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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

Globalisation (2.2.1)

International GCSE Economics · Paper 2: Macroeconomics and the Global Economy

35 questions · 135 marks · Mark schemes included
Past papers June 2019 - June 2025 · 2 specification sub-topics

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HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic and run from the lowest to the highest mark tariff, then oldest paper first.

Click any row below to jump straight to that sub-topic or question.

On every question page, click ANSWER in the top-right corner to jump to its mark scheme; < QUESTION brings you back.

Whenever a question refers to an extract, figure or table, those exact pages are printed immediately before it ("extracts & data").

A gold bar in the left margin marks exactly where the question sits on the original page.

Diagrams, graphs, tables and data are printed exactly as they appear in the original papers.

QUESTION	SOURCE	MARKS	PAGE
2.2.1 (a-c) GLOBALISATION: DEFINITION, REASONS AND IMPACTS		17 Qs · 62 marks	3
1. Q1(a)	IGCSE Paper 2 June 2019	1	4
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4. Q2(b)	IGCSE Paper 2 November 2023	1	7
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2.2.1 (d) MULTINATIONAL CORPORATIONS (MNCs) AND FDI		18 Qs · 73 marks	36
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22. Q3(a)	IGCSE Paper 2 June 2024	1	41
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QUESTION	SOURCE	MARKS	PAGE
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QUESTIONS

35 questions · 135 marks · 2 sub-topics

SUB-TOPIC 2.2.1 (a-c)

GLOBALISATION: DEFINITION, REASONS AND IMPACTS

Sub-topic 2.2.1 (a-c) · 17 questions · 62 marks · lowest tariff first



Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 (a) The increased integration and interdependence of economies is known as

(1)

- ☐ **A** privatisation
- ☐ **B** specialisation
- ☐ **C** protectionism
- ☐ **D** globalisation

(b) What is the main cause of frictional unemployment?

(1)

- ☐ **A** People choosing not to work
- ☐ **B** People having the wrong skills
- ☐ **C** People changing jobs
- ☐ **D** People employed at certain times of the year

(c) What is meant by the term interest rate?

(2)

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2 (a) Globalisation results in increasing

(1)

- ☐ A levels of debt for all national economies
- ☐ B protectionism amongst national economies
- ☐ C amounts of legislation for national economies
- ☐ D integration and interdependence of national economies

(b) Which **one** of the following is a possible impact of economic growth?

(1)

- ☐ A An increase in unemployment
- ☐ B An increase in environmental damage
- ☐ C A reduction in investment
- ☐ D A reduction in tax revenues

(c) State **one** type of unemployment.

(1)

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(d) What is meant by the term recovery?

(2)

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3 (a) What was the rate of inflation if the consumer price index (CPI) of a country rose from 120 to 150?

(1)

- ☐ **A** 25%
- ☐ **B** 30%
- ☐ **C** 50%
- ☐ **D** 150%

(b) Which **one** of the following is an impact of globalisation?

(1)

- ☐ **A** Higher prices
- ☐ **B** Closing of traditional industries
- ☐ **C** Reduced choice
- ☐ **D** Increased cost of communication

2 (a) What is the main reason for a government to devalue its currency?

(1)

- ☐ A To increase the demand for its exports
- ☐ B To decrease the demand for its exports
- ☐ C To increase the demand for imports
- ☐ D To decrease foreign investment

(b) Which **one** of the following is the most likely reason for increased globalisation?

(1)

- ☐ A An increase in tariffs and quotas
- ☐ B An increase in the cost of transport
- ☐ C An increase in the significance of MNCs
- ☐ D An increase in the cost of communication

(c) State **one** possible macroeconomic objective for a government.

(1)

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(d) What is meant by the term seasonal unemployment?

(2)

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2 (a) What is the likely impact of lower transport and communication costs on an economy?

(1)

- ☐ A Increased unemployment
- ☐ B Decreased international trade
- ☐ C Increased economic growth
- ☐ D Decreased consumer spending

(b) Which **one** of the following types of unemployment is caused by changes in the business cycle?

(1)

- ☐ A Structural
- ☐ B Seasonal
- ☐ C Frictional
- ☐ D Cyclical

(c) State **one** possible impact of a current account deficit.

(1)

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(d) What is meant by the term fines?

(2)

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2 (a) Which **one** of the following is a rise in the value of an exchange rate in a floating exchange rate system?

(1)

- ☐ A Appreciation
- ☐ B Depreciation
- ☐ C Revaluation
- ☐ D Devaluation

(b) Which **one** of the following is a reason why there is protection for international trade?

(1)

- ☐ A To allow dumping
- ☐ B To promote free trade
- ☐ C To protect domestic jobs
- ☐ D To increase the current account deficit

(c) State **one** possible impact of globalisation on consumers.

(1)

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(d) What is meant by the term asset purchasing?

(2)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following is the most likely reason for increased globalisation?

(1)

- ☐ **A** Higher number of tariffs and quotas
- ☐ **B** Lower transportation costs
- ☐ **C** Reduced significance of multinational corporations
- ☐ **D** Increased communication costs

- (b) What is likely to happen if a government successfully reduces unemployment?

(1)

- ☐ **A** Inflation might rise as more people have money to spend
- ☐ **B** More people working leads to lower overall economic growth
- ☐ **C** Inflation decreases because people have less money to spend
- ☐ **D** Government spending on benefits would increase

- (c) What is meant by the term trading bloc?

(2)

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1 (d) What is meant by the term globalisation?

(2)

The consumer price index (CPI) was 105.4 in 2021 and it was 100 in the base year 2018.

(e) Calculate how much the **average price level** increased between 2018 and 2021.
You are advised to show your working.

(2)



1

(d) Describe the impact of a reduction in the cost of communication on globalisation. (2)

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Figure 1 shows imports and exports for a country in \$bn.

	\$bn
Exports of goods	100
Exports of services	26
Imports of goods	87
Imports of services	16

Figure 1

(e) Calculate the **invisible trade balance** in \$bn for the country. You are advised to show your working. (2)

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3 (a) Cost-push inflation is most likely to result from an increase in

(1)

- ☐ A the rate of income tax
- ☐ B productivity
- ☐ C wage rates
- ☐ D government spending

(b) Monetary policy would involve changes in which one of the following?

(1)

- ☐ A Government spending
- ☐ B Interest rates
- ☐ C Taxation
- ☐ D Balance of payments

The consumption of avocados in the US used to be restricted to the summer months when farmers in California harvested their crops. Now avocados are available all year and 90% are imported from Mexico.

(c) Explain **one** way globalisation has affected consumers in the US.

(3)

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In the first quarter of 2019 the unemployment rate in Argentina increased by 1% to 10.1%. This was the highest level in 13 years.

- (e) Explain **one** impact of rising unemployment on consumer confidence for a country such as Argentina.

(3)

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Approximately 12% of goods traded globally are via international e-commerce. Tens of millions of small and mid-size firms worldwide have become exporters by joining e-commerce marketplaces such as Alibaba and Amazon.

- (f) Explain **one** reason why the reduced cost of communication has helped to increase globalisation.

(3)

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In 2019, Germany was considering increasing the tax on meat to protect the environment and improve animal welfare. Currently meat in Germany has a reduced tax rate of 7%. Some political groups are arguing that this should increase to the standard 19%. According to United Nations research, methane from animals accounts for 14.5% of greenhouse gas emissions – more than the direct emissions from transport.

(Source adapted from: <https://www.independent.co.uk/environment/german-meat-tax-environment-animal-welfare-a9045271.html>)

(g) With reference to the data above and your knowledge of economics, assess the use of taxation to protect the environment in a country such as Germany.

(9)

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting or typing. There are no margins, text, or other markings on the page.

In December 2019 the unemployment rate in Venezuela was approximately 44%. This was much higher than the previous December's figure of 35%.

- (e) Explain **one** impact of increasing unemployment rates on business confidence in a country such as Venezuela.

(3)

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By volume, 90% of world trade of goods are transported by sea in containers. There are 5,000 container ships in the world and the largest carries more than 20,000 containers. It now costs only \$0.05 to ship a t-shirt across the world from low-cost countries such as Vietnam.

- (f) Explain **one** reason why the reduced cost of transport has helped to increase globalisation.

