

Centre Number	Candidate Number	Candidate Name
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NAMIBIA SENIOR SECONDARY CERTIFICATE

ECONOMICS ADVANCED SUBSIDIARY LEVEL

8246/2

PAPER 2

1 hour 45 minutes

Marks 50

2022

Additional Materials: Non-programmable calculator

INSTRUCTIONS AND INFORMATION TO CANDIDATES

- Candidates answer on the Question Paper in the spaces provided.
- Write your Centre Number, Candidate Number and Name in the spaces at the top of this page and on all separate answer sheets used.
- Write in dark blue or black pen.
- You may use a soft pencil for any rough work, diagrams or graphs.
- Do not use correction fluid.
- Do not write in the margin *For Examiner's Use*.
- You may use blank pages for working/when answers are crossed out and corrected.
- Answer **all** questions in Section A.
- Answer **one** question in Section B. Tick this question in the *For Examiner's Use* box
- The number of marks is given in brackets [] at the end of each question or part question.
- You may use a non-programmable calculator.

<i>For Examiner's Use</i>			
Section A	Q1	✓	
Section B	Q2		
	Q3		
	Q4		
Total			

<i>Marker</i>	
<i>Checker</i>	

This document consists of **11** printed pages and **1** blank page.



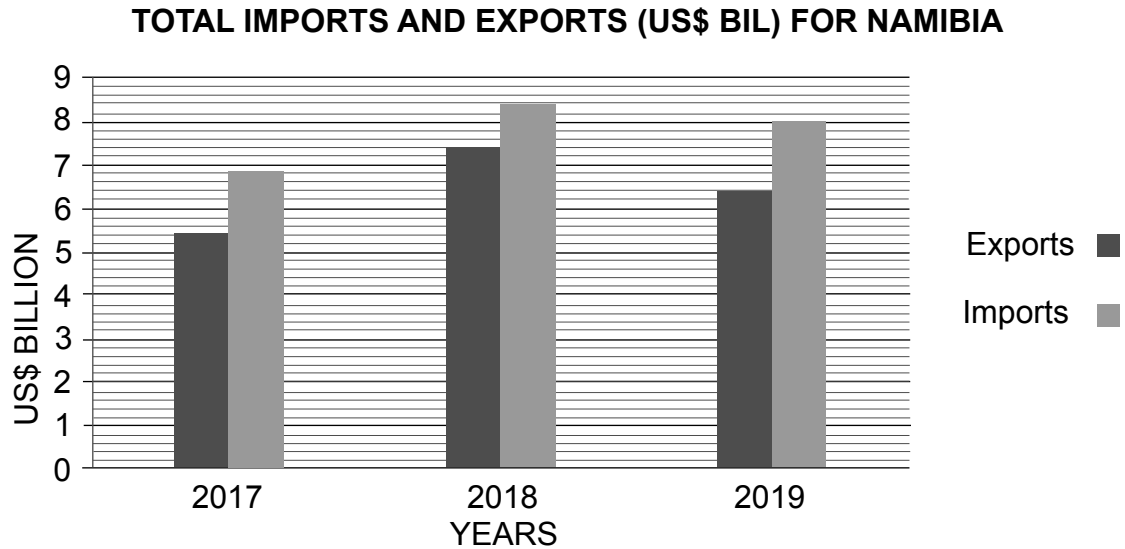
Republic of Namibia

MINISTRY OF EDUCATION, ARTS AND CULTURE

SECTION A

This question is **compulsory**.

1



In 2020, Namibia was known as a country which was very open to foreign trade. The government has introduced policies to encourage foreign trade. Some of these initiatives included the Private Sector Development Programme, the Foreign Investment Act and the Export Processing Zone Act. The export-processing zone in Walvis Bay acted as a centre for re-exports to neighbouring countries. Namibia's custom duties were low and there were no major trade barriers. The country is a member of SACU (Southern African Customs Union) and SADC (Southern African Development Community), with a free-trade zone. Foreign trade represented 84% of the country's GDP in 2019.

Up to 2019, Namibia's exports were mainly directed to China, South Africa, Belgium, Botswana and the United Kingdom. The country's imports were mainly from South Africa (81%), Zambia, China, the United Kingdom and the United States. The Namibian economy is closely linked to that of South Africa. Diamonds, gold, fish, uranium, copper ore, zinc and vessels led the market for export commodities. Depreciation of the Namibian dollar (N\$) benefited importers of Namibian products. Mineral fuel and oil, vehicles, diamonds, copper and medicines were the major imports into Namibia.

The Namibian balance of payments showed a constant deficit up to 2019, because of the country's high demand for high-valued manufactured commodities and machinery. The exports consisted of mainly primary commodities that are of low value, with the exception of diamonds. The constant deficit in the trade balance has followed a downward trend in recent years though.

(Adapted article from Export Enterprises SA, October 2020)

(a) State the **three** main components of the Balance of Payments accounts.

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(b) Explain the use of the *balancing item* in the balance of payments.

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(c) (i) "The constant deficit in the trade balance has followed a downward trend in recent years."
Explain the meaning of this statement.

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(ii) Calculate the trade balance of Namibia in 2019.

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SECTION B

Answer **one** question from this section.

- 2 (a)** With the aid of a diagram explain how a Production Possibilities Frontier (PPF) for capital goods and consumer goods can be used to illustrate scarcity and opportunity cost.

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3 In Namibia a large portion of grocery money of a low-income family is spent on maize meal. It is the cheapest option out of most foods available. The government has implemented a maximum price for maize meal below the market equilibrium. This price affected producer surplus.

(a) Explain the concepts of producer and consumer surplus **and**, with the aid of a diagram, analyse how producer and consumer surplus will change as a result of a maximum price in the maize meal market as implemented by the Namibian government.

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(b) Discuss the extent to which a mixed economic system is likely to deliver an optimal resource allocation.

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