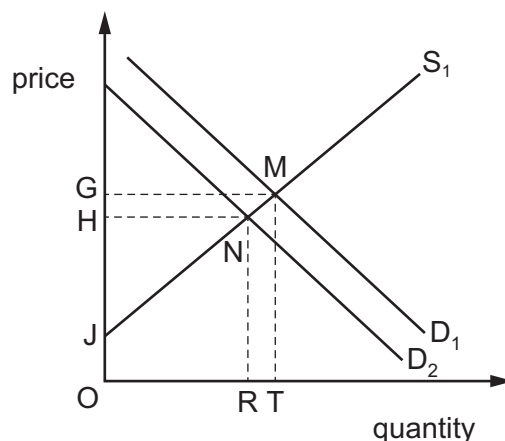


- 9 The diagram shows the European market for diesel fuel and the original equilibrium is at M.



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
- 10 A US study, published in July 2014, warned teenagers to reduce the amount of fizzy drink they consume. One can of fizzy drink contains an adult's entire daily sugar allowance.

If the advice were accepted, how might the effect be illustrated on demand and supply diagrams for fizzy drinks and for sugar?

	diagram for fizzy drinks	diagram for sugar
<b>A</b>	demand curve moves to the left	movement up the supply curve
<b>B</b>	demand curve moves to the left	movement down the supply curve
<b>C</b>	movement up the demand curve	supply curve moves to the right
<b>D</b>	movement up the demand curve	supply curve moves to the left

- 11 A government decides to put a tax on a good.

Which price elasticity conditions would result in most of the tax being paid by the consumer?

	demand elasticity	supply elasticity
<b>A</b>	elastic	elastic
<b>B</b>	elastic	inelastic
<b>C</b>	inelastic	elastic
<b>D</b>	inelastic	inelastic