Surname	Centre Number	Candidate Number
First name(s)		2

GCE AS

B520U10-1

S25-B520U10-1

eduqas
Part of WJEC

TUESDAY, 13 MAY 2025 – MORNING

ECONOMICS – AS component 1
Introduction to Economic Principles

1 hour

For Examiner's use only		
Question	**Maximum Mark**	**Mark Awarded**
1.	**6**	
2.	**4**	
3.	**7**	
4.	**13**	
5.	**13**	
6.	**17**	
Total	**60**	

B520U101 01

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.
You may use a pencil for graphs and diagrams only.
Write your name, centre number and candidate number in the spaces at the top of this page.
Answer **all** questions.
Write your answers in the spaces provided in this booklet. If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.
You are reminded of the necessity for good English and orderly presentation in your answers.

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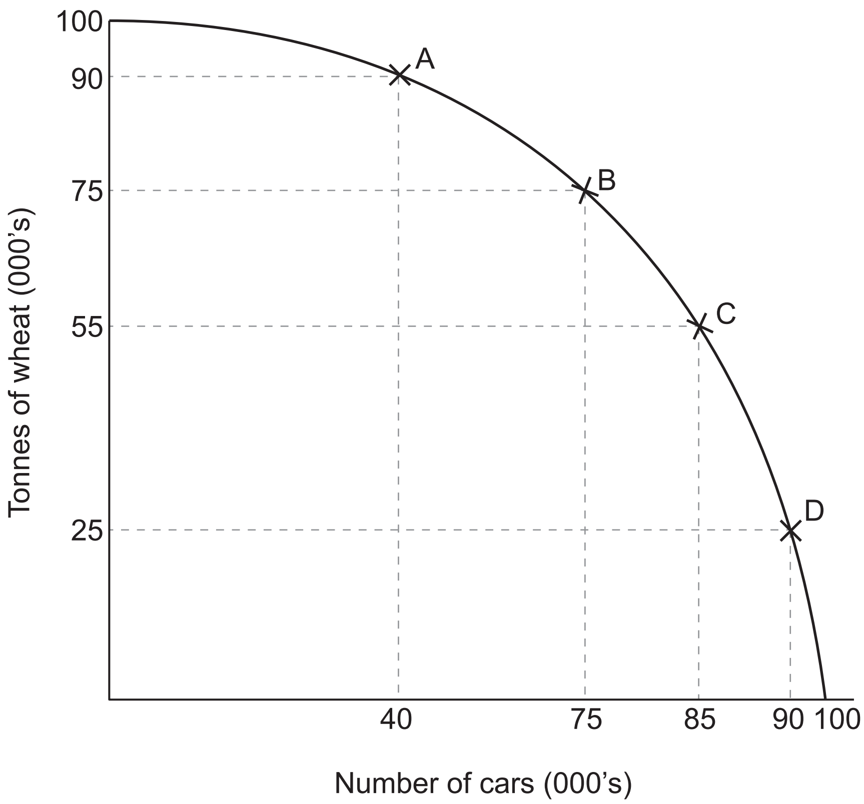
Answer **all** the questions in the spaces provided.

1. The diagram below shows a production possibility frontier (PPF) for a country producing wheat and cars.



(a) State what is meant by a production possibility frontier. [2]

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(b) Using calculations in your answer, outline why the PPF is curved. [4]

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03

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2. Heavy Goods Vehicle (HGV) drivers transport goods between locations. They move items for firms and customers locally, nationally and internationally.

In the next few years there could be:

- a decrease in supply of labour as a large proportion of the workforce will leave due to retirement
- an increase in demand of labour as demand for them to transport goods between locations continues to grow due to e-commerce.

Using a labour market diagram, outline the likely impact of these changes on the wages of HGV drivers in the UK. [4]

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3. Healthcare systems differ across the world.

South Africa has both a private healthcare system and a state healthcare system that operate alongside each other.

Most people rely on the state system for their healthcare, which is subsidised by the government (40% of cost for those on middle incomes and 100% for those on lower incomes). However, an estimated 80% of doctors work in the private system.

The UK has a system of state provision for its NHS healthcare system, available free for patients when they need it. It is funded through taxes. Around 11% of the UK population has private health insurance.

Using the data, discuss whether countries such as South Africa should follow the UK's example of state provision of healthcare that is free for all patients when needed. [7]

