



Rewarding Learning

General Certificate of Secondary Education

Centre Number

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Candidate Number

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# Economics

Paper 1



\*G9281\*

[G9281]

## Assessment

### TIME

1 hour 45 minutes.

### Assessment Level of Control:

Tick the relevant box (✓)

|                       |  |
|-----------------------|--|
| Controlled Conditions |  |
| Other                 |  |

### INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You should answer all questions in the spaces provided.

If you do not have enough space to complete your answer, extra lined pages are provided at the back of the booklet.

Answer **all three** questions in **Section A**.

Answer **both** questions in **Section B**.

Answer **one** question from questions 6, 7 and 8 in **Section C**.

### INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Any working should be clearly shown since marks may be awarded for partially correct solutions.

Your quality of written communication will be taken into account in assessing your answer to the question that you choose to answer from **Section C**.

### ADVICE TO CANDIDATES

You should take into account the maximum marks available when deciding how much time to spend on each question or part question.

For Examiner's use only

| Question Number  | Marks |
|------------------|-------|
| <b>Section A</b> |       |
| 1                |       |
| 2                |       |
| 3                |       |
| <b>Section B</b> |       |
| 4                |       |
| 5                |       |
| <b>Section C</b> |       |
| 6                |       |
| 7                |       |
| 8                |       |

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|--------------------|--|
| <b>Total Marks</b> |  |
|--------------------|--|





3 The USA has imposed high tariffs on some Chinese imports of which 40% are consumer goods enjoyed by USA households. The USA has complained that China has not followed World Trade Organization (WTO) rules to reduce trade barriers.

© US-China trade war: a tale of two Chinas by Karishma Vaswani. Published by BBC News, 18 September 2018

(a) Define what is meant by a tariff.

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[2]

(b) Explain **one** possible impact on USA customers if tariffs are imposed on Chinese imports.

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[2]

(c) Identify and describe **one** method of trade protection other than a tariff.

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[2]

| Examiner Only |        |
|---------------|--------|
| Marks         | Remark |
|               |        |

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**(Questions continue overleaf)**









5 Study the information below and answer the questions that follow.

### Coca-Cola buys Costa Coffee for £4 billion

Graph removed due to Copyright restrictions

**Fig. 1 Number of coffee shops in the UK (thousands)  
(2018–2022 projections)**

In 2018, Coca-Cola, the well-known soft drinks company, bought Costa Coffee, the coffee shop chain. This takeover made Coca-Cola the UK's leading coffee shop chain as Costa owned approximately 60% of the UK market. It also had shops in 32 other countries worldwide.

The government has identified fizzy soft energy drinks, and in particular some brands made by Coca-Cola, as demerit goods. It has even gone as far as banning the sale of some well-known brands to young people under 18 years old. The high caffeine, as well as the high sugar content, of these drinks was also considered a health issue. Demand for sugar-based soft drinks in general has been falling with consumers showing interest in more health-promoting drinks.

Soft drinks manufacturers are looking for opportunities in other markets and the global coffee market is growing at 6% per year.

### Coffee culture taking China by storm

Globally, coffee shops have become multimillion-dollar businesses. In the UK, coffee has become a "lifestyle product", enjoyed in particular by young office workers and helped by the expansion of chains such as Starbucks and Costa. Following this success, these chains are opening up stores in Asia and in developing countries where they see new opportunities for markets to grow. In China alone, the coffee market is expected to grow by 50% by 2022, making it worth approximately £12 billion. Consumers in other growing Asian markets are increasingly adopting Western lifestyles and that includes more consumption of coffee.

*Adapted © Coca-Cola buys Costa Coffee from Whitbread for £3.9bn by Zoe Wood and Mark Sweney. Published by The Guardian, 31 August 2018*

| Examiner Only |        |
|---------------|--------|
| Marks         | Remark |
|               |        |



































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