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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

International trade (2.2.2)

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

66 questions · 230 marks · Mark schemes included
Past papers June 2019 - June 2025 · 4 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.

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1. Q1(a)	IGCSE Paper 2 January 2020	1	4
2. Q2(b)	IGCSE Paper 2R January 2020	1	5
3. Q2(c)	IGCSE Paper 2 November 2020	1	7
4. Q2(c)	IGCSE Paper 2R January 2023	1	8
5. Q1(d)	IGCSE Paper 2R November 2020	2	9
6. Q2(d)	IGCSE Paper 2 June 2021	2	10
7. Q1(d)	IGCSE Paper 2 January 2023	2	11
8. Q1(g)	IGCSE Paper 2 November 2023	3	12
9. Q1(h)	IGCSE Paper 2R June 2022	6	13
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QUESTIONS

66 questions · 230 marks · 4 sub-topics

SUB-TOPIC 2.2.2 (a)

FREE TRADE

Sub-topic 2.2.2 (a) · 13 questions · 52 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) International trade that takes place with no restrictions is known as

(1)

- ☐ **A** globalisation
- ☐ **B** protectionism
- ☐ **C** free trade
- ☐ **D** Foreign Direct Investment

(b) What is the name given to a country's exports and imports of services?

(1)

- ☐ **A** Visible trade
- ☐ **B** Invisible trade
- ☐ **C** Transfer payments
- ☐ **D** The balance of payments

(c) What is meant by the term unemployment?

(2)

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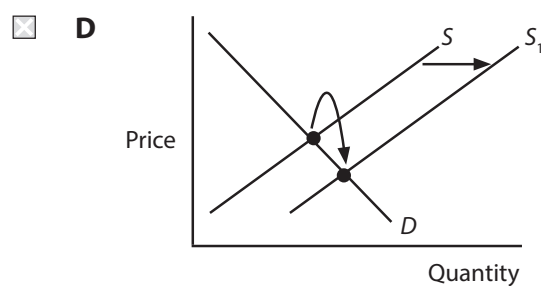
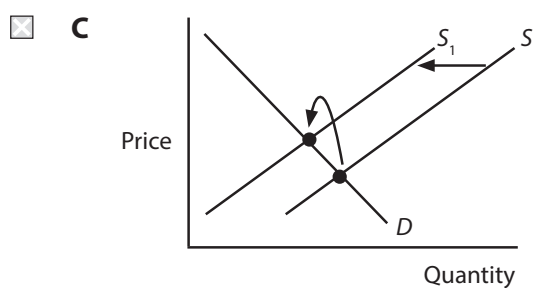
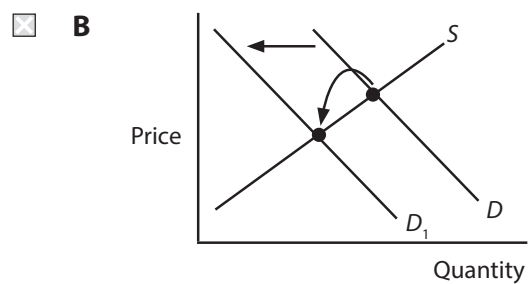
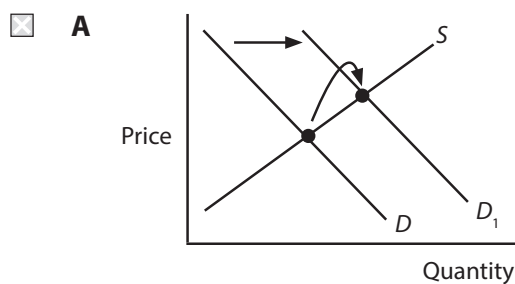
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2 In 2018, the European Union (EU) trade bloc started to reduce agricultural subsidies to farmers within the EU.

(a) Which **one** of the following diagrams shows the market for agricultural products following the removal of the subsidy?

(1)



1 (b) Which **one** of the following is likely to result from an increase in free trade?

(1)

- ☐ A Increased prices
- ☐ B Increased choice for consumers
- ☐ C Decrease in standards of living
- ☐ D Decrease in market opportunities for business

(c) State **one** macroeconomic objective.

(1)

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(d) What is meant by the term revaluation?

(2)

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(b) Which supply-side policy involves the removal of government controls?

(1)

- ☐ **A** Deregulation
- ☐ **B** Education and training
- ☐ **C** Lower business taxes
- ☐ **D** Infrastructure spending

(c) State **one** disadvantage of free trade.

(1)

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(d) What is meant by the term exchange rate?

(2)

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2 (a) Which type of unemployment would result from the permanent closure of a coal mine?

(1)

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

(b) What would be the annual amount of interest earned on £7 000 of savings if the interest rate was 3% per annum?

(1)

- ☐ A £21
- ☐ B £210
- ☐ C £2 333
- ☐ D £7 210

(c) State **one** advantage of free trade.

(1)

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(d) What is meant by the term pollution permits?

(2)

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(d) Describe **one** disadvantage of free trade for domestic businesses.

(2)

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Figure 1 shows the income tax rates for Cyprus in 2018. George earns €21 000 as a manager. This means George only pays tax on €1 500.

Taxable income (€)	Tax rate (%)
0 to €19 500	0%
€19 501 – €28 000	20%

Figure 1

(e) Calculate the **net pay** in euros (€) for George. You are advised to show your working.

(2)

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2 (a) An appreciation in a country's exchange rate is most likely to lead to which **one** of the following? (1)

- ☐ A An increase in exports and a decrease in imports
- ☐ B A decrease in exports and a decrease in imports
- ☐ C An increase in exports and an increase in imports
- ☐ D A decrease in exports and an increase in imports

(b) Which **one** of the following is likely to result in poverty? (1)

- ☐ A High literacy rates
- ☐ B Low GDP per capita
- ☐ C Low rates of tax
- ☐ D High employment rates

(c) State **one** effect on the balance of payments of improved quality of foreign goods. (1)

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(d) What is meant by the term free trade? (2)

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In January 2023, China introduced a tariff on imports of large tyres.

- (f) Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of large tyres. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

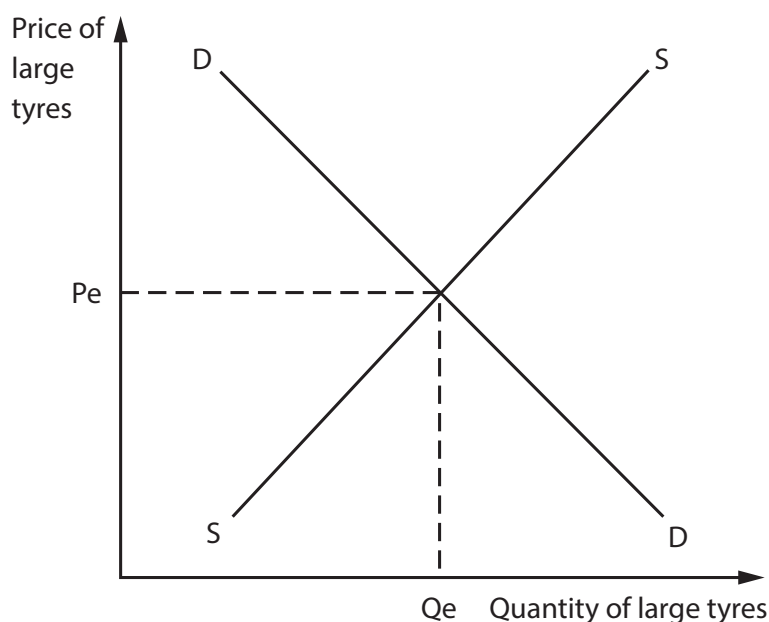


Figure 1

In January 2023, China and Ecuador announced they would be signing a free trade agreement after a year of negotiations. The deal is expected to boost Ecuador's exports of shrimp, bananas, flowers, cocoa and coffee to China.

- (g) Explain **one** advantage of free trade for businesses in Ecuador.

(3)

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In 2020, the UK Government introduced subsidies for firms that provide renewable energy.

- (f) Using the diagram below, draw the effects of the introduction of a subsidy on the equilibrium price and quantity of renewable energy. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

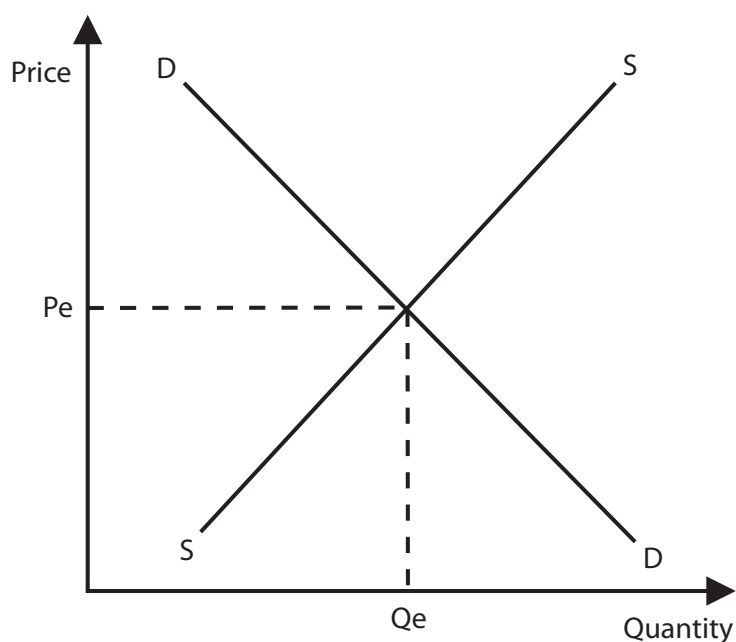


Figure 1

In March 2020, the Bank of England reduced interest rates from 0.75% to 0.10%. This decision affected the UK pound (£).

- (g) Explain the likely impact of a decrease in UK interest rates on the UK pound (£).

(3)

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(6)

14

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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(d) With reference to the data above and your knowledge of economics, analyse the disadvantages of free trade for UK firms.

(6)





The Shetland Islands are part of Scotland. Shetland College is the only Further Education college located in the Shetland Islands. It was privatised in August 2021. The managers at the college claim privatisation will improve educational and training opportunities on the Shetland Islands.

