

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

UK Economy · Practice Test · 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