11 Eating too much salt is associated with a higher risk of heart disease and stomach cancer. Every year 1.5 million deaths are attributed to excess salt in food. In the UK, the National Food Strategy recommended that an indirect tax of £6 per kg is introduced on salt added to food by manufacturers.

Explain the impact of the introduction of this indirect tax on the market for food products containing salt added by manufacturers.

Illustrate your answer with an appropriate diagram.

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14 The table shows the total number of aeroplane flights globally and their contribution to global carbon emissions in 2009 and 2019.

	2009	2019
Total number of aeroplane flights	25.9 million	38.9 million
Global carbon emissions	2.0%	2.5%

Evaluate the likely impact of imposing indirect taxes on aeroplane flights to reduce carbon emissions.

Include at least one relevant diagram in your answer.

(Total for Question 14 = 20 marks)

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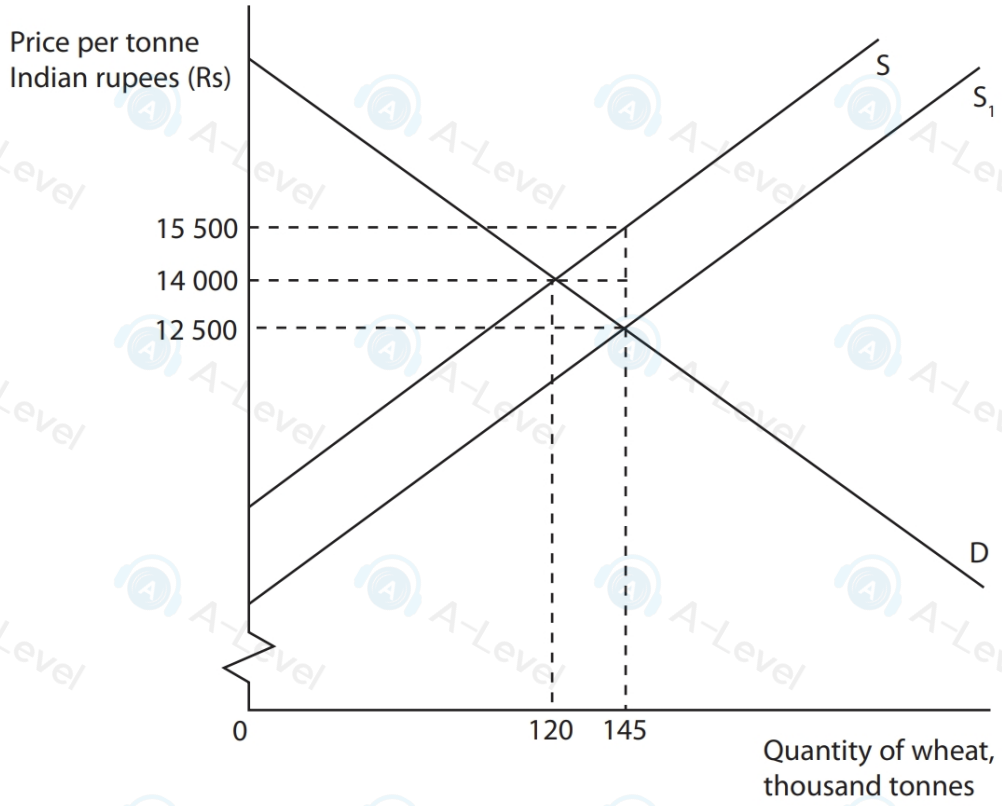
6 The diagram shows the market for wheat in India. It illustrates the introduction of a subsidy for the production of wheat by the Indian Government.



Which one of the following is the producer incidence of the subsidy?

- ☒ **A** Rs 217 500 000
- ☒ **B** Rs 435 000 000
- ☒ **C** Rs 1 812 500 000
- ☒ **D** Rs 2 247 500 000

(Total for Question 6 = 1 mark)

14 The Governments of the UK, Spain and Italy have introduced a tax on plastic packaging. This is charged on any plastic packaging with more than 30% that cannot be recycled.

The table shows the amount of tax charged in each country.

