Question 1   Tourism and global warming

(a) (i)   Using **Figure 1**, compare the trend for international tourist arrivals from 2000 to 2007.   [2]

Compare the trend for international tourist arrivals from 2000 to 2007.   [2]

1m for general trend, 1m for specific/refinement

All rising [1m]
Africa rising slowest/ Asia rising fastest [1m]

(ii)   Explain possible reasons for this trend.   [4]

Need to explain; no marks will be awarded for merely stating a valid reason.

Possible reasons: - All rising
- Growing affluence/Rise in income levels (Rightwards shift in dd curve)
- Lower prices due to advent of the internet, budget air travel (Rightward shift in ss curve)
- Change in taste and preference
Possible reasons: - Asia rising fastest
- Increase in tourism related investment by Asian governments e.g. airports, roads and railways → more attractive as a tourism venue (Change in taste and preference)

Award marks for explanation of any 2 valid reasons [2m per reason]
While students are not required to draw diagrams, they are still expected to relate to fundamental concepts of demand and supply in order to gain full marks.

(iii)   Discuss the possible impact of this trend on an economy.   [6]

Command word: Discuss
- Students have to discuss at least 2 perspectives.
E.g. +ve vs –ve, Int vs Ext, different macro or micro goals

Possible impact:
- Increase in economic growth (actual and potential)/SOL
- Increase in employment levels
- Improvement in balance of payments
- Increase in foreign direct investment
- Presence of negative externalities

3m given for each point

Level	Descriptor	Marks
L2	Well-developed explanation of 2 different effects	4 – 6
L1	Undeveloped answer that merely identifies the effects with little attempt to explain them.	1 – 3

(b) In the light of **Extracts 1 and 2**, assess the impact of rising global oil prices on the airline industry. [6]

Potential impact
- Cost – increase in cost of operations
- Revenue – reduction in disposable income and therefore a reduction in demand

There is a need to assess – therefore students will need to explain the relative possibility of the above consequences.

Level	Descriptor	Marks
L2	Well developed answer on at least 2 different effects.	4 – 6
L1	Underdeveloped explanation of 2 different effects	1 – 3

(c) (i) Explain how negative externalities can arise in the airline industry. [4]

To gain full marks, students need to
(i) identify a relevant example of negative externality arising in the airline from the extract [1m]
(ii) explain convincingly what made it a negative externality, by making clear how some specified third party suffered a resulting external cost [2m]
(iii) explain that negative externality causes a divergence between the marginal social cost and marginal private costs. [1m]

(ii) Discuss one policy that might be used to correct the negative externality in the airline industry, and its likely effect on global warming. [8]

Students can propose any relevant policy

Suggested policies:
- Carbon taxes/fuel taxes
- Tradable permits
- Subsidies on aircraft manufacturing – R&D for producing more fuel efficient planes

There is no need to suggest alternative policies. Students **must** evaluate the effectiveness of the stated policy.

Level	Descriptor	Marks
L3	Well developed answer on one policy with appropriate evaluation on the likely effectiveness on curbing global warming.	6 – 8
L2	Underdeveloped explanation of the policy and with some attempt to evaluate its effectiveness on curbing global warming.	3 – 5
L1	Mere description of the policy with little or no attempt to evaluate its effectiveness on curbing global warning.	1 – 2

[Total: 30]