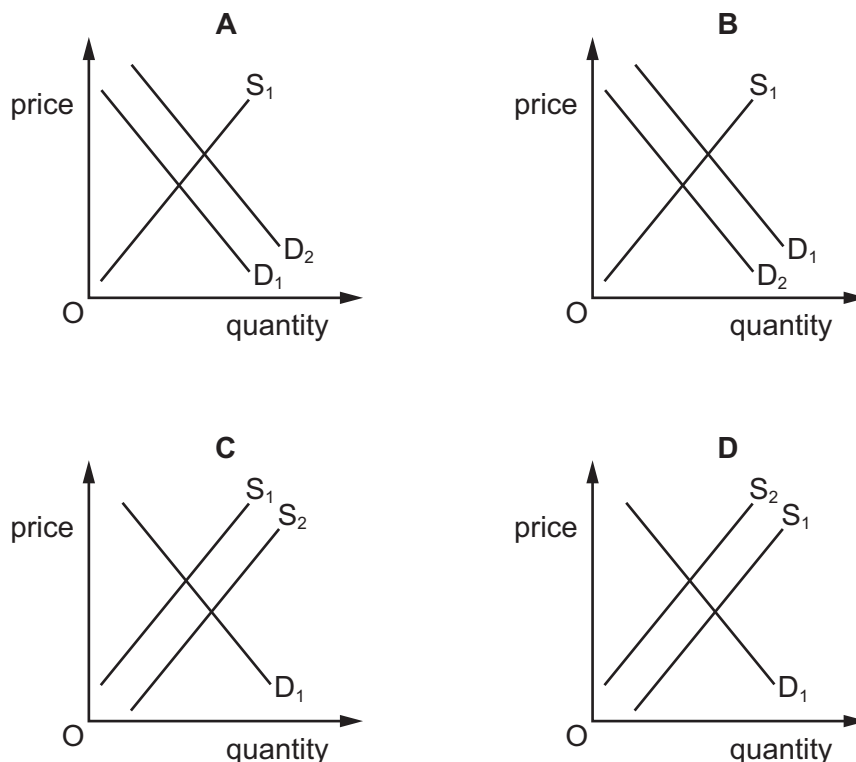
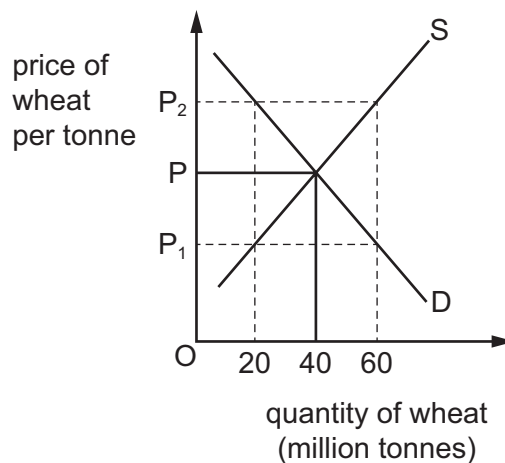


- 11 The diagrams show the initial demand curve D_1 and supply curve S_1 for steel in the European Union (EU). In 2018 European steel firms experienced rising energy prices.

Which diagram shows the likely impact of this?



- 12 The market for wheat is in equilibrium at price P with supply at 40 million tonnes. Due to a drought in the growing season, supply falls to 20 million tonnes.



Which immediate action should be taken to maintain the equilibrium price of P ?

- A grant a subsidy to farmers equivalent to PP_1
- B impose an indirect tax equivalent to PP_2
- C plant more wheat to increase supplies to 40 million tonnes
- D use existing stocks of wheat to increase supplies by 20 million tonnes