(3)

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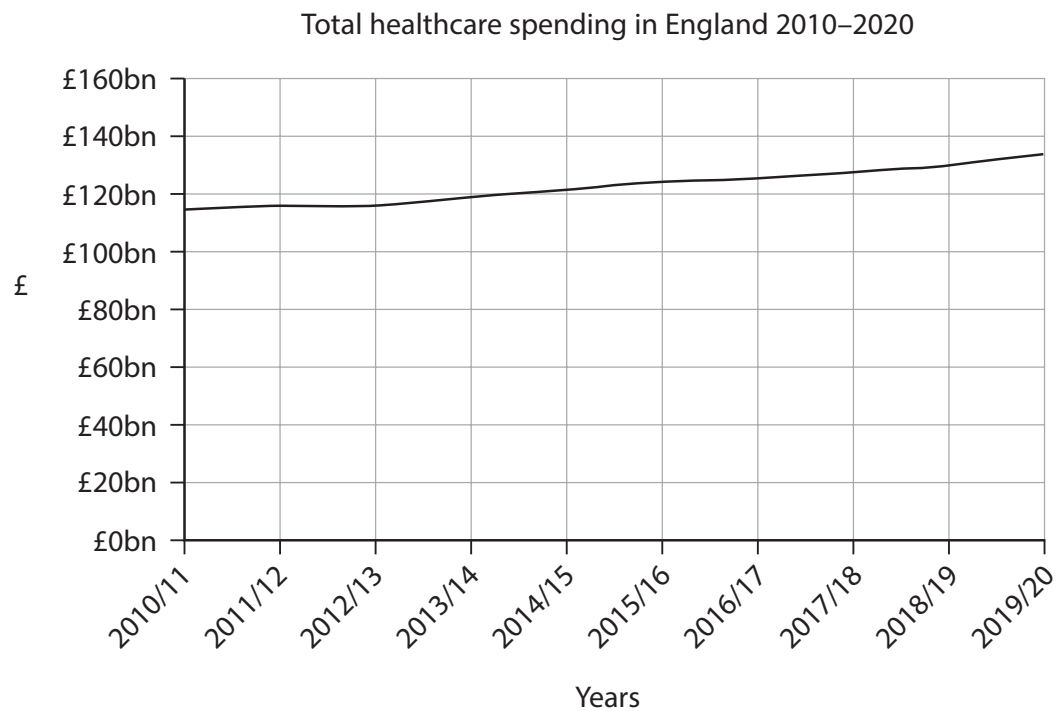
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Total healthcare spending in England was £129bn in 2018–2019 and was expected to rise to nearly £134bn by 2019–2020. Access to healthcare is free in England.



(Source adapted from: <https://fullfact.org/health/spending-english-nhs/>)

Figure 2

- (g) With reference to the data above and your knowledge of economics, assess the use of investment in healthcare to reduce the level of inequality and poverty in a country such as England.

(9)

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(h) Analyse how the reduced cost of transport has contributed to the increase in globalisation.



(Total for Question 1 = 20 marks)



3 (a) Which **one** of the following is an example of foreign direct investment (FDI)?

(1)

- ☐ **A** A Japanese car company buying an Indonesian car company
- ☐ **B** An Indonesian supermarket buying produce from a farm in India
- ☐ **C** A Malaysian gift shop selling souvenirs to a Malaysian tourist
- ☐ **D** An Australian mining company selling coal to an Indonesian power station

The exchange rate between the US dollar (\$) and the British pound (£) is $\$1 = \text{£}0.80$

(b) How many US dollars (\$) would it take to purchase £150?

(1)

- ☐ **A** \$120.00
- ☐ **B** \$150.80
- ☐ **C** \$187.50
- ☐ **D** \$230.00

The UK Government has removed the 12% import tariff on palm oil from Malaysia.

(c) Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of palm oil imported into the UK from Malaysia. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

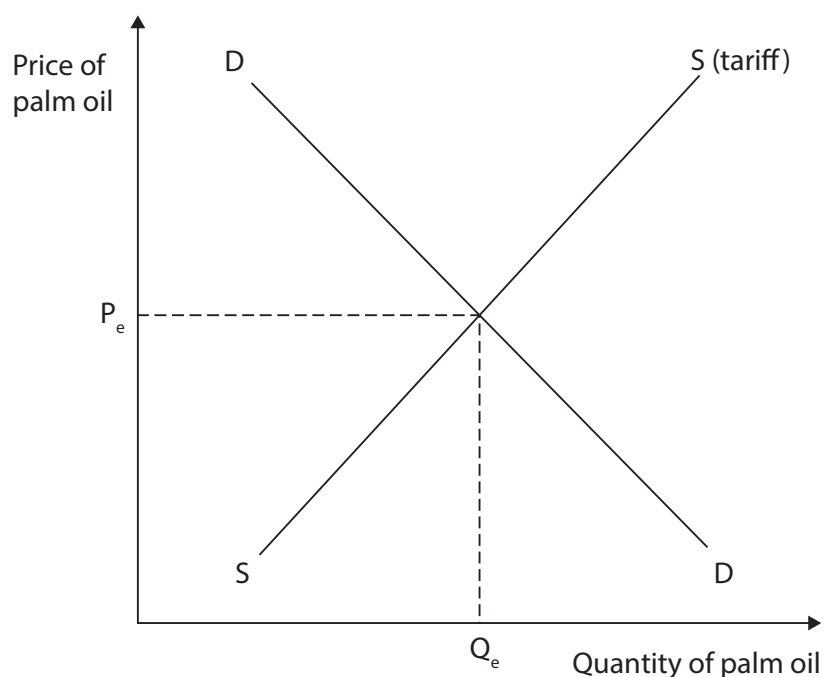


Figure 4

(d) With reference to the data above and your knowledge of economics, analyse the possible benefits for consumers of globalisation.

(6)



[illegible]

Germany's economy shrank more than expected in the fourth quarter of 2022. This raised doubts over the ability of Europe's biggest economy to avoid a recession and recover quickly from its energy crisis due to high gas and oil prices.

Record inflation rates of 10.4% caused reductions in German consumer spending and business investment in buildings and machinery. This led to a 0.4% decrease in gross domestic product (GDP) from the previous quarter.

The effects will be felt by consumers, workers, firms and the German Government.

- (e) With reference to the data above and your knowledge of economics, assess how a recession may affect inflation in a country such as Germany.

(9)

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(c) Using the diagram below label the remaining three stages of the economic cycle in the boxes on the diagram.

(3)

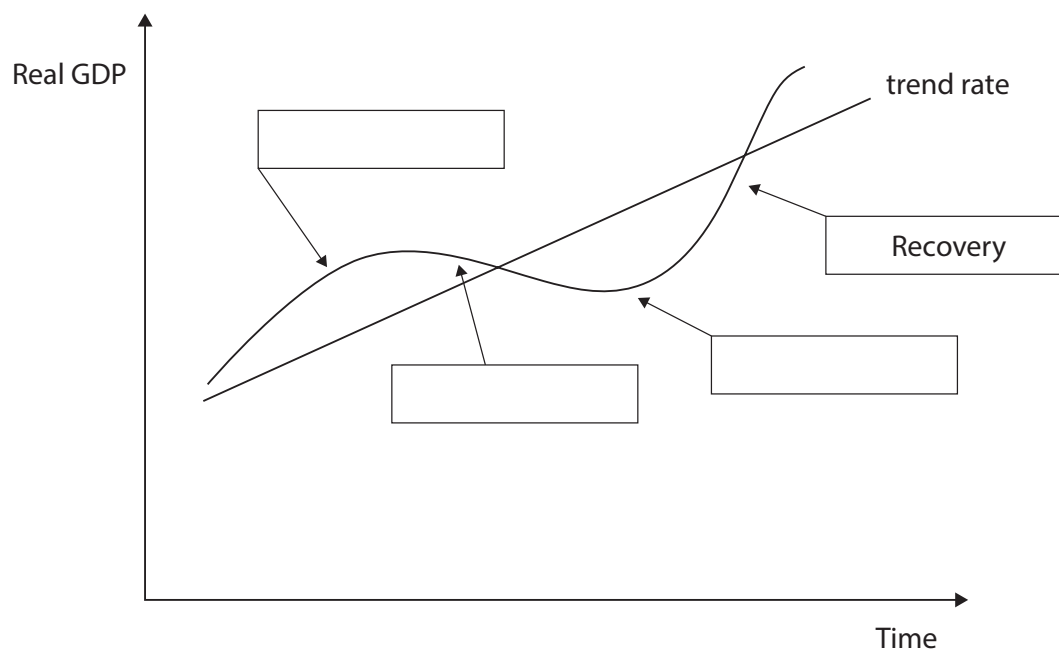


Figure 4

The largest manufacturer and exporter of clothing products is China, with 65% of the world's clothing being made there. The second largest country for clothing manufacturing is Bangladesh. Clothing exports make up nearly 85% of Bangladesh's total exports.

