answer.**

**(8 marks)**

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

---

---

---

---

---

---













**2. continued.**

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

**(12 marks)**

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

---

---

---

---

---

---

---

---

---

---















**2. (c) continued.**

---

---

---

**(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)**

**(continued on the next page)**

**Turn over**

**2. continued.**

**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)**

**Turn over**

**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)**

**Answer lines are on the next eighteen pages.**

**Turn over**





































---

**TOTAL FOR SECTION B = 50 MARKS**

**TOTAL FOR PAPER = 100 MARKS**

**END OF PAPER**

---