CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/23**

Paper 2 AS Level Data Response and Essays **May/June 2026**

2 hours

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS
- Answer **three** questions in total:
  - Section A: answer Question 1.
  - Section B: answer **one** question.
  - Section C: answer **one** question.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.
- You may use a calculator.
- You may answer with reference to any economy you have studied where relevant to the question.

INFORMATION
- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

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Section A

Answer all parts of Question 1.

1 **Exports of Chinese electric vehicles (EVs) continue to increase**

In 2023, vehicle sales in China increased by 12% to a record 30.1 million units.

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There is also growing uncertainty about the US government's commitment to 'net zero', which is discouraging US consumers from switching to EVs.

Source: Adapted; from How China rules the global electric car market, Daily Telegraph*, 24 April 2024*

(a) Use Table 1.1 to identify **two** changes in the global sales of EVs from 2020 to 2024. [2]

(b) Give **two** possible reasons why the demand for Chinese EVs in the EU has increased at a higher rate than such sales in the US. [2]

(c) With the help of a diagram, explain the effects of an export subsidy on the price and sales of imported Chinese EVs in the EU **and** consider an economic factor that could affect the size of any change. [4]

(d) A German car manufacturer is concerned about losing sales of EVs in the EU market to imports of EVs from China.

Assess the extent to which a knowledge of cross elasticity of demand (XED) might be of value to the German manufacturer when seeking to maintain sales in the EU market. [6]

(e) Assess the impact of increased sales of Chinese EVs on the economy of a major EU car manufacturing country such as Germany. [6]

Section B

Answer **one** question.

Either

2 **(a)** Pomegranates are a ‘superfood’ that are becoming more popular because of their health benefits. Consequently, they sell for a higher price than most other fruit.

Excluding price, explain **three** other possible determinants of demand for pomegranates **and** consider which of these determinants is likely to be most important in explaining an increasing demand for them. [8]

(b) Assess the extent to which restricting the supply of pomegranates may benefit small producers. [12]

Or

3 **(a)** Explain, with examples, the difference between a public good and a private good **and** consider the extent to which public goods cannot be rejected by consumers. [8]

(b) Assess whether increased government spending on either merit goods **or** public goods will always have a positive effect on the distribution of income in an economy. [12]

Section C

Answer **one** question.

Either

4 **(a)** With the help of a diagram(s), explain how increases in aggregate demand affect the level of real output and the price level in an economy **and** consider when such increases may become a problem. [8]

(b) Assess whether increases in long-run aggregate supply (LRAS) are the best way of reducing unemployment. [12]

Or

5 **(a)** Explain how depreciation of a currency affects the terms of trade in an economy **and** consider why this depreciation is not always beneficial. [8]

(b) Assess whether a deficit on the current account of the balance of payments of a country always results in negative consequences for consumers and for firms. [12]