- (d) With reference to the data above and your knowledge of economics, analyse the likely benefits of globalisation for clothing manufacturers.

(6)

[illegible]

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins or other markings on the paper.

Brazilian tyre producers previously had a fall in production caused by an increase in imports. As a result, producers were warning that they might need to stop production, which would result in job losses.

In March 2023, the Brazilian Government put an import tariff on tyres. The tariff on tyres increased from 0% to 16%. A government source said, “The previous government believed in more open trade. The current one has a different view and they think they must protect domestic producers.”

- (e) With reference to the data above and your knowledge of economics, assess the possible benefits for the Brazilian economy of introducing a tariff on tyres.

(9)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

4 Figure 4 shows Kenya's interest rate (%) from January to October 2018.

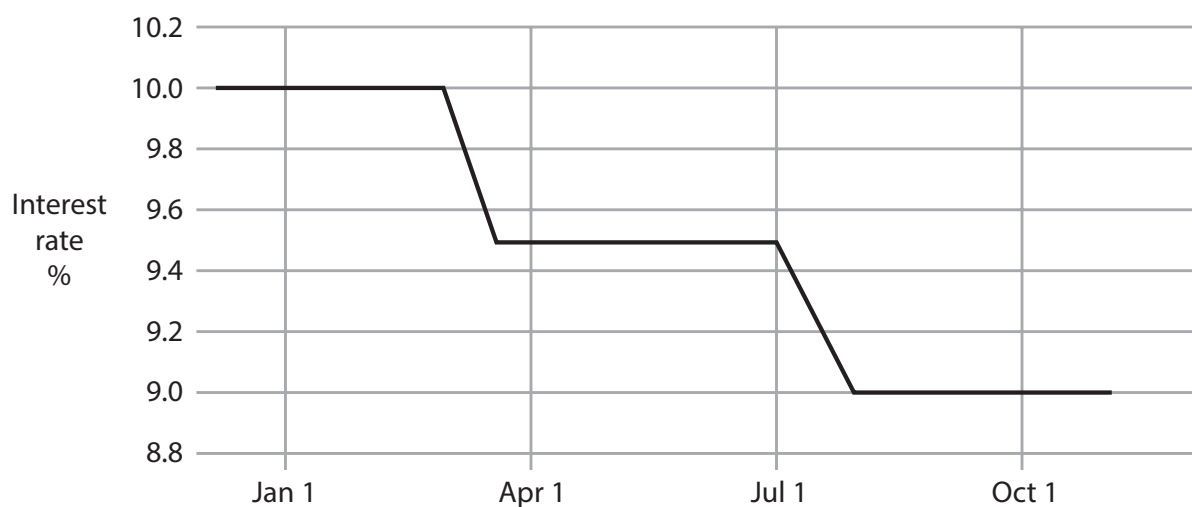


Figure 4

(Source: <https://tradingeconomics.com/kenya/interest-rate>)

- (a) Calculate the **percentage change** in Kenya's interest rate between January and October 2018. You are advised to show your working.

(2)

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Kenya is the third largest exporter of cut flowers in the world, accounting for 1.3% of its GDP. Kenya's main airport has a terminal dedicated especially to the transport of flowers and vegetables.

The Kenyan flower industry has created many employment opportunities. Around 100,000 people are employed directly on the flower farms and over 500,000 people benefit indirectly from this industry.

Over half of Kenya's 127 flower farms are concentrated around Lake Naivasha due to the large amount of water needed to grow the flowers. Some environmental campaigners have expressed concerns over the impact that the flower industry could have on the lake.

- (c) With reference to the data above and your knowledge of economics, evaluate the likely benefits for Kenya of the globalisation of its flower industry.

(12)

This image shows a full page of a document template designed for handwriting practice. It consists of approximately 20 evenly spaced, horizontal dashed lines extending across the entire width of the page. The background is plain white, and there are no margins, text, or other markings present.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings on the paper.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



4 Figure 5 shows the population of Ghana and the number of people employed on small cocoa farms in Ghana in 2024.

	2024
Population	34,532,935
Employed on small cocoa farms	867,000

Figure 5

(a) Calculate, to two decimal places, the **percentage of the population employed** on small cocoa farms in Ghana in 2024. You are advised to show your working. (2)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings on the paper.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



SUB-TOPIC 2.2.1 (d)

MULTINATIONAL CORPORATIONS (MNCS) AND FDI

Sub-topic 2.2.1 (d) · 18 questions · 73 marks · lowest tariff first



Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) A firm is described as a multinational corporation (MNC) if it

(1)

- ☐ **A** has shareholders in many countries
- ☐ **B** exports goods to other countries
- ☐ **C** is owned by the government
- ☐ **D** operates in more than one country

- (b) An increase in which **one** of the following would be most likely to encourage saving?

(1)

- ☐ **A** Interest rate
- ☐ **B** Income tax rate
- ☐ **C** Exchange rate
- ☐ **D** Indirect tax rate

- (c) What is meant by the term imports?

(2)

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3 (a) Which **one** of the following is an example of Foreign Direct Investment (FDI)?

(1)

- ☐ **A** An Indian garment factory selling clothes to the UK
- ☐ **B** The Indian Government investing in the Indian rail network
- ☐ **C** The construction of a factory in India by a Chinese firm
- ☐ **D** An Indian supermarket opening new stores in India

(b) If the exchange rate changes from £1 = \$1.40 to £1 = \$1.30 then

(1)

- ☐ **A** the UK pound (£) has appreciated against the US dollar (\$)
- ☐ **B** US holidays will be cheaper for UK tourists
- ☐ **C** US exports to the UK will be cheaper
- ☐ **D** UK exports to the US will be cheaper



3 (a) A decrease in unemployment is likely to result in

(1)

- ☐ A a decrease in tax revenues
- ☐ B a decrease in economic growth
- ☐ C an increase in inflation
- ☐ D an increase in relative poverty

(b) Which **one** of the following is a possible disadvantage of Foreign Direct Investment (FDI)?

(1)

- ☐ A Increased level of skills
- ☐ B Greater environmental damage
- ☐ C Higher employment levels
- ☐ D Faster economic growth

In December 2021, the US current account deficit increased to \$214.8bn. This was the largest deficit since 2006.

(c) Explain **one** reason why an increase in the quality of foreign goods may have resulted in a negative impact on the US current account.

(3)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following is an advantage of multinational corporations (MNCs) operating in a country? (1)

- ☐ **A** Avoiding paying taxes
- ☐ **B** Environmental damage
- ☐ **C** Developing skills
- ☐ **D** Moving profits abroad

- (b) Which **one** of the following is a measurement of gross domestic product (GDP)? (1)

- ☐ **A** Total value of goods and services traded within an economy
- ☐ **B** Total value of goods and services produced within an economy
- ☐ **C** Total value of goods and services exported by an economy
- ☐ **D** Total value of goods and services imported by an economy

- (c) What is meant by the term the current account on the balance of payments? (2)

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3 (a) Which **one** of the following is an example of foreign direct investment (FDI)?

(1)

- ☐ A A Japanese car company buying an Indonesian car company
- ☐ B An Indonesian supermarket buying produce from a farm in India
- ☐ C A Malaysian gift shop selling souvenirs to a Malaysian tourist
- ☐ D An Australian mining company selling coal to an Indonesian power station

The exchange rate between the US dollar (\$) and the British pound (£) is $\$1 = \text{£}0.80$

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The UK Government has removed the 12% import tariff on palm oil from Malaysia.