Critics claim it could negatively impact staff contracts and working conditions. It may reduce the number of courses available to students and allow managers at the college to award themselves much higher levels of pay.

(Source: <https://www.thenational.scot/news/19483135.campaigners-unions-issue-warning-shetland-college-privatisation/>)

- (e) With reference to the data above and your knowledge of economics, assess the possible benefits of privatising the college.

(9)

[illegible]

- 3 (a) What is the rate of inflation if the Consumer Price Index (CPI) in an economy increased from 1000 to 1050 in one year?

(1)

- ☐ A 0.95%
- ☐ B 1.05%
- ☐ C 4.76%
- ☐ D 5%

- (b) Which **one** of the following terms means someone not having enough resources to meet all of their basic needs?

(1)

- ☐ A Income distribution
- ☐ B Relative poverty
- ☐ C Absolute poverty
- ☐ D Income inequality

In 2021, the US Government introduced a subsidy of \$500 for each car manufactured in the US with a US-made battery.

- (c) Explain **one** possible reason why the US Government introduced this subsidy.

(3)

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(6)





Figures from the Office for National Statistics (ONS) showed that the unemployment rate in the North East of England increased to 5.3% in the three months to the end of October 2021.

Output fell significantly in this area of England and business confidence was severely harmed. There was some positive news with the number of people claiming unemployment benefits in the North East of England falling by around 3,500 to 87,780.

(Source: <https://www.chroniclive.co.uk/news/news-opinion/unemployment-rises-north-east-concerns-22452309>)

(e) With reference to the data above and your knowledge of economics, assess the impact of rising unemployment rates in the North East of England.

(9)

[illegible]

Figure 3 shows the supply of and demand for the UK pound (£) in terms of US dollars (\$) and the equilibrium exchange rate.

- (f) Using the diagram below, draw the effects on the exchange rate of the UK pound (£) from an increase in UK exports to the US. Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3)

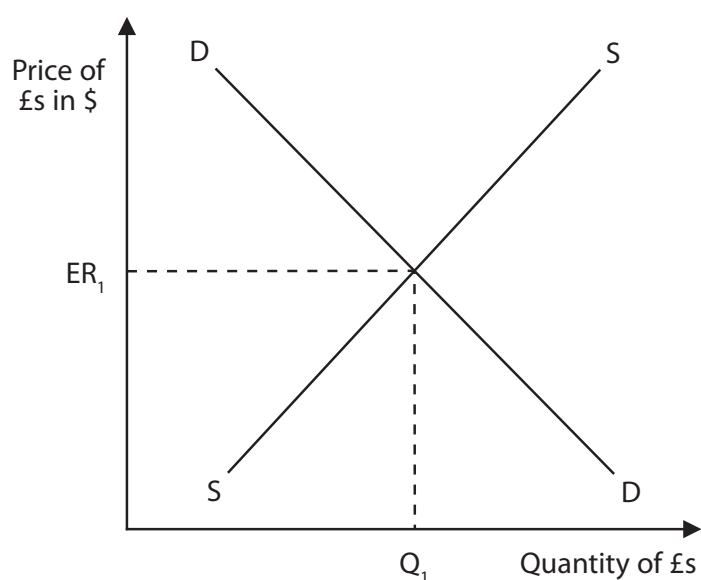


Figure 3

(Total for Question 2 = 20 marks)



4 Figure 4 shows the tariff on clothing imported into China in 2018.

Product	Imported Price yuan (¥)	Tariff (%)
Clothing	225	8

Figure 4

(a) Calculate the final selling price of clothing in yuan (¥) after the tariff has been added. You are advised to show your working.

(2)



Figure 5

(Source: adapted from <https://tradingeconomics.com/china/current-account>)

(b) Analyse the benefits of a current account surplus for a country such as China.

(6)



Following a trip to Asia in 2017 by US President Donald Trump, China has reduced tariffs from 17.3% to 7.7% on over 200 consumer products. These include pharmaceuticals, food, health supplements and clothing.

Many multinational corporations may have major financial gains. Nestle's sales could increase by 15% or \$18.7bn because of the reduction in tariffs. Procter & Gamble, will also benefit from tariff reductions on items ranging from shampoos to electronic toothbrushes.

- (c) With reference to the data above and your knowledge of economics, evaluate the possible benefits of reducing the level of tariffs on imported goods and services to China.

(12)

This image shows a single sheet 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 paper.

Handwriting practice area with 25 horizontal dotted lines.



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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



SUB-TOPIC 2.2.2 (b-c)

PROTECTIONISM

Sub-topic 2.2.2 (b-c) · 36 questions · 106 marks · lowest tariff first



3 (a) What is the name given to a country's exports and imports of physical goods?

(1)

- ☐ A Trade in goods
- ☐ B Income flows
- ☐ C Trade in services
- ☐ D Transfer payments

(b) What term refers to a firm or country selling an export below the cost of production?

(1)

- ☐ A Quotas
- ☐ B Dumping
- ☐ C Deregulation
- ☐ D Tariffs

(c) Explain **one** method of government intervention that could be used to protect the environment.

(3)

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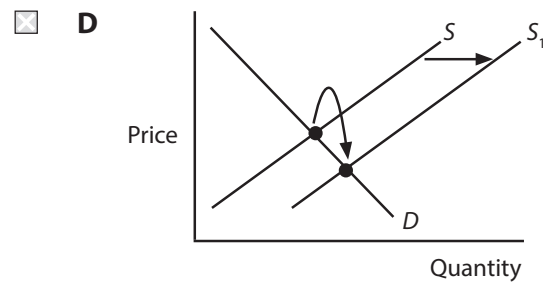
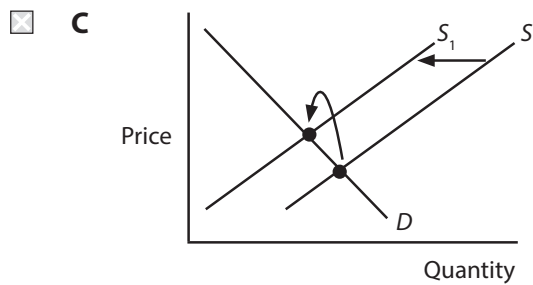
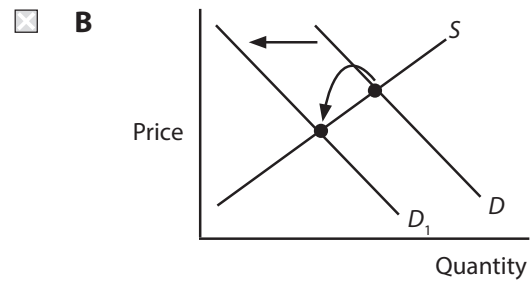
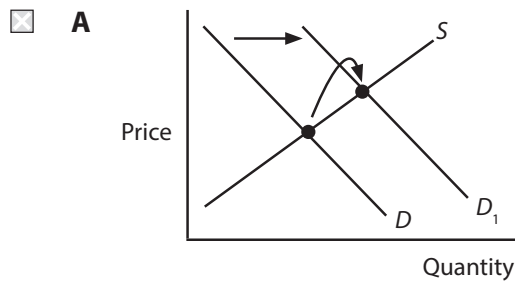
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2 In 2018, the European Union (EU) trade bloc started to reduce agricultural subsidies to farmers within the EU.

(a) Which **one** of the following diagrams shows the market for agricultural products following the removal of the subsidy?

(1)



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 International Labour Organisation (ILO) measures

(1)

- ☐ **A** inflation
- ☐ **B** unemployment
- ☐ **C** economic growth
- ☐ **D** government spending

(b) Which method of protection is used to reduce the price of exports?

(1)

- ☐ **A** Free trade
- ☐ **B** Tariffs
- ☐ **C** Subsidies
- ☐ **D** Quotas

(c) What is meant by the term gross domestic product (GDP)?

(2)

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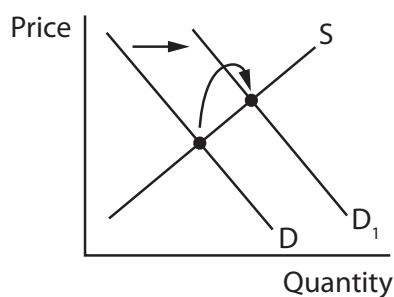


- 2 In 2019, India introduced tariffs against US agricultural products including apples, almonds and lentils.

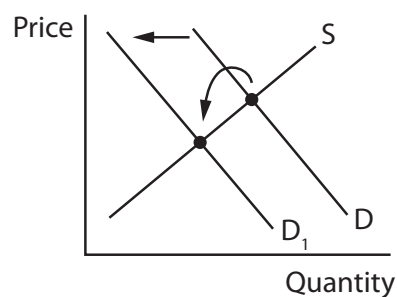
(a) Which **one** of the following diagrams shows the Indian market for apples, almonds and lentils following the introduction of the tariffs?

(1)

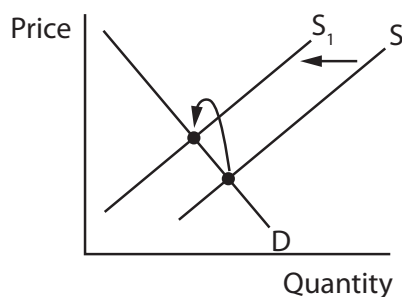
☐ A



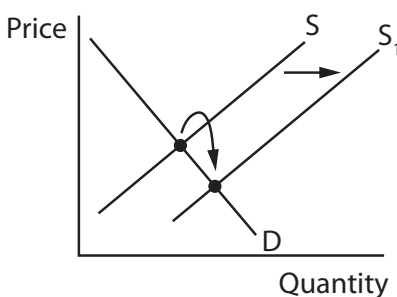
☐ B



☐ C



☐ D



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 type of unemployment occurs when the demand for a product is only at certain times of the year?

(1)

☐ **A** Structural

☐ **B** Cyclical

☐ **C** Seasonal

☐ **D** Voluntary

- (b) Which **one** of the following terms refers to a tax on imported goods?

(1)

☐ **A** Subsidy

☐ **B** Tariff

☐ **C** Fine

☐ **D** Pollution permit

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

(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 terms refers to a physical limit on the quantity of imported products allowed into a country?

