

NAMIBIA SENIOR SECONDARY CERTIFICATE

ECONOMICS HIGHER LEVEL

8337/2

PAPER 2

2 hours 30 minutes

Marks 75

2019

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 Privatisation of Air Manaba

The government of Manaba is planning to privatise their national airline, Air Manaba. Several airlines have submitted their bids for acquiring shares in this airline. Air Manaba requires that the successful bidding airline should have been profitable in the past three years.

The airline is scheduled to be privatised as part of a strategy to improve efficiency in government-owned enterprises. The strategic partner or consortium will be offered a 45 % equity stake, while 10 % of the shares will be reserved for airline staff. The government will then offer 20 % of the shares to the public before listing the airline on the Stock Exchange of Manaba.

The Republic of Manaba plans to privatise a number of its state-run enterprises in the future.

- (a) Identify the economic system of the Republic of Manaba after the privatisation of Air Manaba. Give reasons for your answer. [4]
- (b) (i) Calculate the percentage shares the government will own after privatisation. [1]
- (ii) Examine the reasons why the Manaban government might still want to own shares in Air Manaba. [5]
- (c) Discuss the role that the Stock Exchange would play in the privatisation of Air Manaba. [5]
- (d) Define *privatisation* and discuss the effects of privatisation of the airline on the economy. [10]
- [25]**

2 The role of tourism in the economy of Namibia

The Namibian tourism sector plays an increasingly important role in the economic growth and job creation in this developing country. The country offers prospective visitors an abundance of nature and wildlife.

The table shows the expected growth in tourism and related sectors as projected by experts in 2009.

	2009	2019
% contribution to GDP	16 %	23 %
number of workers	72 000	108 000

It was recommended that the infrastructure of the country should be upgraded to accommodate the expected increase in foreign visitors to Namibia. Special reference was made to airports, harbours, road networks and ports of entry as well as the supply of water and electricity. Furthermore, it was also recommended that standards should be set to supply high quality facilities to tourists.

(Adapted from Republikein, 15 September 2006)

- (a) Describe the difference between economic growth and economic development by using examples from the extract. [5]
- (b) Calculate
- (i) the percentage increase that the tourism sector is expected to contribute to the GDP of Namibia from 2009 to 2019. [1]
- (ii) the percentage increase in the number of workers in the tourism and related sectors from 2009 to 2019.
- Show your calculations. [2]
- (c) Contrast the main differences between a developing and a developed country. [6]
- (d) (i) Analyse the social costs that an increased number of foreign visitors may have on Namibia. [6]
- (ii) Discuss the benefits of an increased number of tourists to Namibia. [5]
- [25]

3 International trade in agricultural products

The international trade in agricultural products cannot be regarded as free and fair. Members of the World Trade Organisation (WTO) held talks on global agricultural reform with the aim of liberalising agricultural trade. The aim was to have all trade barriers removed.

The developing countries in Africa are suffering severely because they are not allowed to export some of their agricultural products to the European Union (EU). This has a negative effect on all economies in the African region. Furthermore, the big farming exporters of the Claims group, led by Australia and the United States accuse the EU of spending billions of dollars in protecting their farmers. The EU also bans the import of genetically modified agricultural products from the USA because of possible health risks to consumers.

(Adapted from Republikein, 27 March 2003)

- (a) Identify and describe the likely effects of **three** methods of protection that countries in an economic union might use. [9]
- (b) Analyse the reasons why the EU members would protect its farmers from foreign agricultural imports. [8]
- (c) Evaluate the problems created by the ban of agricultural exports to the EU on the Balance of Payments of developing African countries. [8]

[25]