Country	Tax per tonne
UK	$250
Spain	$465
Italy	$465

Evaluate the microeconomic benefits of introducing a tax on plastic packaging.

Illustrate your answer with a supply and demand diagram.

(Total for Question 14 = 20 marks)

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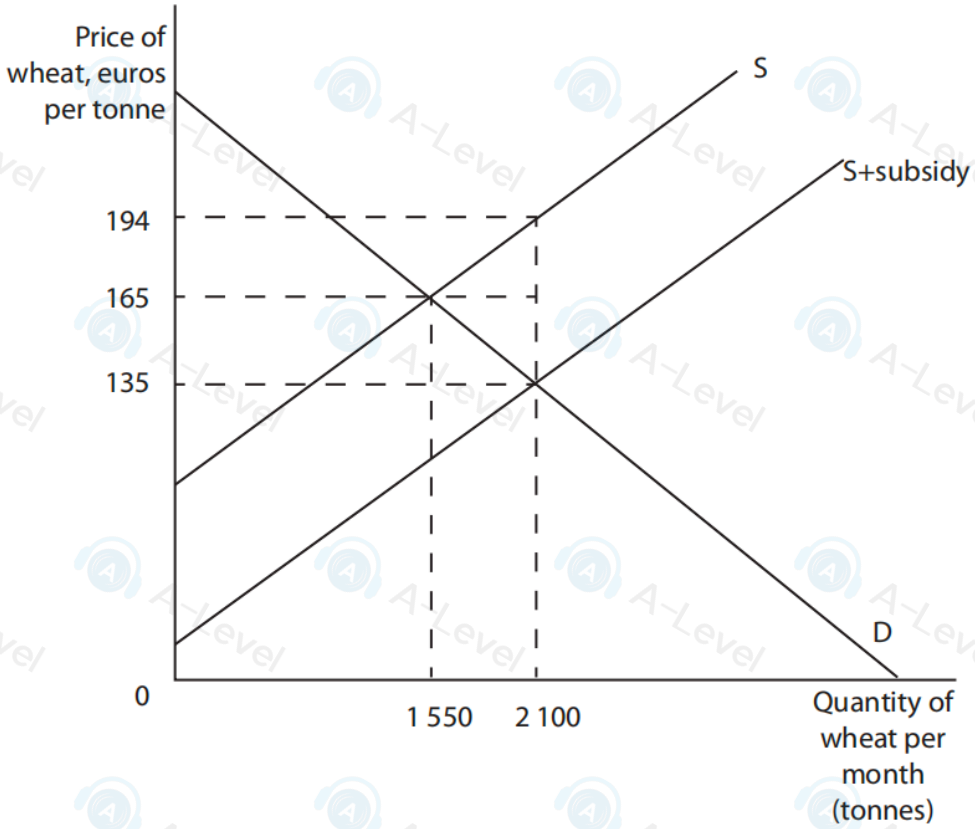
7 The Government of the Philippines provides subsidies to sugarcane farmers.

Draw a diagram to illustrate the impact of this subsidy on the market for sugarcane.

Identify the increase in consumer surplus on your diagram.

(Total for Question 7 = 4 marks)

4 The diagram shows the market for wheat in the European Union after the introduction of a subsidy.



Which **one** of the following is the consumer incidence of the subsidy?

- ☒ **A** €60 900
- ☒ **B** €63 000
- ☒ **C** €123 900
- ☒ **D** €283 500

(Total for Question 4 = 1 mark)

9 In 2022 the Government of Zimbabwe introduced a tax on energy drinks of $0.05 per litre and a tax on smartphones of $50 per device. In 2023 the Government increased its VAT (consumption tax) rate from 14.5% to 15%.

With reference to Zimbabwe, explain the difference between a 'specific tax' and an 'ad valorem tax'.

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7 Saudi Arabia introduced its first indirect tax on the sale of goods and services in 2018. The tax is charged at 5% of the price of goods and services.

Draw a diagram to illustrate the impact of the introduction of the indirect tax on the equilibrium price and quantity of petrol in Saudi Arabia.