(c) Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of palm oil imported into the UK from Malaysia. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

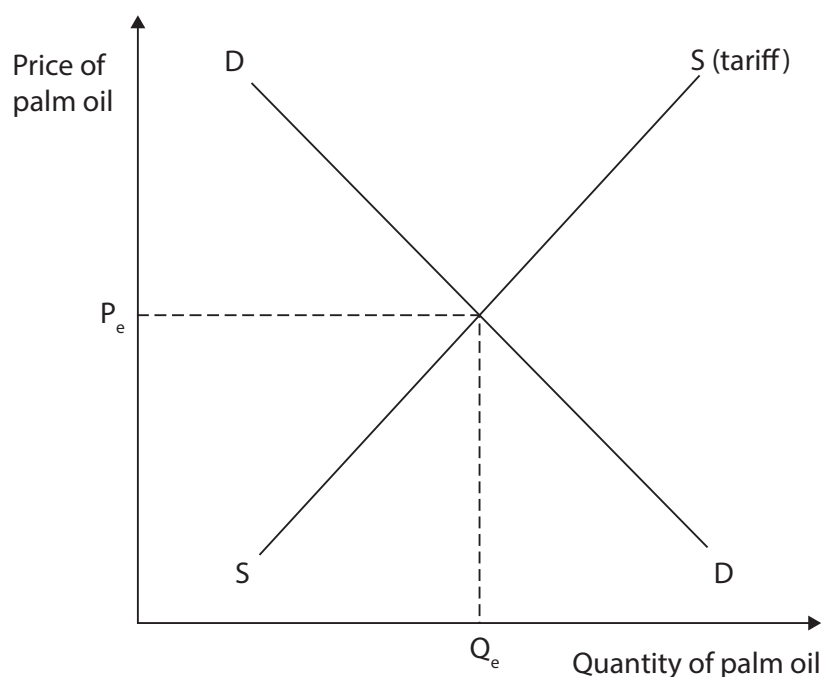


Figure 4

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following is a disadvantage of multinational corporations (MNCs) operating in a country?

(1)

- ☐ **A** Developing capital
- ☐ **B** Investing in infrastructure
- ☐ **C** Creating jobs
- ☐ **D** Environmental damage

- (b) Which **one** of the following describes voluntary unemployment?

(1)

- ☐ **A** Unemployment caused by a lack of demand for a particular skill
- ☐ **B** Unemployment caused by changes in the business cycle
- ☐ **C** Unemployment caused by individuals choosing not to work
- ☐ **D** Unemployment caused by seasonal fluctuations in the demand for labour

- (c) What is meant by the term monetary policy?

(2)

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2 (a) Which **one** of the following is a government policy that changes the rate of interest?

(1)

- ☐ A Fiscal
- ☐ B Supply-side
- ☐ C Monetary
- ☐ D Exchange rate

(b) Which **one** of the following is an example of deregulation?

(1)

- ☐ A Introducing a limit on government salaries
- ☐ B Allowing more foreign firms into the domestic market
- ☐ C Introducing compulsory employee training requirements
- ☐ D Increasing consumer protection laws

(c) State **one** possible advantage of foreign direct investment (FDI) for an economy.

(1)

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(d) What is meant by the term indirect tax?

(2)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) In a recovery, a country's Gross Domestic Product (GDP)

(1)

- ☐ **A** rises
- ☐ **B** falls
- ☐ **C** stays the same
- ☐ **D** fluctuates

- (b) A trade bloc is a group of countries that have

(1)

- ☐ **A** the same interest rate
- ☐ **B** common borders between members
- ☐ **C** the same currency
- ☐ **D** a reduction in trade barriers between members

- (c) What is meant by the term multinational corporation (MNC)?

(2)

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- 4 Figure 4 shows the amount of foreign direct investment (FDI) India received from 2016–2019.

Year	FDI (\$bn)
2016	45.14
2017	55.55
2018	60.98
2019	64.37

Figure 4

(Source adapted from: <https://www.businesstoday.in/current/economy-politics/india-has-received-highest-ever-fdi-of-6437-billion/story/369313.html>)

- (a) Calculate, to two decimal places, the **annual average value of FDI in \$bn** for India from 2016–2019. You are advised to show your working.

(2)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following is a role of the World Trade Organization (WTO)?

(1)

- ☐ **A** Writing off debts
- ☐ **B** Settling trade disputes
- ☐ **C** Increasing trade barriers
- ☐ **D** Paying subsidies to producers

- (b) Which **one** of the following is an example of a supply-side policy to increase output?

(1)

- ☐ **A** Increasing income tax
- ☐ **B** Increasing interest rates
- ☐ **C** Increasing the school-leaving age
- ☐ **D** Increasing business taxes

- (c) What is meant by the term economies of scale?

(2)

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According to the UN there are now over 63,000 multinational corporations (MNCs) and the number is growing daily. Many well-known MNCs, including PepsiCo, the Tata Group and Microsoft, are expanding in India.

- (f) Explain **one** possible reason for the emergence of MNCs in a country such as India.

(3)

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The Association of South East Asian Nations (ASEAN) is a trade bloc. It was set up in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Later it was joined by Brunei, Laos, Vietnam, Myanmar and Cambodia and became a 10 member trading bloc in 2016.

1967 ASEAN-5 Indonesia, Malaysia, the Philippines, Singapore and Thailand		2016 ASEAN-10 Brunei, Laos, Vietnam, Myanmar, Cambodia, Indonesia, Malaysia, the Philippines, Singapore and Thailand
185 Million	Population	634 Million
2 950 Thousand Km ²	Land	4 326 Thousand Km ²
56 Years	Life Expectancy	71 Years
\$122 Current Prices (US)	GDP/Capita	\$4 021 Current Prices (US)
\$9 707 Million (US)	Trade	\$2 218 534 Million (US)

Figure 2

(Source: adapted from <https://www.fwd.news/50-years-major-regional-trading-bloc-looks-closer-cooperation/>)

- (g) With reference to the data above and your knowledge of economics, assess the benefits for a country, such as Thailand, of being a trade bloc member.

(9)

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3 (a) Which **one** of the following is likely to be a trade-off as a result of increased economic growth?

(1)

- ☐ **A** Increased employment
- ☐ **B** Increased inflation
- ☐ **C** Higher standards of living
- ☐ **D** Higher fiscal surplus

(b) Which type of taxation has a higher proportion of income paid as income rises?

(1)

- ☐ **A** Indirect
- ☐ **B** Progressive
- ☐ **C** Business
- ☐ **D** Value added tax (VAT)

Palm oil is used in food and cosmetics. Palm plantations are a major agricultural activity in Indonesia. Many of the plantations are owned by foreign multinational corporations (MNCs).

- (c) Explain **one** advantage for Indonesia of the palm oil plantations being owned by foreign MNCs.

(3)



In August 2018, Mondelez, a food and beverage multinational corporation (MNC), opened its first factories in Bangladesh. Previously, Mondelez had been exporting its products into Bangladesh for 15 years.

(d) Analyse why a MNC, such as Mondelez, might want to invest in Bangladesh.

(6)



(d) What is meant by the term dumping?

(2)

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Figure 1 shows the government revenue and expenditure in rupees crore for India in 2019–2020.

	Indian rupees crore (Rs)
Total revenue	2 080 201
Total expenditure	2 784 200

Figure 1

(e) Calculate the **fiscal surplus/deficit in Indian rupees crore (Rs)** for India in 2019–2020. You are advised to show your working.

(2)

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In 2019, Hungary introduced a subsidy on new cars for families with three or more children.