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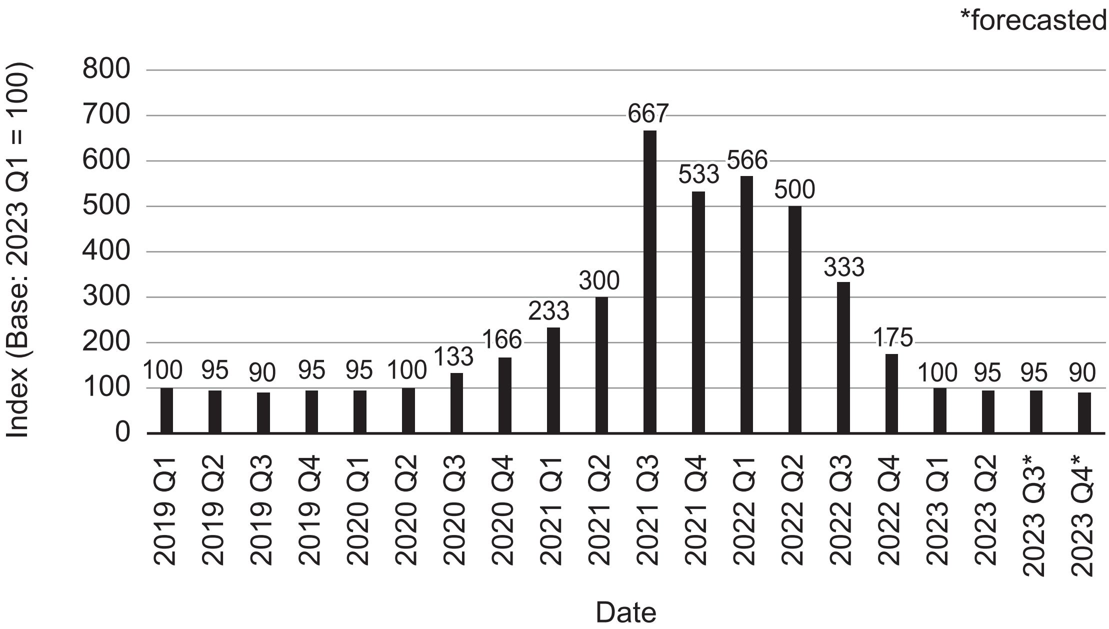
4.

Freight is the term used to describe goods or cargo carried by ship, train, truck, or airplane.

Shanghai is a major seaport hub in China for the transport of freight by ship.

The Shanghai containerised freight price index is a widely used index that reflects the sea freight prices for transporting goods from China to other countries. Its fluctuations give an indication of changes in the price of transporting goods by sea from China to other countries.

Figure 1: Shanghai containerised freight price index 2019–2023



(a) Describe how the price of transporting goods changes between 2019 and 2023. [3]

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(b) Explain how the price changes of shipping during 2021 could have affected the ability of both households and firms to achieve their objectives. [4]

Figure 2: Imports as a % of GDP for the UK (2022)

UK	36.2%

(c) Using **Figures 1** and **2**, consider the impact that the changes in the Shanghai price index could have on the inflation rate in the UK. [6]

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Turn over.

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5. The UK's low productivity has been a problem for many years, leading to a productivity gap between the UK and other economies.

A productivity gap is a sustained difference in measured output per worker between one country and another.

Figure 3: Productivity as measured by GDP per hour in dollars ($) for the UK and other economies in 2022.

Country	GDP per hour worked ($)
France	83.4
Germany	86.7
Japan	52.0
UK	73.3
United States	89.9

Recent UK budgets have outlined the following initiatives:

- Companies which invest in their business's plant and machinery between 2023 and 2025 can significantly reduce their tax bills.
- Incentives for firms to hire apprentices to rise to £3000.
- An extra £126 m for new vocational training.
- New visa scheme to help start-ups and technology firms source talented labour from overseas. Immigration rules to be relaxed for five roles in the construction sector, to ease labour shortages.

(a) With reference to **Figure 3**, outline **two** reasons why the UK Government wishes to achieve increased productivity. [4]

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(b) To what extent will the budget initiatives help the UK close the productivity gap shown in **Figure 3**? [9]

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Turn over.

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6. Australia's main exports are composed of beef, wine and other commodities.

Imports of wine from Australia into China have risen significantly in the last decade. As a result, China imposed tariffs of 120% on wine imported from Australia in 2021.

The original price of a bottle of wine in Chinese currency	40 Yuan
Original quantity demanded in China per year	160 m bottles
PED for Australian-imported wine in China	–0.6

(a) (i) State the meaning of a tariff. [1]

(ii) Assuming firms pass on the full tariff, calculate the new quantity demanded of Australian wine in China. [3]

(iii) Calculate the tax revenue raised for the Chinese government. [3]

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During 2021 the UK Government agreed the terms for a new trade deal with Australia. Under the deal, Australia will be able to send a quota of agricultural goods per year to the UK, such as beef, tariff-free. These quotas will increase for the next 15 years, after which there will be no quotas or tariffs on agricultural produce.

The UK government said the free trade deal would also improve opportunities for British exports to Australia and was an important step towards signing further free trade deals with other countries. For example, the Canadian government expressed a wish to remove barriers to trade with the UK, including those faced by Canadian exporters of dairy, beef and wheat.

Figure 4: UK regional exports and imports to Australia in 2020.

Goods Exports in 2020 to Australia – Total £3.74bn

Scotland £321m

North East £194m

Yorkshire & the Humber £242m

East Midlands £204m

East £494m

London £450m

Northern Ireland £118m

North West £459m

Wales £116m

West Midlands £355m

South West £238m

South East £546m

Goods Imports in 2020 from Australia – Total £1.56bn

Scotland £61m

North East £73m

Yorkshire & the Humber £101m

East Midlands £81m

East £144m

London £181m

Northern Ireland £11m

North West £81m

Wales £43m

West Midlands £87m

South West £120m

South East £574m

(b) (i) State the meaning of a quota. [1]

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(ii) The UK government stated that British producers have nothing to fear from the free trade deal with Australia.

Using **Figure 4**, to what extent do you agree with this statement? [9]

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END OF PAPER

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Question number	Additional page, if required. Write the question number(s) in the left-hand margin.

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