

29 Which combination of changes in export revenue and import expenditure is most likely to cause a country's exchange rate to depreciate?

	export revenue	import expenditure
A	decreases	decreases
B	decreases	increases
C	increases	decreases
D	increases	increases

27 What is a likely benefit of increased national specialisation?

- A** It guarantees a balance of trade in goods and services surplus.
- B** It increases dependency on other economies.
- C** It lengthens international supply chains.
- D** It reduces the cost of living.

29 Which combination of changes would definitely raise the price of the Pakistani rupee on the foreign exchange market?

	demand for Pakistan's exports	Pakistan's demand for imports
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

30 The table shows the values of the items in a country's current account in two years.

item	year 1 (\$m)	year 2 (\$m)
balance of goods and services	-30	0
net primary income	-30	-20
net secondary income	?	?
balance of current account	-50	+10

How did the value of net secondary income change between year 1 and year 2?

- A** decreased by \$10m
- B** decreased by \$20m
- C** increased by \$20m
- D** increased by \$30m

21 Brazil's real GDP fell by 3.8% in a year.

What might have caused this?

- A** a decrease in imports
- B** a decrease in income tax
- C** an increase in interest rates
- D** an increase in output per worker

30 The table shows a selection of economic data for a country.

	\$m
primary income	1000
secondary income	–500
total value of exported goods	1000
total value of imported goods	2000
total value of exported services	800
total value of imported services	200

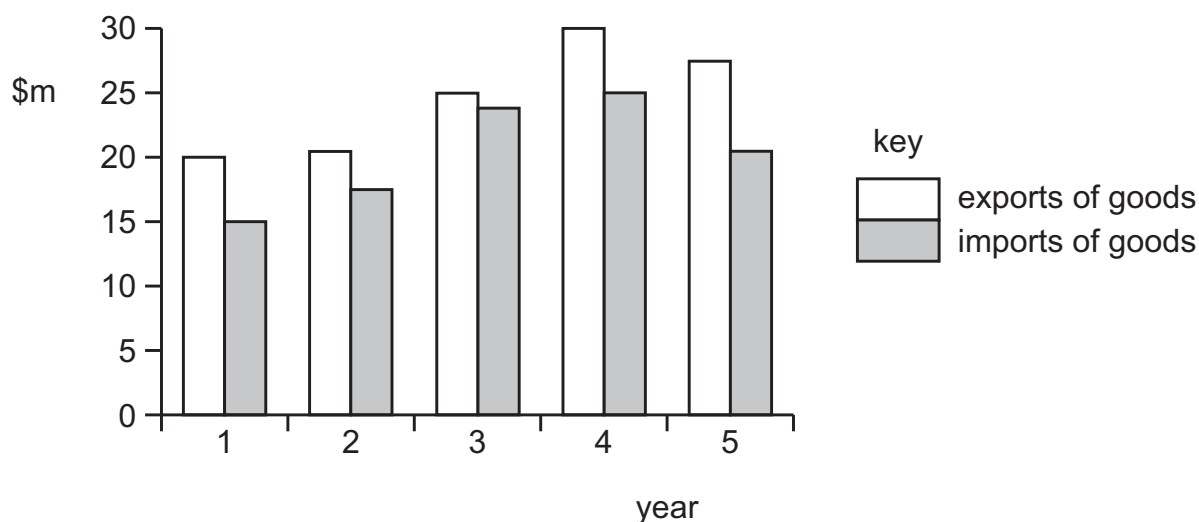
What is the current account balance of the balance of payments of this country?

- A** \$100m **B** \$600m **C** \$4500m **D** \$4725m

- 5 In 2023, the Chinese Government said that it would aim for an economic growth rate of 5% and a steady increase in both exports and imports. It was expected that higher output would be caused mainly by an increase in household spending, although this could also result in inflation. Another aim of the Chinese Government was to keep the unemployment rate at around 5.5%. China has an ageing population and an ageing labour force.

- (a) Identify **two** influences on household spending. [2]
- (b) Explain **two** advantages of employing older workers. [4]
- (c) Analyse how an increase in household spending could cause inflation. [6]
- (d) Discuss whether or not a government should aim for an increase in imports. [8]

- 30 The diagram shows the value of a country's exports and imports of goods over five years.



Between which two years did the country have an increase in the value of imports and an improvement in its balance of trade in goods?

- A** 1 and 2 **B** 2 and 3 **C** 3 and 4 **D** 4 and 5

- 30 Country X records these selected items in the current account of its balance of payments.

- Country X exports \$200m of goods.
- Country X imports \$50m of services.
- Country Y's citizens working in country X send home to relatives \$25m.
- Country X sends country Y \$75m of aid.

By how much did the balance on the current account of country X increase?

- A** \$50m **B** \$100m **C** \$200m **D** \$350m