(1)

- ☐ **A** Devaluation
- ☐ **B** Dumping
- ☐ **C** Public good
- ☐ **D** Quota

- (b) Which **one** of the following names is given to the government policy that aims to increase the productive capacity of the economy?

(1)

- ☐ **A** Trade
- ☐ **B** Fiscal
- ☐ **C** Supply-side
- ☐ **D** Exchange rate

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

(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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3 (a) Which **one** of the following is an advantage of a government giving subsidies to domestic producers?

(1)

- ☐ A Reduces government spending
- ☐ B Increases imports from other countries
- ☐ C Increases production of goods and services
- ☐ D Reduces trade disputes

The price of a basket of goods and services was £1 200. The consumer price index (CPI) increased from 120 to 130.

(b) Calculate the new price of the basket of goods and services.

(1)

- ☐ A £1 210
- ☐ B £1 300
- ☐ C £1 330
- ☐ D £1 450



4 Figure 4 shows the tariff on clothing imported into China in 2018.

Product	Imported Price yuan (¥)	Tariff (%)
Clothing	225	8

Figure 4

(a) Calculate the final selling price of clothing in yuan (¥) after the tariff has been added. You are advised to show your working.

(2)



Figure 5

(Source: adapted from <https://tradingeconomics.com/china/current-account>)

(b) Analyse the benefits of a current account surplus for a country such as China.

(6)



(d) What is meant by the term dumping?

(2)

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)



1 (d) What is meant by the term infant industries?

(2)

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In August 2019 Inter Milan, an Italian football club, paid £73m to Manchester United for the transfer of footballer Romelu Lukaku. The exchange rate was £1 = €1.08.

(e) Calculate **the price Inter Milan paid in euros (€)** for the transfer of Romelu Lukaku. You are advised to show your working.

(2)



1 (d) Describe **one** benefit to a country of using quotas for imported goods.

(2)

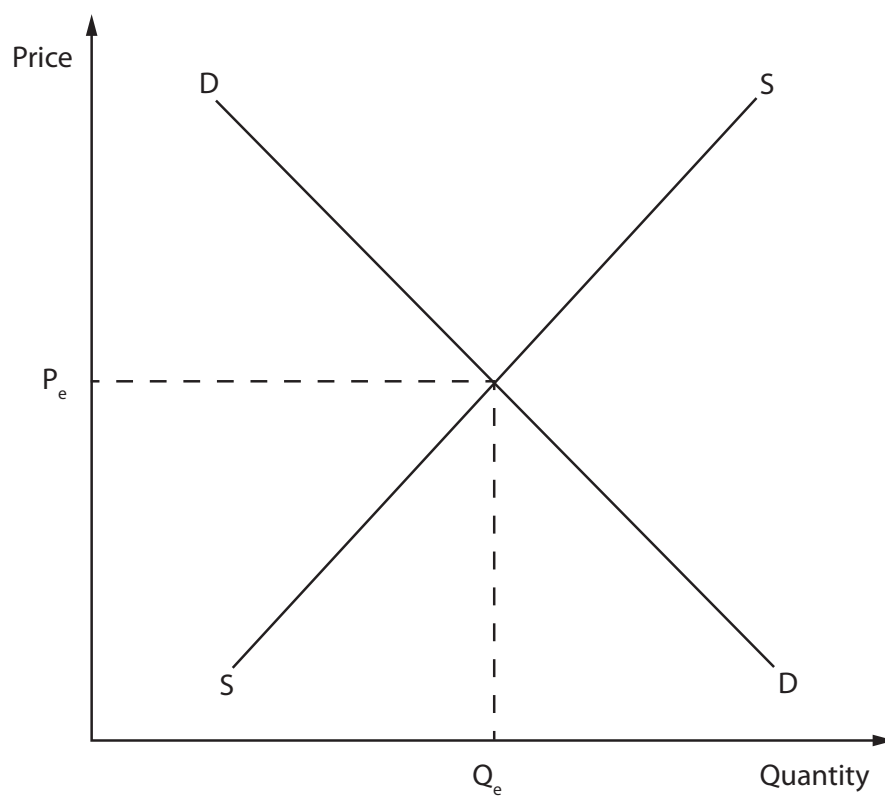
(e) Calculate the **price in euros (€)** of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working.

(2)



- (f) Using the diagram below, draw the effects of the introduction of a quota on the equilibrium price and quantity of a good.
Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

**Figure 1**

In 2017 the US government wanted to introduce a 300% tariff on imported aircraft made by Canadian manufacturer Bombardier.

- (g) Explain **one** way the World Trade Organisation could promote free trade between countries such as Canada and the US.

(3)



- (f) Using the diagram below, draw the effects of the introduction of a tariff on the equilibrium price and quantity of a good. Label the new curve, the new equilibrium price and quantity.

(3)

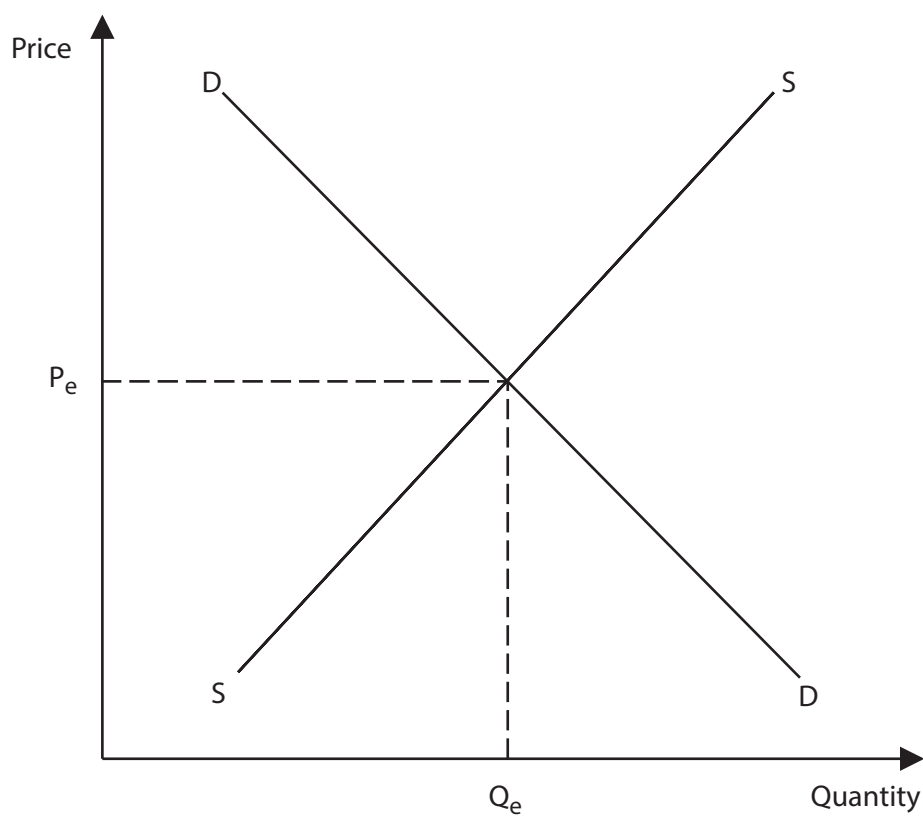
**Figure 1**

Figure 1 shows the supply and demand of the pound (£) in terms of the euro (€).

- (f) Using the diagram below, draw the effects on the exchange rate of the pound (£) of a decrease in UK exports to Eurozone countries. Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3)

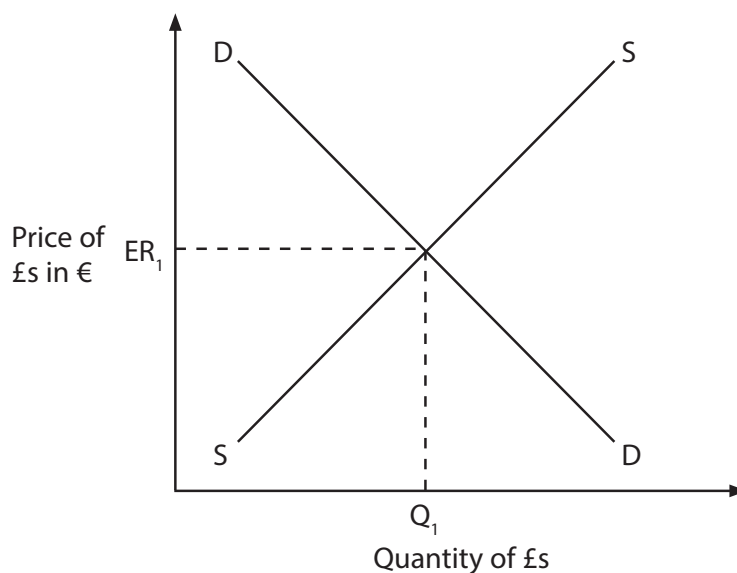


Figure 1

In November 2018, China launched its first ever anti-dumping investigation against Australia over the export of Australian barley.

- (g) Explain **one** reason why a country such as Australia might export its products below the cost of production.

(3)

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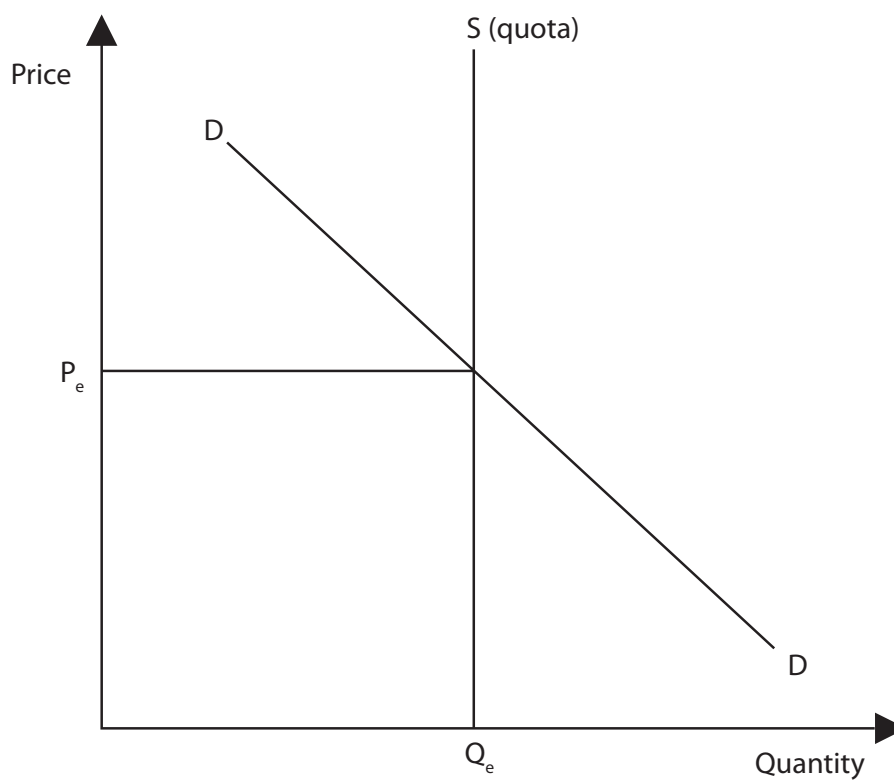
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- (f) Using the diagram below, draw the effect of the introduction of a new quota that is less than the original quota. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

**Figure 2**

In 2018 the average number of job seekers in Germany decreased by 0.5% to 5.2% and was lower than at any time since 1991.