- (f) Using the diagram below, draw the likely effects of the introduction of a subsidy on the equilibrium price and quantity of new cars for families with three or more children. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

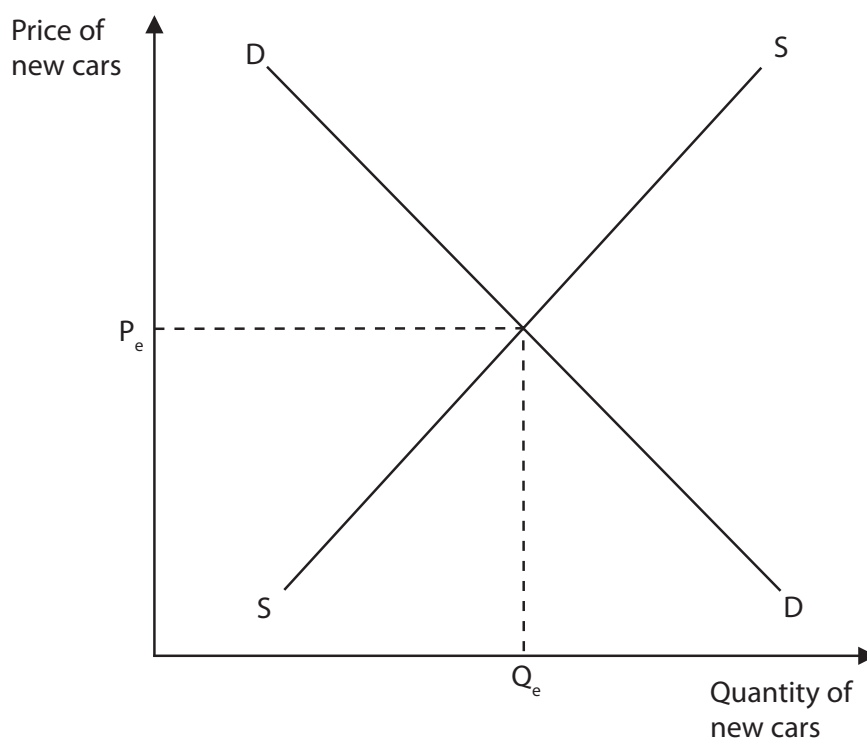


Figure 2

The UK has 13 national parks with the Lake District National Park being the largest and most popular. It had over 19.17 million visitors in 2018. Woodland covers over 12% of the national park.

- (g) Explain **one** benefit to the UK Government of providing parks.

(3)

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According to a survey from accounting firm EY, foreign direct investment (FDI) into Ireland increased by 52% in 2018.

- (h) With reference to the data above and your knowledge of economics, analyse the benefits of FDI for a country such as Ireland.

(6)

(Total for Question 1 = 20 marks)



(9)

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(Total for Question 2 = 20 marks)



(9)

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[illegible]

- 4 Figure 4 shows the amount of foreign direct investment (FDI) India received from 2016–2019.

Year	FDI (\$bn)
2016	45.14
2017	55.55
2018	60.98
2019	64.37

Figure 4

(Source adapted from: <https://www.businesstoday.in/current/economy-politics/india-has-received-highest-ever-fdi-of-6437-billion/story/369313.html>)

- (a) Calculate, to two decimal places, the **annual average value of FDI in \$bn** for India from 2016–2019. You are advised to show your working.

(2)

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In January 2019, the Indian Government approved new legislation that improved and simplified its policy on foreign direct investment (FDI). This helped to attract more multinational corporations (MNCs) to the country.

In 2019, India ranked among the top 10 economies benefitting from FDI. The overall growth of FDI in India was due to its many resources. These include a high degree of specialisation in services and a skilled, English-speaking, low-cost labour force. India also has a potential market of over one billion people.

FDI in India has been focused on chemicals, computer software and hardware, telecommunications, the automobile industry, construction, power and pharmaceuticals.

(Source adapted from: <https://www.nordeatrade.com/en/explore-new-market/india/investment>)

- (c) With reference to the data above and your knowledge of economics, evaluate the benefits of FDI for a country such as India.

(12)



This image shows a full page of primary-ruled paper. It features approximately 28 horizontal dotted lines spaced evenly down the page, providing a guide for handwriting practice. The paper is otherwise blank, with no margins or additional markings.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



4 Figure 5 shows population data for Kazakhstan in 2022.

	2022
Population	19,700,000
Number of people living in relative poverty	3,063,500

Figure 5

(a) Calculate, to two decimal places, the **percentage** of people living in relative poverty in Kazakhstan in 2022. You are advised to show your working.

(2)



(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



MARK SCHEMES

official mark schemes, in the same order as the questions



Question Number	Answer	Mark
1(a)	AO1 1 marks D globalisation	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark C People changing jobs	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to cost of borrowing and 1 mark for reference to reward for lending. The cost of borrowing (1) and the reward for lending/saving (1) OR The cost of borrowing/the reward for lending/saving money (1) An interest rate is normally expressed as a % of the total borrowed/lent/saved (1)	(2)

Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to the impact and 1 mark for development of the impact. The cost of borrowing has become cheaper (1) therefore more consumers take out loans to buy products (1)	(2)



Question Number	Answer	Mark
2(a)	AO1 1 mark The only correct answer is: D integration and interdependence of national economies A is not correct because globalisation encourages trade and specialisation B is not correct because trade barriers should be reduced C is not correct because increased globalisation reduces the need for national legislation	(1)

Question Number	Answer	Mark
2(b)	AO1 1 mark The only correct answer is: B An increase in environmental damage A is not correct because unemployment should fall due to more jobs being available in the economy C is not correct because investment is likely to increase due to economic growth and firms expanding D is not correct because tax revenues are likely to rise as more people have jobs/ firms are making more profit	(1)

Question Number	State one type of unemployment. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one type. • cyclical • structural • seasonal • voluntary • frictional Accept any other appropriate responses.	(1)

Question Number	What was the rate of inflation if the consumer price index (CPI) of a country rose from 120 to 150? Answer	Mark
3(a)	A02 1 mark The only correct answer is: A 25% B is not the correct answer because this is 150-120 C is not the correct answer because this is 150-100 D is not the correct answer because this is not the increase in the rate of inflation	(1)

Question Number	Which one of the following is an impact of globalisation? Answer	Mark
3(b)	A01 1 mark The only correct answer is: B Closing of traditional industries A is not the correct answer because increased competition reduces prices C is not the correct answer because there should be greater choice D is not the correct answer because there should be reduced cost of communication	(1)

Question Number	What is the main reason for a government to devalue its currency? Answer	Mark
2(a)	A01 1 mark The only correct answer is: A To increase the demand for its exports B is not correct because devaluation aims to increase not decrease the demand for exports C is not correct because devaluation aims to make exports cheaper rather than affect the price of imports D is not correct because devaluation can make a country's assets and investments cheaper in foreign currency terms, which can attract foreign investors	(1)

Question Number	Which one of the following is the most likely reason for increased globalisation? Answer	Mark
2(b)	A02 1 mark The only correct answer is: C An increase in the significance of MNCs A is not correct because this would reduce trade B is not correct because this would make trade more expensive and less likely D is not correct because this would result in less globalisation	(1)

Question Number	State one possible macroeconomic objective for a government. Answer	Mark
2(c)	A01 1 mark Award 1 mark for one macroeconomic objective. • Economic growth • Low and stable inflation • Low unemployment • Surplus or balance on the current account of the balance of payments • Protection of the environment • Redistribution of income Accept any other appropriate response	(1)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	What is the likely impact of lower transport and communication costs on an economy? Answer	Mark
2(a)	AO1 1 mark The only correct answer is: C Increased economic growth A is not correct because it is likely to create more job opportunities B is not correct because it will make it easier and cheaper for firms to trade internationally D is not correct because it can make it easier and cheaper for consumers to purchase goods and services	(1)



Question Number	Which one of the following is a rise in the value of an exchange rate in a floating exchange rate system? Answer	Mark
2(a)	AO1 1 marks The only correct answer is: A Appreciation B is not correct because this is when there is a fall in the value of the exchange rate C is not correct because this is when a government fixes a new higher exchange rate D is not correct because this is when a government fixes a new lower exchange rate	(1)

Question Number	Which one of the following is a reason for why there is protection for international trade? Answer	Mark
2(b)	AO1 1 mark The only correct answer is: C To protect domestic jobs A is not correct because trade protection aims to stop dumping B is not correct because trade protection reduces free trade D is not correct because trade protection should help to reduce the current account deficit	(1)

Question Number	State one possible impact of globalisation on consumers. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one possible impact • Rising living standards • Greater choice • Lower prices • Dangerous products Accept any other appropriate response	(1)

Question Number	Which one of the following is the most likely reason for increased globalisation?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: B Lower transportation costs A is not correct because increasing these barriers would likely decrease globalisation by limiting international trade C is not correct because it is the increased significance of multinational corporations that contributes to globalisation D is not correct because this would make trade more expensive and less likely to occur	(1)

Question Number	What is likely to happen if a government successfully reduces unemployment?	Mark
	Answer	
1(b)	AO1 1 mark The only correct answer is: A Inflation might rise as more people have money to spend B is not correct because employment growth is associated with higher output and economic growth C is not correct because more people have jobs and therefore more money to spend D is not correct because government spending on benefits would decrease as more people are now employed	(1)

