www.dynamicpapers.com

CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

ECONOMICS **0455/06**

Paper 6 Alternative to Coursework

May/June 2003

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.
At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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

BR S41404/3
© CIE 2003

University of Cambridge
Local Examinations Syndicate

[Turn over

www.dynamicpapers.com

1 **Benefit for Morocco's fishermen**

Morocco is a developing country in North Africa with a population of 28 million. Its fishermen report that the stocks of fish in their sea are increasing again, after they were severely reduced by the extensive fishing by the highly equipped fleets of the European Union (EU). Morocco has huge marine resources with over 840 species of fish. The sector employs nearly 400 000 workers. Under a four-year agreement with Morocco, as many as 600 European ships, mostly Spanish and Portuguese, had the right to fish in Moroccan waters. The EU fleet paid the Moroccan government for this right to fish.

However, in 1999 the Moroccan fisheries minister said that the agreement would not be renewed because of the reduction in the fish stocks. 'There will be no suicide agreement with the EU' he said. Morocco expects the EU not only to decrease its fishing effort, but also to encourage Morocco's fishing-related sectors such as ports, shipyards, ship maintenance, and sea-food processing industries.

Morocco's fishermen are benefiting from the end of the agreement. Fish catches are expected to rise to 1.5 million tons in 2003 compared with 700 000 tons in 2001. In the first year after the agreement ended, Morocco exported nearly 250 000 tons of fish, earning the country $633 million. The impact of the departure of the EU fleet is also very visible in the local markets where abundant fish are put for sale at very reasonable prices. 'Everybody can now buy fish, even the species that were considered luxuries, and the local fish sellers are rejoicing.'

(a) (i) Identify **two** characteristics of a developing country. [2]

(ii) What evidence is there in the article to suggest that Morocco has a large fishing sector? [3]

(b) (i) What did Morocco agree to in 1995? [1]

(ii) What did the Moroccan minister mean when he said 'there will be no suicide agreement with the EU'? [3]

(c) (i) Explain with the help of a demand and supply diagram what has happened in the local Moroccan fish markets since the EU stopped fishing. [5]

(ii) How would you assess the extent to which these changes have benefited the local fishermen? [6]

(d) The article says Morocco expects the EU 'not only to decrease its fishing but also to encourage Morocco's fishing-related sectors such as shipyards, ship maintenance and food processing.' Discuss whether there is any evidence in the article to justify Morocco's wish for compensation. [5]

www.dynamicpapers.com

2 **Namibian Inflation**

Namibia's inflation rate in January 2001, measured as an annual percentage change in the Consumer Price Index (Retail Price Index), was estimated at 10.6%. Examples of some of the annual increases in prices of the major components that make up the weighted price index were household goods (4.2%), imported goods (10.6%), food (11.7%), housing, fuel and power (12.2%), transport and communications (13.8%).

Examples of increases in prices of some of the minor items in the index were tobacco (9%), recreation and entertainment (4.7%), medical care and health services (20%).

(a) What is meant by inflation? [2]

(b) The information above relates inflation to a weighted consumer price index. How do researchers calculate the rate of inflation? [7]

(c) Study the information above and assess whether it might be a source of concern for the Namibian government. [6]

www.dynamicpapers.com

Copyright Acknowledgements:

Question 1 *Development and Cooperation.* Entwicklung und Zusammenarbeit.
Question 2 *The Namibian*

Cambridge International Examinations has made every effort to trace copyright holders, but if we have inadvertently overlooked any we will be pleased to make the necessary arrangements at the first opportunity.