- (e) Explain **one** impact of falling unemployment rates on tax revenue for a country such as Germany.

(3)

In December 2018, consumers in the UK were warned to avoid some imported plastic toys because they contained banned chemicals. Many were being sold through online marketplaces.

- (f) Explain **one** reason why UK consumers need protecting from some imported goods.

(3)



In May 2018, South Korea's unemployment rate for people aged 15–29 increased to 11.6%. In several global competitiveness reports South Korea has recently been criticised for having too many rules and regulations. Experts have advised the South Korean Government to reduce some employment regulations for service sectors such as finance, transport and tourism in order to create more jobs.

- (g) With reference to the data above and your knowledge of economics, assess the effectiveness of deregulation in reducing unemployment in South Korea.

(9)



3 Figure 3 shows selected UK Government receipts from taxation in 2019.

	£bn
Sales tax (VAT)	186.3
Income tax	268.3
Tariffs	31.9
Business tax	53.4

Figure 3

(a) What is the total amount of revenue raised by indirect taxes?

(1)

- ☐ A £454.6bn
- ☐ B £321.7bn
- ☐ C £218.2bn
- ☐ D £85.3bn

(b) Member countries of a trading bloc agree to

(1)

- ☐ A trade together with low or no barriers
- ☐ B have the same rate of income tax
- ☐ C only trade with members within the bloc
- ☐ D have common borders between members

Brazil currently only allows a quota of 600 million litres of ethanol per year to be imported from the US.

(c) Explain **one** advantage of using quotas for a country such as Brazil.

(3)

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In December 2019, the USA imposed a 10% tariff on toys imported from China.

- (f) Using the diagram below, draw the likely effect of the introduction of this tariff on the equilibrium price and quantity of toys imported from China. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

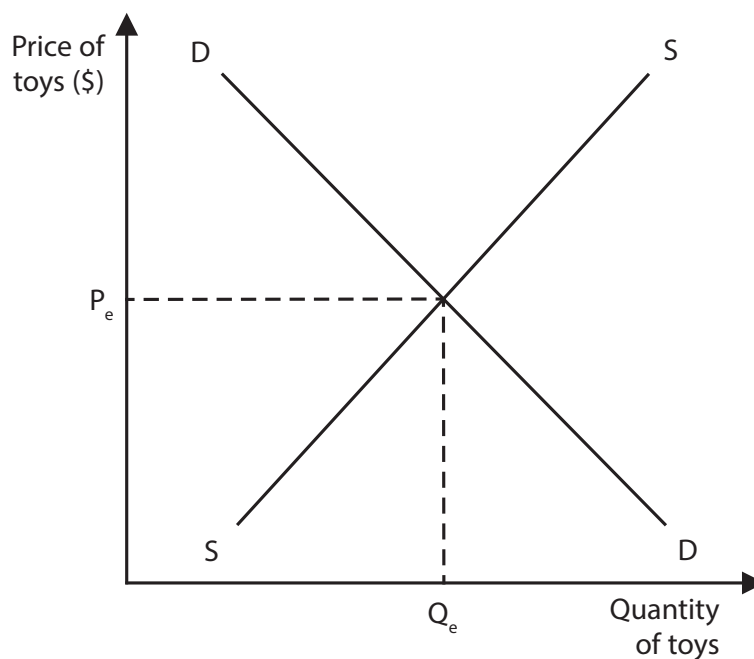


Figure 1

Economic growth in Malaysia increased to 4.9% between April and June 2019.

- (g) Explain **one** disadvantage of economic growth for a country such as Malaysia.

(3)

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3 Figure 3 shows selected UK Government receipts from taxation in 2019.

	£bn
Sales tax (VAT)	186.3
Income tax	268.3
Tariffs	31.9
Business tax	53.4

Figure 3

(a) What is the total amount of revenue raised by direct taxes?

(1)

- ☐ A £454.6bn
- ☐ B £321.7bn
- ☐ C £218.2bn
- ☐ D £85.3bn

(b) A government can try to stop its exchange rate from appreciating by

(1)

- ☐ A increasing interest rates
- ☐ B selling its reserves of foreign currency
- ☐ C buying its own currency
- ☐ D selling its own currency

The Government of Bangladesh provides subsidies of between 2% and 4% on the export of clothing. In 2019, it introduced additional subsidies of up to 10% for the export of 10 new products including home appliances.

(c) Explain **one** advantage of using subsidies for a country such as Bangladesh.

(3)

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In December 2019, the UK and the European Union (EU) negotiated North Sea fishing quotas for 2020. It was agreed to increase the fishing quota for haddock by 30%.

- (f) Using the diagram below, draw the effects of the introduction of the new quota on the equilibrium price and quantity of haddock. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

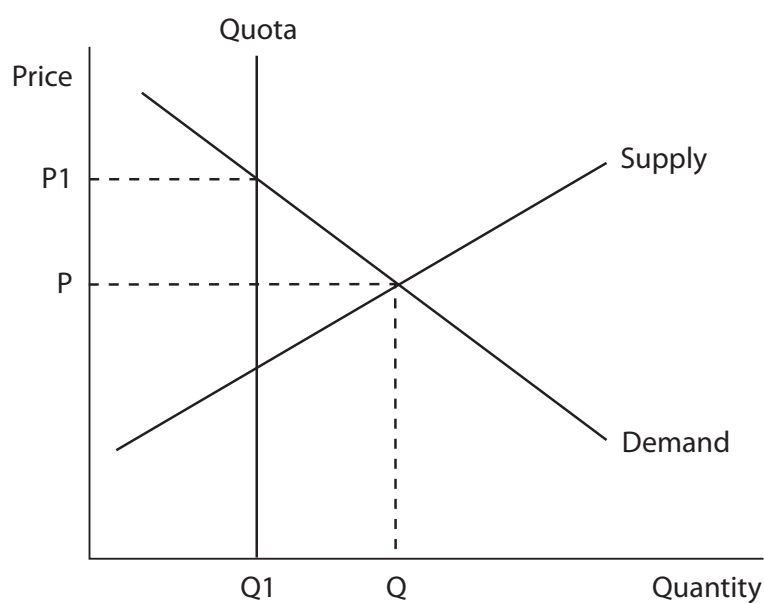


Figure 2

Norway had a current account surplus of 19.07bn Norwegian Krone (NOK) in the fourth quarter of 2019.

- (g) Explain **one** possible reason why a country such as Norway had a current account surplus.

(3)

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3 (a) Which **one** of the following describes shoe leather costs?

(1)

- ☐ **A** The costs of raw materials used to make a good or service
- ☐ **B** The costs of communication used by a firm
- ☐ **C** The costs of searching for cheaper suppliers when inflation is high
- ☐ **D** The costs to firms of having to make repeated price changes

(b) Which **one** of the following may cause a current account surplus?

(1)

- ☐ **A** Lower priced foreign goods
- ☐ **B** Higher priced domestic goods
- ☐ **C** Lower import tariffs on foreign goods
- ☐ **D** Higher quality of domestic goods



In 2020, the Kazakhstan Government introduced quotas of 200,000 tonnes on imported wheat and 70,000 tonnes on imported flour.

- (c) Explain **one** possible reason why the Kazakhstan Government introduced quotas on imports of wheat and flour.

(3)

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In May 2020, China introduced a tariff of 80% on Australian barley.

- (f) Using the diagram below, draw the effects of the introduction of a tariff on the equilibrium price and quantity of Australian barley. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

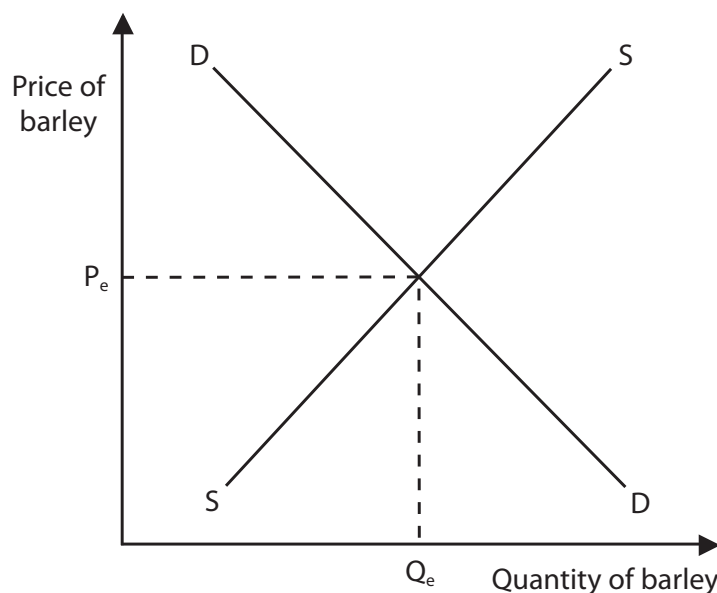


Figure 2

Tourism is a major sector in the French economy. It employs around 2 million people, both directly and indirectly.

- (g) Explain **one** reason why some people in the tourism sector might suffer from seasonal unemployment in a country such as France.

(3)

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In December 2020, the European Union (EU) decreased the 8% import tariff on lobsters from the US.