7 China aims to increase electricity generation from renewable resources. China's Government has introduced a subsidy for solar panel manufacturers.

Draw a diagram to illustrate the impact of the introduction of a subsidy on the market for solar panels.

Show the new equilibrium price and quantity and the area of government expenditure on the subsidy in your diagram.

13 In 2018 the Government of Uganda introduced an indirect tax on mobile internet usage. The aim was to raise tax revenue. Consumers had to pay a tax of 200 shillings per day to use services including Facebook, Twitter and Instagram. In the six months that followed the introduction of the tax, mobile internet usage decreased from 47.4% to 35% of the population.

Evaluate the likely microeconomic effects of the introduction of this indirect tax.

(Total for Question 13 = 20 marks)

13 Productivity in France and Germany was significantly higher than in the UK between 2007 and 2016.

Evaluate the importance of productivity for the rate of economic growth in a country.

(Total for Question 13 = 20 marks)

7 In October 2017 the United Arab Emirates (UAE) introduced an indirect tax on energy drinks. The tax is charged at 50% of the price of energy drinks.

Draw a diagram to illustrate the impact of the introduction of the indirect tax on the equilibrium price and quantity of energy drinks in the UAE.

11 In January 2022 Vietnam's Government introduced an indirect tax on online sales. This was charged at 10% on all online transactions.

Explain the impact of the introduction of this indirect tax on the market for paperback books sold online in Vietnam.

Illustrate your answer with an appropriate diagram.

14 In 2022 General Motors received a $1 billion subsidy from the US Government to open two new electric vehicle factories in the USA. This was expected to generate 4 000 new jobs.

Evaluate the microeconomic effects of subsidies paid to electric vehicle manufacturers.

Include at least one appropriate diagram in your answer.

(Total for Question 14 = 20 marks)

7 In 2016 the Nigerian Government removed the subsidy on petrol.

Draw a diagram to illustrate the impact of the removal of the subsidy on the equilibrium price and quantity of petrol.

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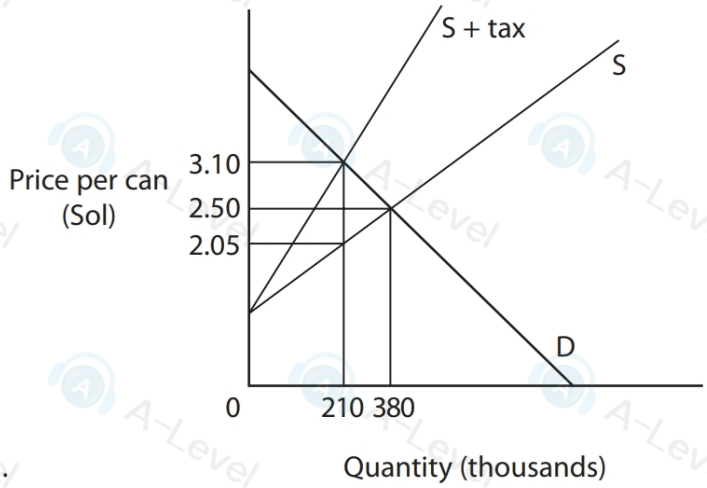
6 The diagram shows the market for a sugar-sweetened drink in Peru. In 2018 Peru's Government imposed an ad valorem tax on sugar-sweetened drinks.



Which **one** of the following shows the value of the consumer incidence of the tax?

- ☒ **A** Sol 94 500
- ☒ **B** Sol 126 000
- ☒ **C** Sol 220 500
- ☒ **D** Sol 228 000

(Total for Question 6 = 1 mark)

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13 The governments of many countries, including Argentina, France and Singapore, have implemented indirect taxes as a means of reducing greenhouse gas emissions.

Evaluate the advantages of indirect taxes as a means of reducing greenhouse gas emissions.

Illustrate your answer with a supply and demand diagram.

(Total for Question 13 = 20 marks)

13 In the Netherlands 68% of the price consumers pay for a litre of petrol is indirect tax. In neighbouring Germany indirect tax represents just 59%.

Evaluate the impact of these indirect taxes charged on petrol.

(Total for Question 13 = 20 marks)