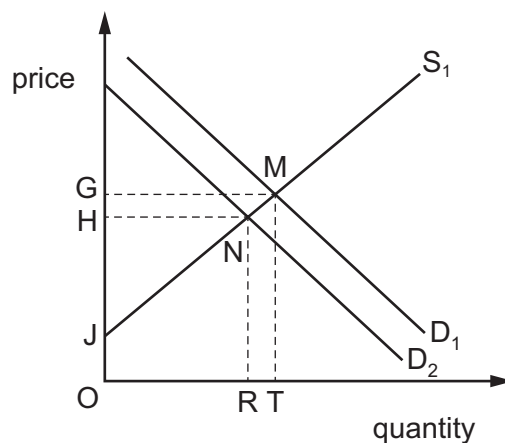


- 8 The diagram shows the European market for diesel fuel and the original equilibrium is at M.



Europeans want low-emission cars and therefore the demand for diesel fuel has decreased from D_1 to D_2 .

Which area represents the new producer surplus for companies supplying diesel fuel?

- A** GMNH **B** JGM **C** JHN **D** JNR
- 9 In which situation is the demand for a product said to be price elastic?
- A** The quantity demanded responds to a change in price.
- B** An increase in price brings about a decrease in the quantity demanded.
- C** An increase in price induces consumers to spend more on the product.
- D** A decrease in price brings about an increase in revenue.