

NAMIBIA SENIOR SECONDARY CERTIFICATE

ECONOMICS HIGHER LEVEL

8337/2

PAPER 2

2 hours

Marks 75

2020

Additional Materials: Answer Book
Non-programmable calculator
Ruler

INSTRUCTIONS AND INFORMATION TO CANDIDATES

- Write your answer in the Answer Book provided.
- 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 and rough working.
- Do not use correction fluid.

- Answer **all** questions.

- The number of marks is given in brackets [] at the end of each question or part question.
- You may use a non-programmable calculator.

This document consists of **4** printed pages.



Republic of Namibia
MINISTRY OF EDUCATION, ARTS AND CULTURE

- 1 Shares of South Africa's biggest consumer foods producer fell in March 2018 after the government linked a deadly listeria outbreak, in its cold meat products (polony) unit, to the death of 180 people. Bloomberg reported that the company's share prices traded 7,7% lower on the Johannesburg Stock Exchange (JSE) immediately after the announcement. Other products of the company include dishwasher soap, peanut butter, rice, breakfast cereals, bread, juices, canned vegetables etc. Although canned and processed meat products were not affected, the negative publicity led to a fall in demand for all of its meat products.

Competitors, afraid that the negative publicity and ignorance of consumers might influence the demand for all cold meat products, reduced prices of their cold meat products to get rid of stock.

The company suspended processed meat production at its plants, after health authorities ordered a recall of cold meats linked to listeria from both domestic and international outlets. This has led to clearing and cleaning of the shelves by local and international supermarket chains, which also urged consumers to return the products for refunds.

(Adapted from Business Insider, 5 March 2018)

- (a) (i) State the form of ownership of the company. [1]
- (ii) Describe why the firm might have benefited from listing on the JSE. [4]
- (b) (i) Explain **two** other factors that may affect the demand for cold meat products i.e. not the disease/bad publicity. [4]
- (ii) Illustrate, with the use of a demand and supply diagram, how the market for cold meats was influenced by the outbreak of listeria according to the extract. [5]
- (c) Use your knowledge of cross elasticity of demand to assess how the listeria outbreak might have affected the market share of the company. [7]
- (d) You are asked to assess the influence of the listeria outbreak on the economy of South Africa.
What information would you need to support your assessment? [4]
- [25]**

2 Oil Prices: The Crude Problem

Fuel prices are mostly determined by supply, demand, inflation, taxes and levies, as well as the exchange rate of the Namibian dollar (N\$) to the US dollar (US\$). While supply and demand plays a major role, inflation and taxes also account for large increases in the cost of fuel to consumers.

The basic fuel price in Namibia reflects the international crude oil price and the transport and insurance costs to bring the fuel onshore at Walvis Bay for distribution. There are however, also other costs included in the final pump price of petroleum products. The first domestic element that goes into the final pump price is the dealer and industry profit margins. The second domestic element that goes into the final pump prices are taxes. Taxes form about 18% of the total petrol or diesel price in Namibia and are used to fund the following: road user charge, National Energy Fund (NEF) fuel levy, Motor Vehicle Accident Fund (MVA) levy, fuel tax, service differential at different filling stations and customs and excise duties.

Namibia has state-regulated petrol and diesel prices. This means that the same prices are charged at every fuel station in a city or town. The prices are set from this base by the Ministry of Mines and Energy on a monthly basis. The base price is given for Walvis Bay and prices for other areas are set by this base price plus an additional price for transport (between 5 - 50 cents per litre).