- (f) Using the diagram below, draw the effects of the decrease in the tariff on the equilibrium price and quantity of US lobster imports into the EU. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

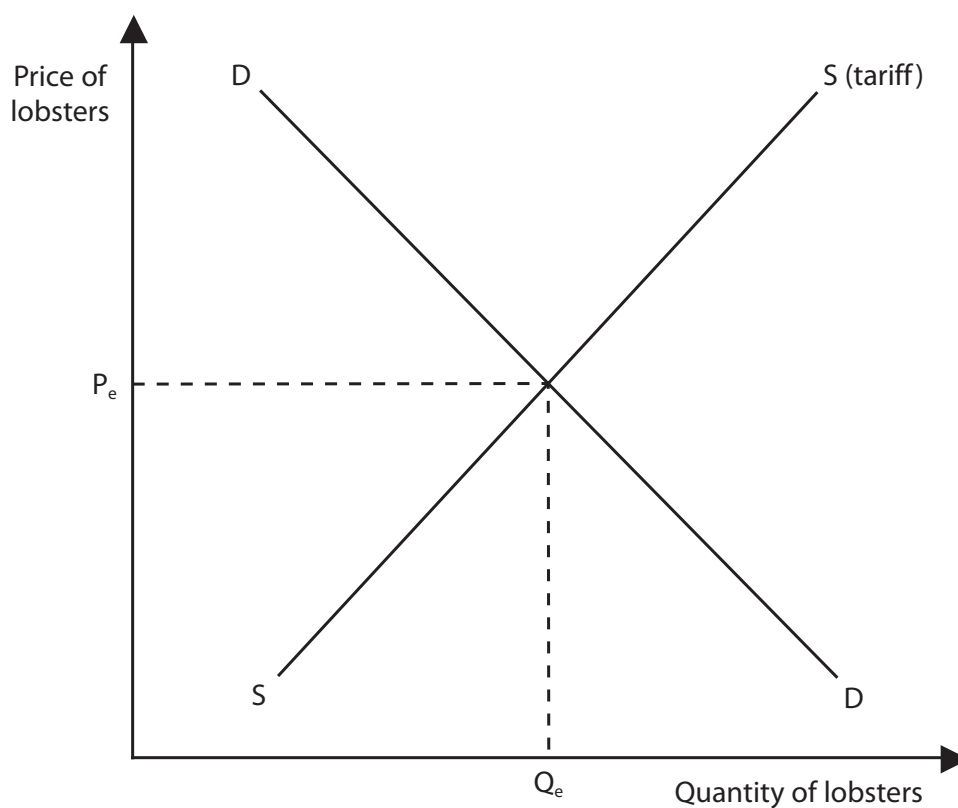


Figure 1



China announced that in 2021 it would increase its import quota for crude oil by 20%.

- (f) Using the diagram below, draw the effect of the introduction of the new quota. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

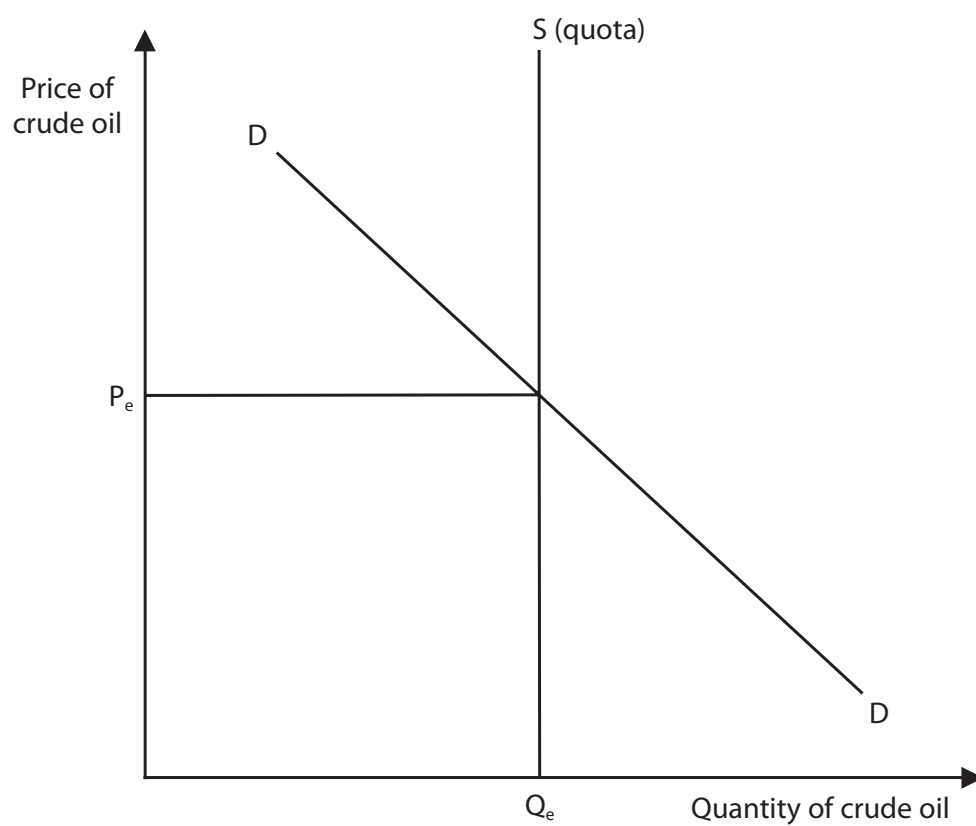


Figure 2



In 2021, Thames Water was fined £2.3m after being found guilty of polluting a stream in 2016. The pollution killed more than 1,000 fish.

The total amount in fines paid by Thames Water since 2017 was £24.4m for 9 separate cases of water pollution. In 2020, Thames Water made an operating profit of £513.4m.

(Source: <https://www.gov.uk/government/news/thames-water-fined-23-million-for-foreseeable-pollution>)

- (g) With reference to the data above and your knowledge of economics, assess the effectiveness of using fines to protect the environment in a country such as the UK.

(9)

[illegible]

In 2021, the UK and Norway agreed to increase fishing quotas by 20% for 2022.

- (f) Using the diagram below, draw the effects of the new quota on the equilibrium price and quantity of fish. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

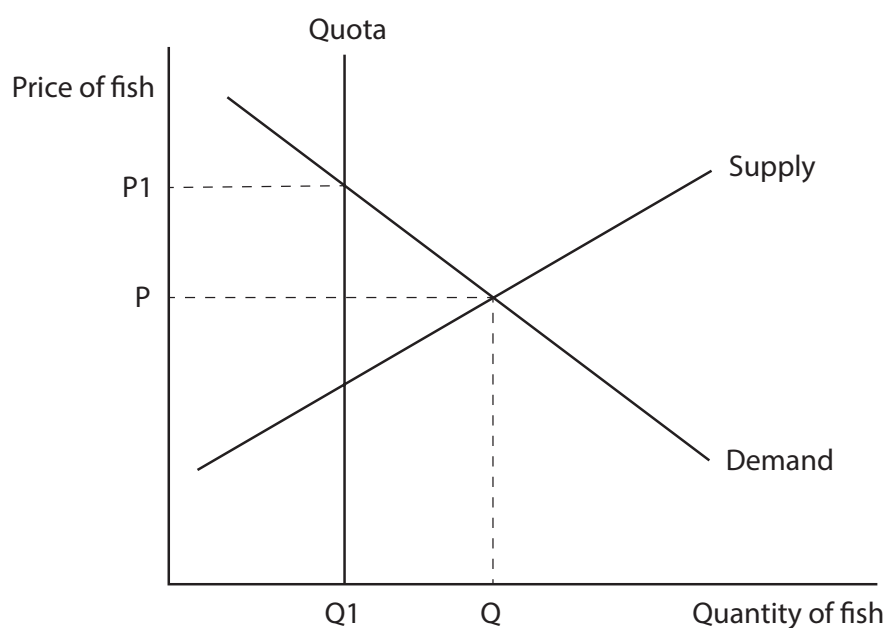


Figure 3



San Francisco, a city in the US, raises its own taxes and plans its own spending. It expects its budget to have a fiscal surplus for the first time since 1998. The city is expecting this surplus to be \$108m.

"Over the last two years, while we have invested heavily in key priorities like homelessness and mental health, we have also made smart budgeting decisions, and this surplus is a result of that work," said the Mayor of San Francisco.

The Mayor has not decided where to spend the surplus, but this week called for more funding for police and to improve public safety.

(Source: <https://www.sfchronicle.com/sf/article/S-F-expects-first-budget-surplus-in-over-20-16705136.php>)

- (g) With reference to the data above and your knowledge of economics, assess the benefits of having a fiscal surplus for a city such as San Francisco.

(9)

[illegible]

- 3 (a) What is the rate of inflation if the Consumer Price Index (CPI) in an economy increased from 1000 to 1050 in one year?

(1)

- ☐ A 0.95%
- ☐ B 1.05%
- ☐ C 4.76%
- ☐ D 5%

- (b) Which **one** of the following terms means someone not having enough resources to meet all of their basic needs?

(1)

- ☐ A Income distribution
- ☐ B Relative poverty
- ☐ C Absolute poverty
- ☐ D Income inequality

In 2021, the US Government introduced a subsidy of \$500 for each car manufactured in the US with a US-made battery.

- (c) Explain **one** possible reason why the US Government introduced this subsidy.

(3)

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In January 2023, China introduced a tariff on imports of large tyres.

