



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

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**ECONOMICS**

**0455/31**

Paper 3 Analysis and Critical Evaluation

**May/June 2012**

**1 hour 30 minutes**

Candidates answer on the Question Paper.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

**DO NOT WRITE IN ANY BARCODES.**

Answer **all** questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
<b>Total</b>	

This document consists of **8** printed pages and **1** Insert.



The extract 'Russia's tax on imported cars' will be needed for this question.

For  
Examiner's  
Use

1 (a) What method of protection does Russia use to protect its car industry?

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..... [1]

(b) Using information from the extract, explain **one** reason why Russian car manufacturers have become less internationally competitive.

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..... [2]

(c) Explain **two** reasons why a multi-national car company may want to set up in a country.

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**(d) (i)** What relationship would economists expect to find between changes in the value of exports and changes in the current account of the balance of payments?

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..... [2]

**(ii)** Comment on the relationship shown in Table 1.

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(e) Discuss whether the Russian Government should increase its tax on imported cars.

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**[Total: 20]**

The extract '**Changes in the Kenyan tea market**' will be needed for this question.

**2 (a)** Identify, from the extract, **two** influences on the demand for tea.

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**(b) (i)** Explain what is likely to have happened to the price of Kenyan tea in 2009.

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(ii) Explain what is likely to have happened to the price of Kenyan tea in 2010.

*For  
Examiner's  
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(c) Using information from the extract, explain **two** reasons why Kenyan tea pickers may want to switch to other jobs.

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[Total: 20]

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