(Adapted from Money Matters no 227, Bank Windhoek)

Fuel prices by country (US\$ per litre of fuel) as in August 2018

Country	Week 4	Week 1	Exchange rate to US\$ 1
China	0,89	0,84	Yuan 6,80
Saudi Arabia	0,54	0,54	Riyal 3,75
South Africa	1,21	1,13	Rand 14,24
United Kingdom (UK)	1,69	1,68	Pound 0,76

- (a) Identify from the extract, **five** main determinants of the fuel price in Namibia. [5]
- (b) Use the information from the table to calculate
- (i) the price of a litre of fuel in Saudi Arabia Riyal. [1]
- (ii) the percentage change from week 4 to week 1 in the price of a litre of fuel in South Africa. [2]
- (c) Determine likely reasons for some countries having a lower fuel price than others. [6]
- (d) Discuss reasons for the funding needed by government that adds 18% to the fuel price in Namibia. [7]
- (e) What might the reasons be for having state-regulated fuel prices? [4]

[25]

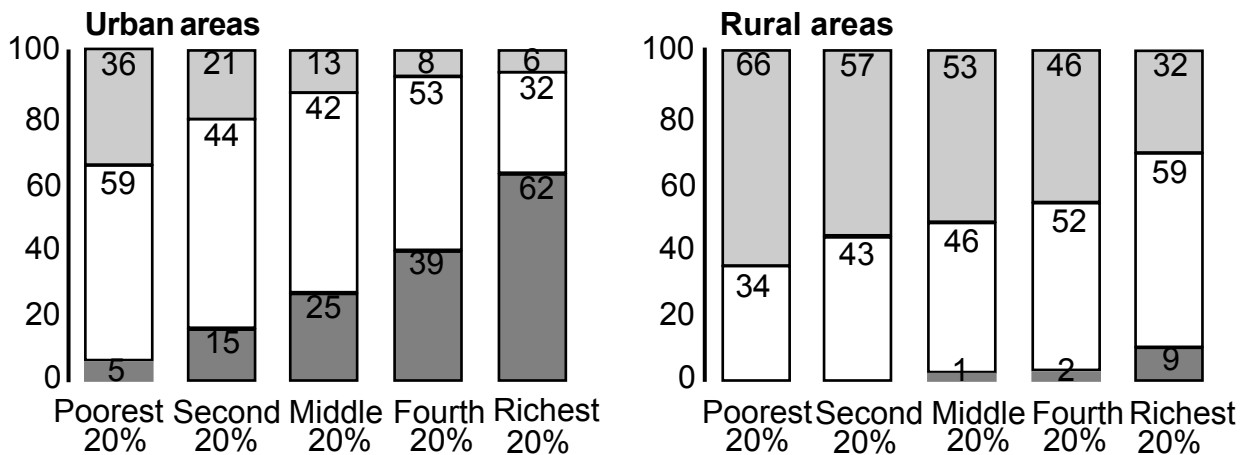
3 Water scarcity

About 70 percent of the planet's surface is covered with water, but less than one percent of the planet's total water resources can be classified as accessible freshwater resources. Since the world's population is predicted to grow to reach 11,2 billion people by 2100, as much as two-thirds of the global population may live in regions with limited access to freshwater resources by 2050. While population levels are expected to increase at the fastest rate in emerging regions (developing countries), water shortages will also be felt in industrialised countries due to droughts and other weather-related catastrophes that are on the increase.

Africa faces endemic poverty, food insecurity and continuous underdevelopment.

An analysis of data from 35 countries in sub-Saharan Africa (representing 84% of the region's population) shows significant differences between the poorest and richest fifths of the population in both rural and urban areas.

Drinking water coverage by income groups, urban and rural in sub-Saharan Africa, based on information from 35 countries (%).



■ Piped-on premises

□ Purified water

▒ Unpurified water

(Millennium Development Goals Report 2012. United Nations, July 2012.)

- (a) Outline **five** reasons why fresh water is scarce and will become scarcer. Support your answer with examples from the extract. [5]
- (b) (i) Calculate the difference in piped-on premises water sources for the richest income group in urban and rural areas. [1]
- (ii) Write down the percentage of poorest people in urban and rural areas that do not have any improved sources of water available. [1]
- (iii) Explain likely reasons for your answer in (b) (i). [7]
- (c) Justify possible reasons for developing African countries facing endemic poverty, food insecurity and continuous underdevelopment, as indicated in the statement in paragraph 2. [7]
- (d) Why might developed countries experience less fresh water shortages than developing countries in the future. [4]

[25]