Question Number	What is meant by the term trading bloc?	Mark
	Answer	
1(c)	AO1 2 marks Award 2 marks for a correct definition A trading bloc is a group of countries that join together (1) to reduce/eliminate trade barriers between themselves (1) Accept any other appropriate response	(2)

Question Number	What is meant by the term globalisation? Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to interconnection and 1 mark for reference to world's economies Growing interconnection (1) of the world's economies (1) Accept any other appropriate response.	(2)

Question Number	Calculate how much the average price level increased between 2018 and 2021. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation $105.4 - 100$ (1) Award 1 mark for the correct answer $= 5.4\%$ (1) Award 2 marks if the correct answer 5.4% is shown, with percentage sign, even if no calculations are shown Award 1 mark if the answer given is 5.4, but with no percentage sign, with or without calculations shown Do not award marks for the formula.	(2)

Question Number	Describe the impact of a reduction in the cost of communication on globalisation. Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to the impact and 1 mark for the development of the impact One impact is an increase in globalisation (1) because firms can communicate/trade with each other more easily (1) Accept any other appropriate response	(2)

Question Number	Calculate the invisible trade balance in \$bn for the country. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for export of services – import of services \$26bn - \$16bn (1) Award 1 mark for the correct answer = \$10bn (1) Award 2 marks if the correct answer is \$10bn even if no calculations are shown Award 1 mark if the answer given is 10 even if no calculations are shown Do not award marks for the formula.	(2)

Question Number	Answer	Mark
3(a)	AO1 1 mark C wage rates	(1)

Question Number	Answer	Mark
3(b)	AO1 1 mark B Interest rates	(1)

Question Number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for identifying a relevant way Award 1 mark for developing the way Award 1 mark for the response being in context - One way is that there is greater consumer choice (1). US consumers are now able to buy imported avocados throughout the year from Mexico (1) and do not have to rely on production from the US (1) - One way is that there is more access to a wider range of products (1). Some food products such as avocados may not be available in other countries (1). Globalisation has thereby enabled a more varied diet for many consumers in the US (1) Accept any other appropriate response	(3)

Question Number	Explain one reason why the reduced cost of communication has helped to increase globalisation. Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a possible reason Award 1 mark for developing the reason Award 1 mark for the response being in context - One reason is the internet makes it cheaper to communicate with other overseas markets (1). Many small firms are able to use e-commerce marketplaces such as Alibaba (1). This allows firms of all sizes to sell to a wider geographical area/trade globally (1) - One reason is that you do not need face to face meetings (1). The internet allows for communication via videoconferencing/online meetings (1). These improvements in communication links mean it is easier for international businesses to interact (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, assess the use of taxation to protect the environment in a country such as Germany. Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Taxation can be imposed on activities that damage the environment • Taxation is used to ensure consumers and producers pay the full social cost of producing a good or service • Increasing taxation from 7% to 19% would substantially increase the price of meat for consumers which may result in less demand for meat products • This would reduce the amount of greenhouse gas emissions caused by animals • Increased taxation could also raise additional revenue for the German Government • This could be used to finance other pollution reduction schemes or improve animal welfare • Taxation provides a market incentive for firms and consumers to switch to meat alternatives which may not cause as much environmental damage AO4 • However, increasing taxes on meat may reduce incomes for farmers if demand falls for meat products • Increasing taxes on meat products may reduce the choice for consumers of what food they can afford, particularly low-income families • Demand for meat may be quite inelastic and an increase in tax may do little to reduce demand and therefore only marginally reduce the amount of pollution • There are other methods that might be more effective in protecting the environment, such as subsidies, fines or pollution permits • The German Government should use a combination of methods to protect the environment

Question Number	Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a possible reason Award 1 mark for developing the reason Award 1 mark for the response being in context • One reason is that more goods are able to be transported at the same time (1). This reduces the cost of trading between countries (1). This means increased trade which leads to globalisation (1) • One reason is that goods can be cheaply transported long distances (1) resulting in more firms being able to source products from low-cost countries (1). This increased trade between countries leads to more globalisation (1) Accept any other appropriate response	(3)

Question Number	Indicative content	Mark
1(h)	A02 (3 marks)/AO3 (3 marks) A02 and A03 - Firms need to transport goods and services around the world and often use large container ships or air to transport goods long distances - Larger cargo ships have resulted in a reduction in the cost of transporting goods by up to 70% on ships as more goods are able to be transported at the same time - This reduces the cost of fuel and economies of scale can be achieved by operating on a larger scale - Transport improvements in aviation also mean that goods and people can travel more quickly between different countries - This has enabled firms to react quickly to consumers around the world - Firms are able to provide perishable goods such as food more easily to a wider geographical area - All these factors have contributed to the increase in globalisation	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question Number	With reference to the data above and your knowledge of economics, analyse the possible benefits for consumers of globalisation. Indicative content	Mark
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Consumers can access a wider range of goods and services from different countries including luxury items, exotic foods and digital products that were previously unavailable or expensive • Increased competition and economies of scale have led to lower production costs which in turn have reduced prices for many consumer goods, such as clothing, electronics and household items • As consumers have access to more and cheaper goods, their purchasing power has increased • This can lead to higher living standards, better health and improved quality of life • Globalisation has facilitated the transfer of knowledge and technology across borders • This has led to new innovations, such as smartphones, online entertainment and e-commerce	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question Number	With reference to the data above and your knowledge of economics, analyse the likely benefits of globalisation for clothing manufacturers. Indicative content	Mark
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Globalisation has opened new markets for producers to sell their goods and services to - This has created new opportunities for clothing producers in China and Bangladesh to expand their customer base and increase their sales revenue - It has enabled clothing producers to use cheaper labour and raw materials in China and Bangladesh - This has led to a reduction in production costs for clothing which has increased profitability for producers - Globalisation has enabled clothing producers to benefit from economies of scale - As production volumes of clothing increase the cost per unit decreases which can lead to lower prices for consumers and increased profits for the producers - Reduced costs of communication have occurred as technology has enabled producers to easily trade with other firms in the clothing supply chain	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question Number	With reference to the data above and your knowledge of economics, assess the possible benefits for the Brazilian economy of introducing a tariff on tyres. Indicative content	Mark
3(e)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • A tariff is a tax on imported goods and services • The 16% tariff may have been introduced to protect the domestic tyre industry from foreign competition • By making imported tyres more expensive the tariff can make domestic tyres more competitive and help to support jobs in the domestic industry • The tariff may have been introduced to address trade imbalances • Brazil may be running a trade deficit therefore by increasing the cost of imports, the tariff can help to reduce imports • The 16% tariff may be to generate government revenue. The revenue generated from the tariff can be used to fund public services or pay off government debt A04 • However, tariffs can reduce competition in the tyre market as Brazilian producers have less incentive to improve quality and lower prices • This could lead to lower quality tyres being produced domestically and less innovation in the market • Other countries may respond to the tariff by imposing their own tariffs on Brazilian goods, leading to a trade war that could harm both countries' economies • This could lead to a decrease in the overall volume of trade and a reduction in economic growth • A tariff on imported tyres would likely result in higher prices for consumers • As the cost of imported tyres increases Brazilian tyre producers may also increase their prices leading to higher prices for all types of tyres	(9)

Question Number	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Globalisation is the increased integration and interdependence of economies • The flower industry is an important contributor to Kenya's GDP and provides employment opportunities for many with over 100,000 people employed in this industry • Higher levels of employment could result in an increase in living standards for the flower farmers and other employees who are indirectly employed at places like the airport • Due to exports from the flower industry, there should be greater tax revenue for the Kenyan Government, an increase in AD and lower unemployment • Globalisation could result in Kenyan workers in the flower industry having a greater choice of goods and services from the wages they earn on the flower farms AO4 • However, the flower industry may cause damage to the environment from the use of water to grow the flowers which could result in lower standards of living for the workers and the local environment near Lake Naivasha • The cost of this would have to be paid for by the Kenyan Government • There could be environmental damage from the aircraft when the flowers are flown abroad which has to be paid for by society • There could be greater dependence on the flower industry and if global demand falls for flowers then many of the benefits from globalisation will not be achieved • The revenue from the flower industry may not filter down to the workers if the farms are owned by foreign investors • Often there are poor working conditions, including low pay and long hours, especially in the agricultural sector • The overall impact will depend upon how sustainable the flower industry is and if the benefits are shared by all members of the Kenyan economy

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).



