

UK Economy Under Pressure: Global Crises Spark Inflation, Trade Wars & En

UK Economy · Answer Key · 15 Questions

1. Which global conflict has been a significant factor in disrupting Russian oil exports, contributing to higher fuel prices in the UK?

- A) The War in Ukraine**
- B) The Yemen Conflict
- C) The Syrian Civil War
- D) The Korean Peninsula Tensions

2. What is a primary driver of increased inflation in the UK, stemming from global supply chain issues?

- A) Rising energy and raw material costs**
- B) A decrease in consumer demand
- C) Technological advancements in manufacturing
- D) Government subsidies for businesses

3. The UK government is implementing measures to decouple electricity prices from gas market volatility. What is one of these measures?

- A) Increasing the renewables windfall tax (Electricity Generator Levy)**
- B) Reducing investment in renewable energy projects
- C) Increasing reliance on imported fossil fuels
- D) Decreasing support for Great British Energy

4. According to recent reports, what has been a significant contributor to the rise in UK Consumer Prices Index (CPI) inflation in March 2026?

- A) Rise in motor fuel prices**
- B) Decrease in food prices
- C) Lower energy production costs
- D) Increased agricultural yields

5. What is a stated concern regarding the recent UK-US trade agreement, particularly for Small and Medium-sized Enterprises (SMEs)?

- A) Potential for the deal to sideline key industries and create friction**
- B) Guaranteed expansion of export opportunities for all SMEs
- C) Reduction in tariffs on all UK services exports
- D) Increased competition leading to lower prices for consumers

6. The Bank of England has been cautious in reducing interest rates. What has been a primary justification for this approach?

A) Historically high inflation rates

- B) Sustained economic growth
- C) A decrease in national debt
- D) Low unemployment figures

7. What impact has the conflict in the Middle East had on UK inflation forecasts?

A) It is expected to lead to higher inflation due to increased energy prices.

- B) It is expected to cause deflation due to reduced global demand.
- C) It has had no significant impact on inflation forecasts.
- D) It is expected to lower inflation by increasing the supply of oil.

8. What measure has the UK government taken to protect households and businesses from volatile gas prices affecting electricity costs?

A) Introducing long-term fixed-price contracts for renewables and increasing the renewables windfall tax.

- B) Reducing the capacity of renewable energy generation.
- C) Increasing reliance on imported gas for electricity production.
- D) Lowering the price cap on gas tariffs.

9. The UK-US 'Economic Prosperity Deal' (EPD) aims to reduce tariffs. Which of the following product categories saw reduced US tariffs under an executive order in June 2025?

A) Automotive imports and auto parts

- B) Agricultural products only
- C) Steel and aluminum
- D) Jet engines exclusively

10. As of April 2026, what is the UK government's strategy to 'break the link' between volatile gas prices and electricity prices?

A) Increasing the share of renewable generation on fixed price contracts and reforming the Electricity Generator Levy.

- B) Phasing out all renewable energy sources.
- C) Increasing the dependence on gas-fired power plants.
- D) Negotiating lower global gas prices through direct intervention.

11. Global trade disruptions, exacerbated by geopolitical tensions and climate events, have led to what concern for UK businesses in 2025?

A) Delays, rising costs, and material shortages in supply chains.

- B) A surplus of available raw materials.
- C) Decreased international demand for UK goods.
- D) Reduced shipping times and costs.

12. What is a key challenge for many small UK businesses in leveraging new trade deals, according to a British Chambers of Commerce survey?

A) Receiving too few export orders and struggling with bureaucratic red tape.

- B) Having an excess of export orders with insufficient capacity.
- C) Benefitting from simplified customs procedures.
- D) Experiencing growth in export orders across all sizes of businesses.

13. In response to the energy crisis, what was a key difference noted in the UK government's response compared to some other countries, like France?

A) The UK's response was slower in providing support for households and businesses.

- B) The UK provided more immediate and extensive support.
- C) The UK focused more on tackling the root causes of the crisis early on.
- D) The UK did not offer financial compensation to energy suppliers.

14. What is a projected trend for food prices in the latter half of 2025, according to British Retail Consortium modelling?

A) An average increase of 4.2%

- B) A decrease of 4.2%
- C) Prices remaining stable
- D) An increase of 10%

15. The UK events industry, including exhibitions, contributed a significant amount to the national economy in 2024/2025. Approximately how much economic output did exhibitions alone generate?

A) £11.5 billion

- B) £500 million
- C) £5 billion
- D) £20 billion