- (f) Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of large tyres. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

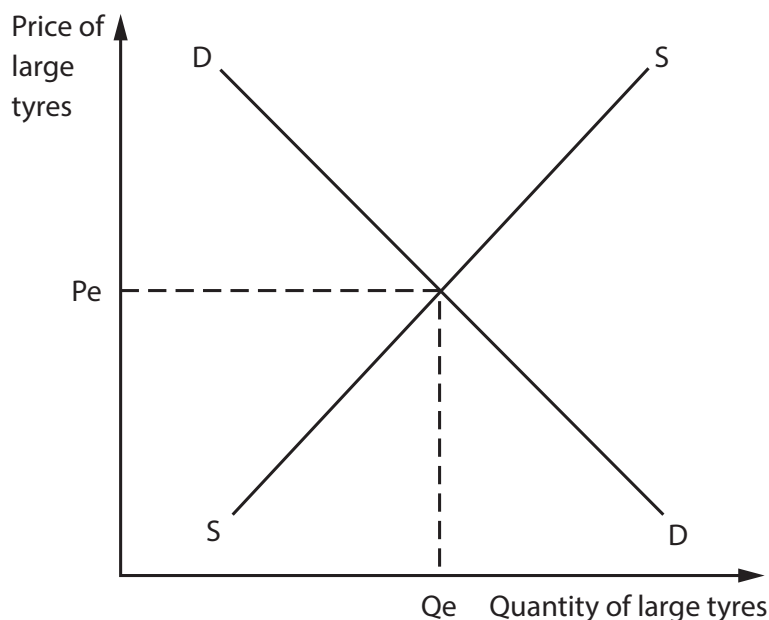


Figure 1

In January 2023, China and Ecuador announced they would be signing a free trade agreement after a year of negotiations. The deal is expected to boost Ecuador's exports of shrimp, bananas, flowers, cocoa and coffee to China.

- (g) Explain **one** advantage of free trade for businesses in Ecuador.

(3)

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In January 2023, China introduced a quota on imports of crude oil into the country.

- (f) Using the diagram below, draw the effects of the introduction of the quota on the equilibrium price and quantity of crude oil in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

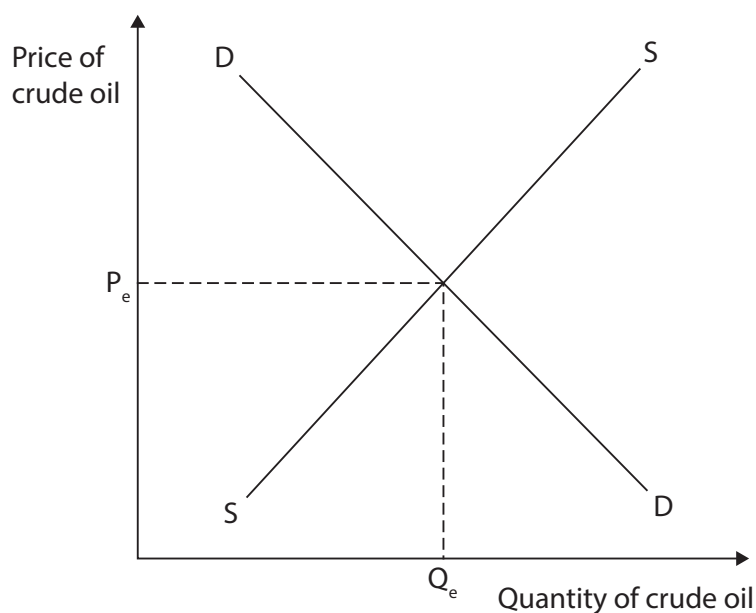


Figure 2

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)

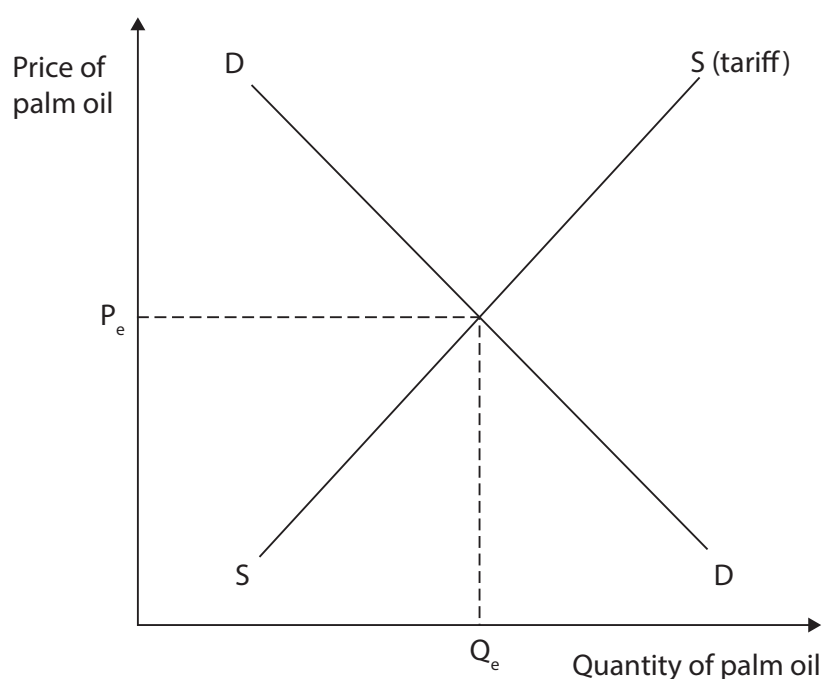


Figure 4



In August 2024, India removed a tariff on imports of tomatoes from Nepal.

- (f) Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of tomatoes in India. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

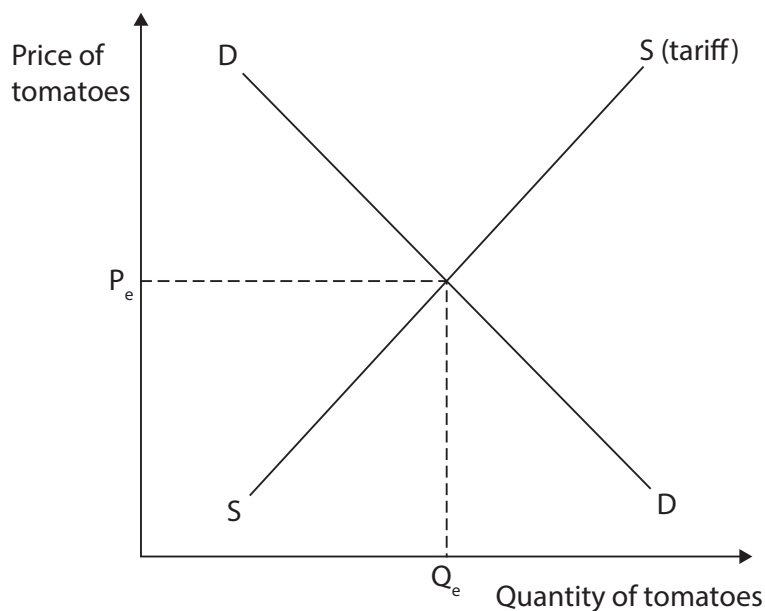


Figure 2



In January 2024, China introduced a 6% tariff on coal from Russia, South Africa, Mongolia and the US.

- (f) Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of coal in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

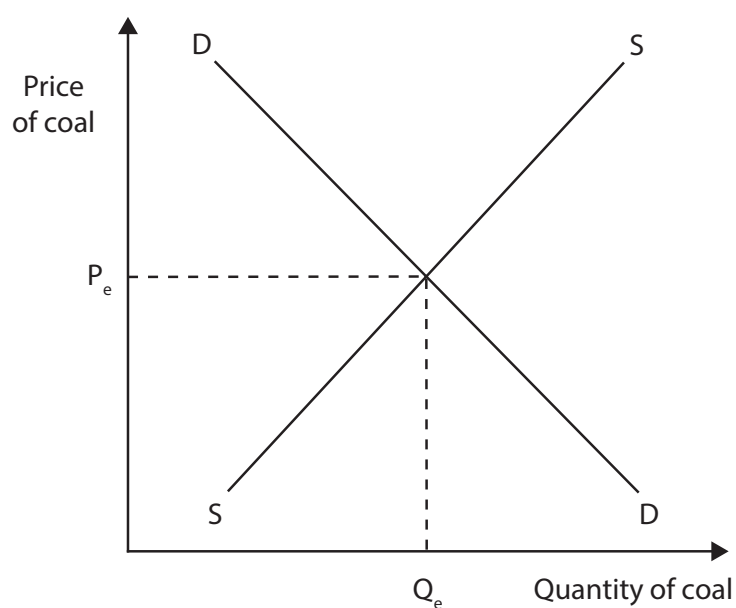


Figure 1

(h) Analyse why the Indian Government might have given subsidies to its sugar cane farmers.



(h) Analyse the possible benefits for Columbia of having import quotas.



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(Total for Question 1 = 20 marks)



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

(3)

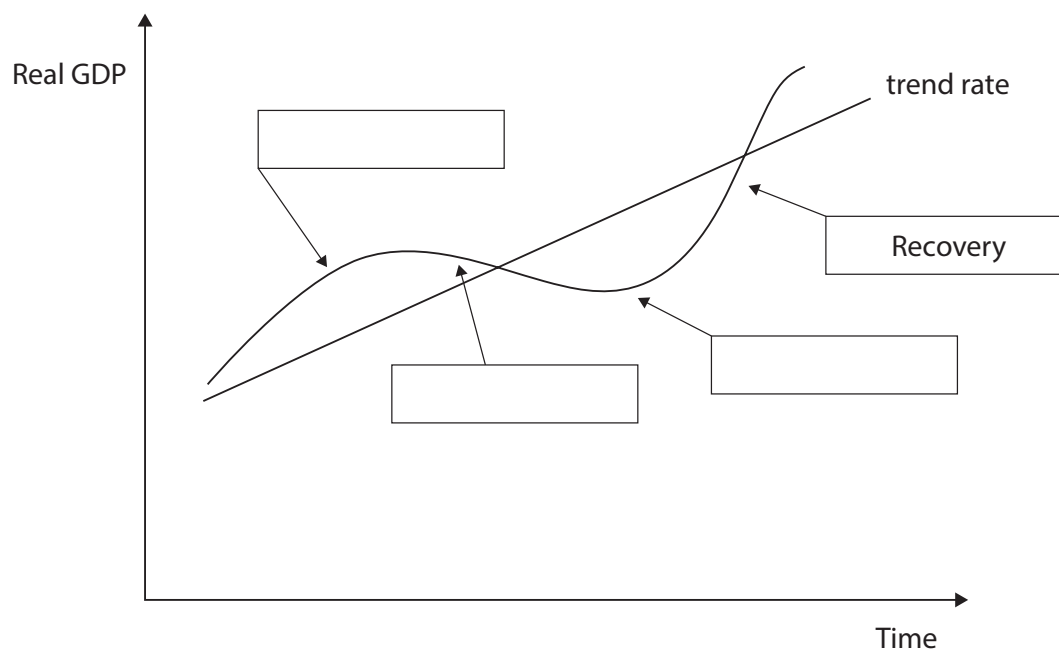


Figure 4

(9)

[illegible]

(Total for Question 3 = 20 marks)



Figure 3 shows the supply of and demand for UK pounds (£) against the US dollar (\$). Currency speculators think the value of the UK pound (£) is going to rise in the future.