Question Number	With reference to the data above and your knowledge of economics, evaluate the possible benefits of globalisation for cocoa farmers in Ghana.	Mark
	Indicative content	
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Globalisation allows cocoa farmers to sell to a broader market, potentially getting better prices for their cocoa • Higher demand from international markets can lead to increased revenues for farmers and a higher standard of living • Exposure to global markets can lead to better farming techniques and tools, improving output and quality • Globalisation can attract investment in cocoa farming infrastructure and processing facilities in Ghana • Cocoa farmers can learn new farming methods and business practices from international partners • Access to global markets might encourage farmers to grow different crops or invest in different areas, reducing the risk of having just one crop AO4 • However, prices in global markets can fluctuate wildly based on international demand which can make income unpredictable for cocoa farmers • With a focus on exporting cocoa due to global demand, the country might become too dependent on one crop, risking economic instability if cocoa prices fall or if the crop fails • Cocoa farmers might be exploited by large corporations, receiving only a tiny fraction of the final product's value • This leads to the situation highlighted by Oxfam, where the majority of cocoa farmers live in poverty despite their hard work • Global markets often demand high-quality products, which might be challenging for some farmers to meet consistently without adequate support or investment • Cocoa farmers must compete not just with local but international cocoa producers, which can be challenging, especially for smaller or less technologically advanced farms • Benefits of globalisation might not be evenly distributed, leading to greater economic differences within communities	(12)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

Question Number	Answer	Mark
1(a)	AO1 1 marks The only correct answer is: D operates in more than one country A is not correct because shareholders may just be from one country B is not correct because MNCs may not necessarily export goods C is not correct because MNCs are owned by private investors and this would be a nationalised company	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark The only correct answer is: A Interest rate B is not correct because this would reduce disposable income meaning less saving C is not correct because this would make imports cheaper and encourage spending D is not correct because this would increase the price of goods meaning less saving	(1)

Question Number	What is meant by the term imports? Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to goods and 1 mark for reference to being from another country The purchase of goods or services (1) from another country (1) Accept any other appropriate response.	(2)

Question Number	Which one of the following is an example of Foreign Direct Investment (FDI)? Answer	Mark
3(a)	A01 1 mark The only correct answer is: C The construction of a factory in India by a Chinese firm A is not correct because this is an example of exporting goods B is not correct because this an example of domestic investment D is not correct because this an example of domestic growth/expansion	(1)

Question Number	If the exchange rate changes from £1 = \$1.40 to £1 = \$1.30 then Answer	Mark
3(b)	A01 1 mark The only correct answer is: D UK exports to the US will be cheaper A is not correct because the UK pound has depreciated not appreciated B is not correct because US holidays will become more expensive C is not correct because US exports will become more expensive	(1)



Question Number	A decrease in unemployment is likely to result in Answer	Mark
3(a)	AO1 1 mark The only correct answer is: C an increase in inflation A is not correct because tax revenues are likely to rise as more people have jobs/ firms are making more profit B is not correct because economic growth is likely to increase as more people are in employment D is not correct because relative poverty should decrease as more people have income from a job	(1)
Question Number	Which one of the following is a possible disadvantage of Foreign Direct Investment (FDI)? Answer	Mark
3(b)	AO1 1 mark The only correct answer is: B Greater environmental damage A is not correct because this is an advantage of FDI C is not correct because this is an advantage of FDI D is not correct because this is an advantage of FDI	(1)
Question Number	Explain one reason why an increase in the quality of foreign goods may have resulted in a negative impact on the US current account. Answer	Mark
3(c)	A02 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context One reason is demand may have increased for imports (1) as consumers switch to imports rather than domestically produced goods as their quality has improved (1). This results in more money flowing out the country resulting in a negative impact on the current account deficit (1) Accept any other appropriate response.	(3)



Mark Scheme: June 2024**Paper 2: Macroeconomics and the Global Economy (4EC1/02)**

Question Number	Which one of the following is an advantage of multinational corporations (MNCs) operating in a country? Answer	Mark
1(a)	A01 1 mark The only correct answer is: C Developing skills A is not correct because this is a disadvantage of MNCs B is not correct because MNCs often cause pollution in other countries D is not correct because MNCs often move profits back to their own countries	(1)
Question Number	Which one of the following is a measurement of gross domestic product (GDP)? Answer	Mark
1(b)	A01 1 mark The only correct answer is: B Total value of goods and services produced within an economy A is not correct because GDP focuses on the production aspect of goods and services rather than the value traded C is not correct because exports are only a part of the total production within an economy D is not correct because the value of imports is not used in the calculation of GDP	(1)
Question Number	What is meant by the term the current account on the balance of payments? Answer	Mark
1(c)	A01 2 marks Award 2 marks for a correct definition A record of all transactions (1) relating to international trade (1) OR It is where the total value of exports and imports (1) are recorded (1) Accept any other appropriate response	(2)

Question Number	Which one of the following is an example of Foreign Direct Investment (FDI)? Answer	Mark
3(a)	A02 1 mark The only correct answer is: A A Japanese car company buying an Indonesian car company B is not correct because this is an example of importing goods C is not correct because this is an example of domestic trade D is not correct because this an example of exporting goods	(1)
Question Number	How many US dollars (\$) would it take to purchase £150? Answer	Mark
3(b)	A02 1 mark The only correct answer is: C \$187.50 A is not correct because this 0.80×150 B is not correct because this is $150 + 0.80$ D is not correct because this is $150 + 80$	(1)



Mark Scheme: June 2024**Paper 2: Macroeconomics and the Global Economy (4EC1/02R)**

Question Number	Which one of the following is a disadvantage of multinational corporations (MNCs) operating in a country? Answer	Mark
1(a)	AO1 1 mark The only correct answer is: D Environmental damage A is not correct because MNCs invest in factories and capital equipment in other countries B is not correct because this is an advantage of MNCs C is not correct because MNCs often create new jobs when locating in another country	(1)

Question Number	Which one of the following describes voluntary unemployment? Answer	Mark
1(b)	AO1 1 marks The only correct answer is: C Unemployment caused by individuals choosing not to work A is not correct because this describes structural unemployment B is not correct because this describes cyclical unemployment D is not correct because this describes seasonal unemployment	(1)

Question Number	What is meant by the term monetary policy? Answer	Mark
1(c)	AO1 2 marks Award up to 2 marks for a correct definition Use of interest rates/money supply (1) to influence the level of overall demand in the economy (1) Accept any other appropriate response	(2)

Question Number	State one possible advantage of foreign direct investment (FDI) for an economy. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one possible impact • Creating jobs • Investing in infrastructure • Developing skills • Developing capital • Contributing to taxes • Greater choice • Rising living standards • Lower prices Accept any other appropriate response	(1)

Question Number	What is meant by the term indirect tax? Answer	Mark
2(d)	AO1 2 marks Award up to 2 marks for a correct definition A tax levied (1) on spending (1) OR A tax added to the price of goods and services (1) which consumers pay when they buy something (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
1(a)	AO1 1 marks A rises	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark D a reduction in trade barriers between members	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to a firm and 1 mark for reference to different countries An enterprise/company/firm (1) that produces/sells/operates in more than one country/many countries (1)	(2)

Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to the impact and 1 mark for further development. The productive potential will increase (1) due to greater investment in capital goods (1) OR The productive potential will increase (1) as firms invest more from greater profits (1)	(2)



Question Number	Answer	Mark
4(a)	AO2 2 marks Award 2 marks for calculating the annual average value of FDI $\frac{(45.14 + 55.55 + 60.98 + 64.37)}{4} \text{ (1)}$ = \$56.51bn (1) Award 2 marks for the correct answer of \$56.51bn is accurately calculated with no workings shown Award 1 mark if the answer given is 56.51bn with or without calculations shown Do not award marks for the formula	(2)