- (f) Using the diagram below, draw the likely effect of currency speculators on the equilibrium exchange rate of the UK pound (£) against the US dollar (\$). Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3)

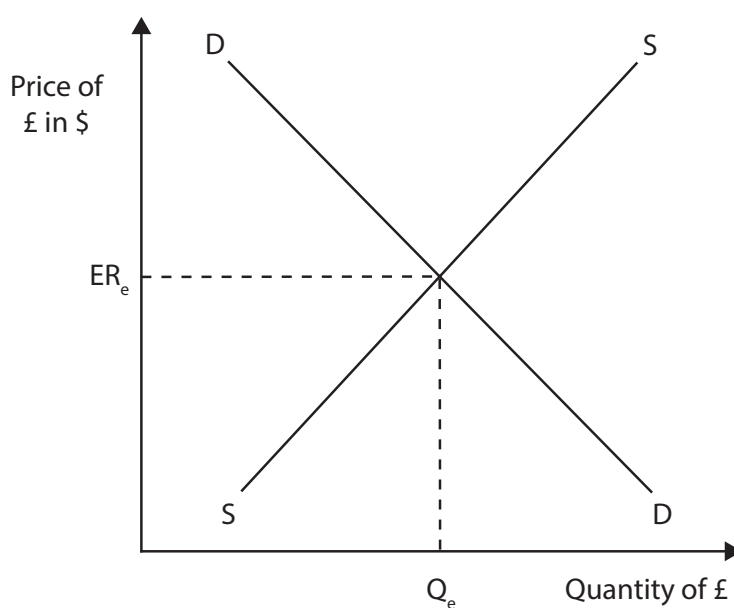


Figure 3

(Total for Question 2 = 20 marks)



SUB-TOPIC 2.2.2 (d-e)

TRADING BLOCS AND THE WTO

Sub-topic 2.2.2 (d-e) · 15 questions · 63 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) 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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3 Figure 3 shows selected UK Government receipts from taxation in 2019.

	£bn
Sales tax (VAT)	186.3
Income tax	268.3
Tariffs	31.9
Business tax	53.4

Figure 3

(a) What is the total amount of revenue raised by indirect taxes?

(1)

- ☐ A £454.6bn
- ☐ B £321.7bn
- ☐ C £218.2bn
- ☐ D £85.3bn

(b) Member countries of a trading bloc agree to

(1)

- ☐ A trade together with low or no barriers
- ☐ B have the same rate of income tax
- ☐ C only trade with members within the bloc
- ☐ D have common borders between members

Brazil currently only allows a quota of 600 million litres of ethanol per year to be imported from the US.

(c) Explain **one** advantage of using quotas for a country such as Brazil.

(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 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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2 (a) Which **one** of the following is the calculation for the rate of unemployment in a country?

(1)

- ☐ **A** Total labour force/Total population $\times 100$
- ☐ **B** Number of unemployed/Total labour force $\times 100$
- ☐ **C** Number of employed/Total labour force $\times 100$
- ☐ **D** Total unemployment/Total population $\times 100$

(b) Which **one** of the following describes a role of the World Trade Organization (WTO)?

(1)

- ☐ **A** Help with trade negotiations
- ☐ **B** Regulates multinational corporations
- ☐ **C** Provides financial assistance to developing countries
- ☐ **D** Stabilises exchange rates

(c) State **one** possible reason for a current account surplus.

(1)

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(d) What is meant by the term relative poverty?

(2)

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3 (a) Which **one** of the following is a feature of being a member of a trading bloc?

(1)

- ☐ A Higher tariffs on exports to other members within the bloc
- ☐ B Slower delivery times for goods within the bloc
- ☐ C Can only trade with members within the bloc
- ☐ D Access to a larger market within the bloc

Figure 3 shows imports and exports for a country in \$bn.

	\$bn
Exports of goods	300
Exports of services	80
Imports of goods	240
Imports of services	50

Figure 3

(b) What is the **visible trade balance** in \$bn for the country?

(1)

- ☐ A \$30bn
- ☐ B \$60bn
- ☐ C \$90bn
- ☐ D \$250bn

1 (d) Describe **one** role of the World Trade Organization (WTO).

(2)

A country has a labour force of 34 million people of which 32 million people are employed.

(e) Calculate, to two decimal places, the **rate of unemployment**. You are advised to show your working.

(2)



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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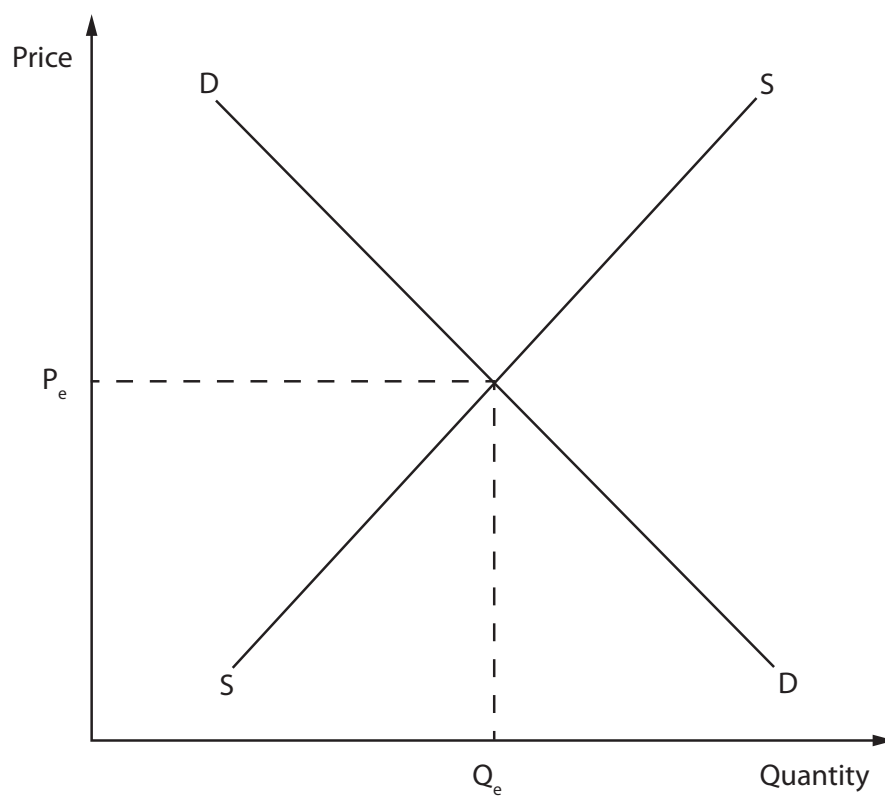
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- (f) Using the diagram below, draw the effects of the introduction of a quota on the equilibrium price and quantity of a good.
Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

**Figure 1**

In 2017 the US government wanted to introduce a 300% tariff on imported aircraft made by Canadian manufacturer Bombardier.

- (g) Explain **one** way the World Trade Organisation could promote free trade between countries such as Canada and the US.

(3)

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(6)

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(6)



- 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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(6)



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)

[illegible]

(d) Describe **one** way business activity can damage the environment.

(2)

Figure 1 shows selected UK Government receipts from taxation in February 2023.

	£bn
Income tax	20.0
Sales tax (VAT/GST)	14.3
Business tax	7.6
Excise duties	3.7
Customs duties	0.4

Figure 1

(e) Calculate the **total amount of revenue** in £bn raised by direct taxes in February 2023. You are advised to show your working.

(2)



In January 2023, China introduced a quota on imports of crude oil into the country.

- (f) Using the diagram below, draw the effects of the introduction of the quota on the equilibrium price and quantity of crude oil in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

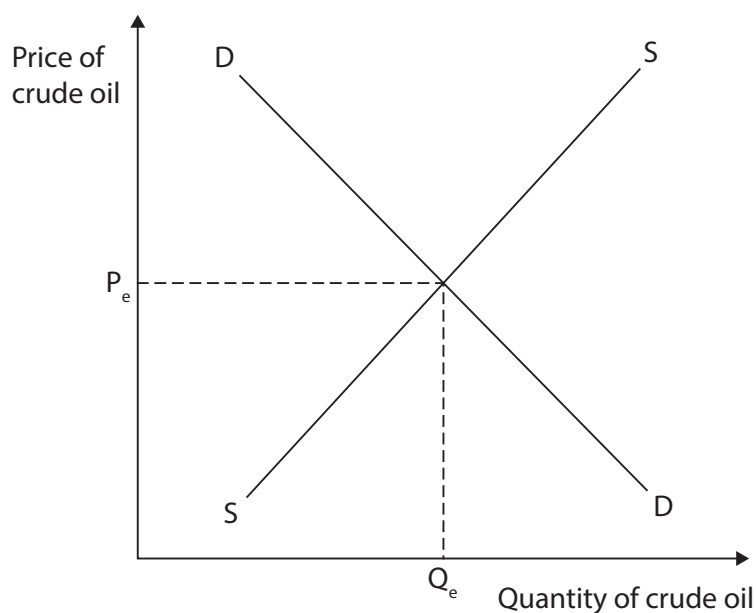


Figure 2



In 2021, the global economy experienced a period of rapid growth. This growth was accompanied by rising inflation in many parts of the world due to problems with the supply of goods.

- (g) Explain **one** reason why there may be a link between economic growth and inflation for an economy.

(3)



(h) With reference to the data above and your knowledge of economics, analyse the disadvantages to firms in South Africa of being a member of the AfCFTA.

[illegible]

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(Total for Question 1 = 20 marks)



(d) Describe **one** advantage of privatisation for a government.

(2)

Figure 1 shows selected UK Government receipts from taxation in February 2023.

	£bn
Income tax	20.0
Sales tax (VAT/GST)	14.3
Business taxes	7.6
Excise duties	3.7
Customs duties	0.4

Figure 1

(e) Calculate the **total amount of revenue** in £bn raised by indirect taxes in February 2023. You are advised to show your working.