Question Number	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Trading blocs are usually groups of countries in specific regions that negotiate preferential trading agreements between themselves with reduced trade barriers • This can benefit member countries such as India because they have access to a wider market in the AFTA, such as Bangladesh, in which to sell their goods and services • Firms in countries such as India may be able to exploit economies of scale or specialisation can occur • Indian consumers may benefit from lower prices and/or greater choice of goods and services • Being a member of the AFTA trading blocs may attract increased FDI into India

Question Number	Which one of the following is a role of the World Trade Organization (WTO)? Answer	Mark
1(a)	A01 1 marks The only correct answer is: B Settling trade disputes A is not correct because it does not have the power to do this C is not correct because its role is to decrease trade barriers D is not correct because this would increase protectionism	(1)

Question Number	Which one of the following is an example of a supply-side policy to increase output? Answer	Mark
1(b)	A01 1 mark The only correct answer is: C Increasing the school-leaving age A is not correct because it is a fiscal policy B is not correct because it is a monetary policy D is not correct because it would deter investment	(1)

Question Number	What is meant by the term economies of scale? Answer	Mark
1(c)	A01 2 marks Award 1 mark for reference to falling average costs and 1 mark for reference to expansion Falling average costs (1) due to expansion of the firm (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a possible reason. Award 1 mark for developing the possible reason. Award 1 mark for the response being in context. - To access customers in different regions (1) Demand may have become saturated in the domestic market of the MNC (1) A growing economy such as India provides a much bigger market in which to sell their goods/services (1) - Cheaper resources such as labour (1) Countries such as India have cheaper skilled labour compared to the domestic market of the MNC (1) This allows the MNC to produce products at a much lower cost (1) Accept any other appropriate response.	(3)



Question Number	Answer	Mark
3(a)	AO1 1 mark B Increased inflation	(1)

Question Number	Answer	Mark
3(b)	AO1 1 mark B Progressive	(1)

Question Number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for identifying an advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage is the MNCs may create jobs (1). The palm plantations require many workers to harvest the palm oil (1). This can reduce the amount of unemployment in Indonesia (1) - One advantage is the contribution to government revenue (1). Foreign MNCs might be required to pay taxes to the Indonesian Government (1). This can be used to fund public services within Indonesia (1) Accept any other appropriate response	(3)

Question Number	Indicative content	Mark
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Mondelez has been exporting its products to Bangladesh for 15 years and locating within the country may reduce transport costs • The labour costs might be lower in Bangladesh compared to other countries where Mondelez operates • Reducing costs may enable Mondelez to reduce prices for its food and beverage products • This could result in Mondelez gaining a competitive advantage over other MNCs in the same market • By locating within Bangladesh, Mondelez could reduce exchange rate fluctuations • Mondelez could also avoid trade restrictions by locating in Bangladesh	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question Number	With reference to the data above and your knowledge of economics, analyse the benefits of FDI for a country such as Ireland. Indicative content
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • FDI is the value of inward investment from other countries/firms into a country • FDI can bring in capital investment to Ireland as MNCs will need buildings, equipment and infrastructure to operate within the country • Jobs can be created by MNCs which reduces unemployment and increases disposable income in Ireland • There may be increased demand for the products or services of local Irish firms that supply MNCs • MNCs may train up the local workforce and MNCs often bring new technologies, techniques and methods • Increased employment and wages should lead to increased tax for the Irish Government • Exports may also increase therefore improving the balance of payments for Ireland

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question Number	Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Jobs may be created in Bangladesh with the investment from Japanese firms such as Honda and Nippon Koei • Nippon Koei have recruited 2,500 employees to work in its steel factories • Local businesses in Bangladesh may benefit from supplying MNCs with equipment and raw materials for car manufacturing • Honda may train local workers to be employed in the car factories which could result in a reduction in unemployment and an increase in the standard of living in Bangladesh • Economic growth may occur in Bangladesh as the government receives an increase in tax revenue from both the MNCs and the newly employed workers AO4 • However, many of the Japanese MNCs are coming to Bangladesh for low wages which could result in poor working conditions for local employees • There is no guarantee that jobs will be created for managerial positions as many MNCs do not train local workers to a high level • MNCs may drive out local businesses as they take over businesses and gain market share • Some MNCs damage the local environment and the cost of cleaning up pollution is often left to the host government.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	With reference to the data above and your knowledge of economics, assess the drawbacks for the UK of having MNCs located within the country. Indicative content	Mark
3(e)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • MNCs are companies that operate in many different countries • By their very nature MNCs are therefore able to easily move profits made in one country to another country that may have lower business taxes than the UK • This helps the MNC to avoid paying taxes to the UK Government • This has been estimated to be £34.8bn in 2019-2020 in the UK and has been increasing over time • This £34.8bn could have been spent by the UK Government on public services such as education and healthcare • MNCs often cause environmental damage from their operations A04 • However, MNCs do bring many advantages as well as disadvantages to the host country • Not all MNCs move profits abroad and do contribute to taxes from their operations within the UK • MNCs create much needed jobs when building factories and production facilities in the UK • Local businesses may benefit from supplying the MNC with raw materials or labour • It does depend on the individual MNC as to whether the advantages outweigh the disadvantages from poor corporate behaviour within the UK	(9)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Calculate, to two decimal places, the percentage change in GDP per capita in Egypt between 2019 and 2020. You are advised to show your working. Answer	Mark
4(a)	A02 2 marks Award 2 marks for calculating the percentage change in GDP per capita $\frac{(3\,561 - 3\,043)}{3\,043} \times 100 \text{ (1)}$ $= 17.02\% \text{ (1)}$ Award 2 marks if the percentage change is accurately calculated, even if no calculations are shown Award 1 mark if correct answer 17.02 is shown but with no % sign, with or without calculations Do not award any marks for the formula	(2)



Question Number	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • FDI is the value of inward investment from other countries/firms into a country • FDI can bring in capital investment to India as MNCs will need buildings, equipment and infrastructure to operate within the country • Jobs are created by MNCs such as firms operating in the chemical and automobile industries which reduces unemployment and increases disposable income • There may be increased demand for the products or services of local Indian firms that supply MNCs • MNCs may train up the local workforce who may acquire useful skills in car production factories. MNCs often bring new technologies, techniques and methods • Increased employment and wages should lead to increased tax and government revenue • Exports may increase therefore improving the balance of payments AO4 • However, wages offered by foreign MNCs can often be low and working conditions may be poor • Some MNCs may not train local workers to a high level and instead bring in their own management rather than employ local workers • MNCs may take market share away from local firms causing domestic industries to go into decline • Some MNCs can cause great damage to the environment, particularly chemical or construction industries by their processes causing negative externalities due to a lack of regulation • Profits are often sent home and taxation can be reduced or avoided therefore reducing revenue for the Indian Government • Some MNCs may stay a short time in India and often move from one country to the next, taking whatever incentives are on offer • The overall benefits will depend upon how foreign MNCs behave in the economy

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

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Question Number	With reference to the data above and your knowledge of economics, evaluate the advantages of an increase in foreign direct investment (FDI) for a country such as Kazakhstan. Indicative content	Mark
4(c)	A02 (4 marks)/A03 (4 marks)/A04 (4 marks) A02 and A03 • FDI is investment in one country that is made by a business, organisation or a government from another country • In 2022, Kazakhstan has received \$22.1bn from countries such as the Netherlands, the US and Switzerland • Jobs may be created in Kazakhstan by the foreign firms requiring local workers for building new factories or employing workers in manufacturing or retail firms • Local firms may benefit from supplying the foreign firms with equipment or raw materials used in the production of goods and services • Often MNCs pay higher wages than local firms and help to train the local workforce with new skills and technology • Taxation from the foreign firms could be used to fund public services within the country • There could be an increase in GDP which could result in an increase in the overall of standard of living in Kazakhstan from increased FDI A04 • However, the advantages may come with some potential problems • Often foreign MNCs are only interested in accessing natural resources and to take advantage of lower wages • Kazakhstan has lots of oil and gas therefore this could result in damage to the environment by foreign MNCs during the extracting and mining processes • The cost of cleaning up the damage caused to the environment from mining could be left for the Kazakhstan Government • There is no guarantee that wages paid by foreign firms will be higher and working conditions may be poor • Foreign MNCs may bring their own workforce and management rather than training local workers with little opportunity for developing skills • Some MNCs might only spend a brief period of time in Kazakhstan before moving on to other countries • The overall advantages will depend upon how foreign MNCs behave in the economy	(12)



Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).