(2)



In March 2023, the Government of Ghana announced it was removing fuel subsidies on petroleum.

- (f) Using the diagram below, draw the effects of the removal of the fuel subsidy on the equilibrium price and quantity of petroleum in Ghana. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

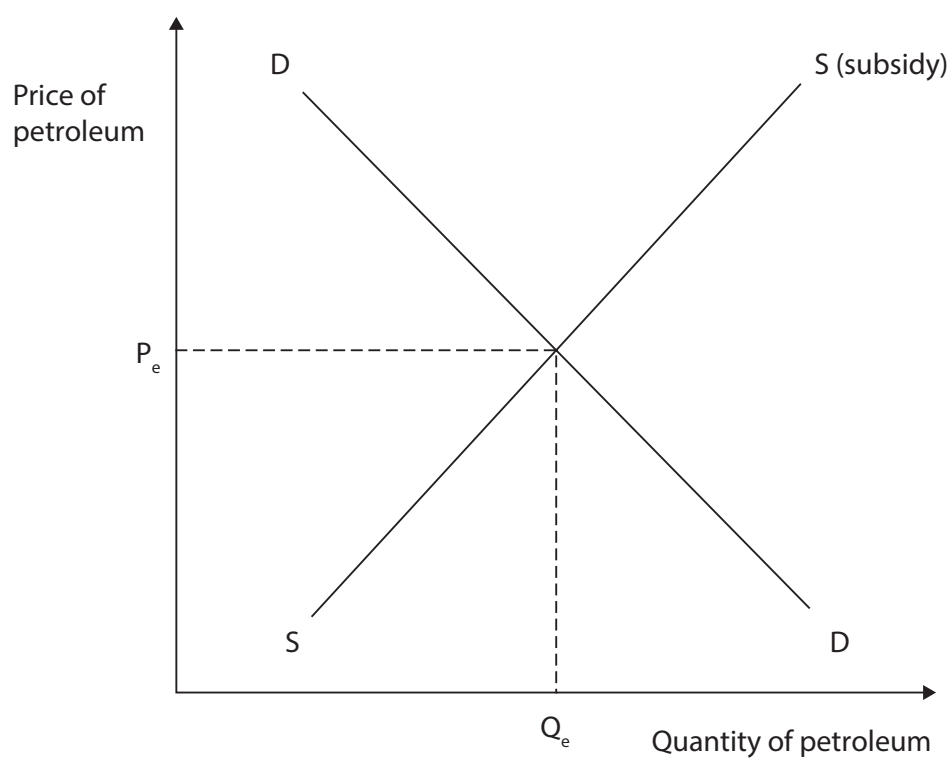


Figure 2



In September 2022, the Indian Government deregulated the telecommunications sector. This included reducing the taxes and fees that telecom companies had to pay to the government and allowing more firms to enter the market.

(g) Explain **one** advantage of deregulation for a country such as India.

(3)



(6)



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(Total for Question 1 = 20 marks)



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)

.....

.....

.....

.....



(Total for Question 2 = 20 marks)



4 Figure 5 shows the gross domestic product (GDP) for India in 2021 and 2022.

	2021	2022
GDP (\$bn)	3 150.31	3 385.09

Figure 5

(a) Calculate, to two decimal places, the **percentage change in GDP** for India between 2021 and 2022. You are advised to show your working.

(2)

In October 2023, India was once again considering joining the Regional Comprehensive Economic Partnership (RCEP).

The RCEP is the world's largest trading bloc, accounting for about 30% of global trade. It consists of 15 member countries including China, Japan and South Korea, the three largest economies in Asia.

India withdrew from RCEP negotiations in 2019, saying that it had concerns about the impact of the agreement on its domestic industries, particularly agriculture and manufacturing.

The Indian Government has been in talks with RCEP member countries to obtain a fair and balanced trade deal that would benefit all stakeholders.

- (c) With reference to the data above and your knowledge of economics, evaluate the possible benefits for India of joining the RCEP trading bloc.

(12)

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, text, or other markings on the paper.



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 practice. There are no margins, text, or other markings on the page.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

SUB-TOPIC 2.2.2 (f)

TRADE PATTERNS

Sub-topic 2.2.2 (f) · 2 questions · 9 marks · lowest tariff first



India set a target for its fiscal deficit of 3.3% of its GDP for the year ending March 2019.

- (e) Explain **one** reason why the Indian Government's fiscal deficit is likely to stimulate economic growth.

(3)

In 2017, the tertiary sector contributed 69.3% to Germany's GDP and the secondary sector contributed 30.1%. In comparison, the primary sector only accounted for 0.6% of GDP.

- (f) Explain a typical trade pattern for a developed country such as Germany.

(3)



(9)

4 Figure 5 shows the adult entry fee into the Corcovado National Park in Costa Rica and the current exchange rate between the British pound (£) and the Costa Rican colón (CRC).

Entry fee for 1 adult	1 600 CRC
Exchange rate: £ to CRC	£1 = 672 CRC

Figure 5

(a) Calculate, to two decimal places, **the price in British pounds (£)** of a park entry fee for 1 adult into the Corcovado National Park. You are advised to show your working.

(2)

(6)



[illegible]

Costa Rica has 5% of the world's wildlife species but it occupies only 0.03% of the earth's surface. Costa Rica takes pride in having 30 national parks with more than 25% of the territory of Costa Rica marked for conservation.

National parks have economic value to both national and local economies. Costa Rica takes advantage of the growing demand by tourists visiting these national parks by charging an entry fee. National Parks contribute almost \$2bn to the Costa Rican economy. 122,465 tourists visited national parks in Costa Rica in the last two weeks of 2021.

Local economies near the national parks benefit from the creation of jobs and the increased expenditure by tourists on hotels, local shops, guides, restaurants and tours.

- (c) With reference to the data above and your knowledge of economics, evaluate the possible advantages of the government providing national parks to protect the environment in a country such as Costa Rica.

(12)

[illegible]

MARK SCHEMES

official mark schemes, in the same order as the questions



Question Number	Answer	Mark
1(a)	AO1 1 marks C free trade	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark B Invisible trade	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to being willing and able and 1 mark for reference to unable to find employment People are willing and able to work/actively seeking work (1) but cannot find employment (1) . Accept any other appropriate responses.	(2)

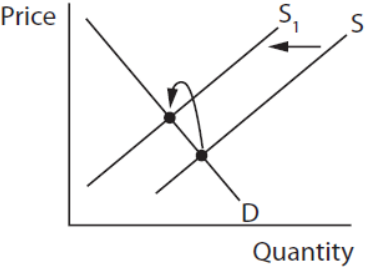
Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to decision and 1 mark for reference to not being both achievable The choice between two objectives (1) , where for one objective to increase the other must decrease (1) . Accept any other appropriate responses.	(2)

Question Number	Answer	Mark
2(a)	AO2 1 mark C	(1)

Question Number	Answer	Mark
2(b)	AO1 1 mark B Increased choice for consumers	(1)

Question Number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one correct objective. • Economic growth • Low and stable inflation • Low unemployment • Surpluses or equilibrium on current account • Redistribution of income • Protection of the environment Accept any other appropriate responses.	(1)

Question Number	Answer	Mark
2(d)	AO1 2 marks Award 1 mark for reference to fixed exchange rate system and 1 mark for reference to increased When the price of a currency in a fixed exchange rate system (1) is officially increased against other currencies (1) Or When a government fixes (1) new higher exchange rate (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
2(a)	AO2 1 mark c  (1)	

Question Number	Answer	Mark
2(b)	AO1 1 mark A Deregulation (1)	

Question Number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one correct disadvantage • Foreign competition • Increasing unemployment Accept any other appropriate responses (1)	

Question Number	Answer	Mark
2(d)	AO1 2 marks Award 1 mark for reference to price of a currency and 1 mark for reference to another currency The price of one currency (1) in terms of another currency (1) Accept any other appropriate response (2)	

Question Number	Which type of unemployment would result from the permanent closure of a coal mine? Answer	Mark
2(a)	A01 1 mark The only correct answer is: C Structural A is not correct because this occurs due to seasonal factors B is not correct because this is when people choose not to work D is not correct because this is caused by fluctuations in the economic cycle	(1)

Question Number	What would be the annual amount of interest earned on £7 000 of savings if the interest rate was 3% per annum? Answer	Mark
2(b)	A02 1 mark The only correct answer is: B £210 A is not correct because this is calculated by $£7000 \times 0.003$ C is not correct because this is calculated by $£7000 - £210$ D is not correct because this is calculated by $£7000 + £210$	(1)

Question Number	State one advantage of free trade. Answer	Mark
2(c)	A01 1 mark Award 1 mark for one advantage • Lower prices • Increased choice for consumers • Wider markets for business Accept any other appropriate response	(1)

Question Number	Answer	Mark
1(a)	AO1 1 marks C Voluntary	 (1)

Question Number	Answer	Mark
1(b)	AO1 1 mark D Recovery	 (1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to monetary authority and 1 mark for reference to its functions The monetary authority that manages a country's money supply (1) and interest rates/banking system (1) Accept any other appropriate response	 (2)

Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference harming domestic businesses and 1 mark for reference to competition from foreign businesses Domestic businesses can go out of business (1) if products from foreign businesses are better/cheaper (1) Accept any other appropriate response	 (2)

Question Number	State one effect on the balance of payments of improved quality of foreign goods. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one correct effect • Higher imports • Worsened balance of payments • Lower exports • Increased deficit • Worsened surplus Accept any other appropriate response	(1)

Question Number	What is meant by the term free trade? Answer	Mark
2(d)	AO1 2 marks Award 1 mark for reference to the import/export of goods and 1 mark for reference to not being taxed Goods/services coming into or going out of a country (1) which are not controlled/taxed (1) Accept any other appropriate response	(2)

Question Number	Explain one impact of rising unemployment on consumer confidence for a country such as Argentina. Answer	Mark
2(e)	AO2 3 marks Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being context • One impact is that consumer confidence is likely to fall (1). High rates of unemployment of 10.1% may make consumers more cautious (1). This can cause lower levels of consumer spending (1) Accept any other appropriate response	(3)

Question Number	Describe one advantage of free trade for consumers. Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to an advantage for consumers and 1 mark for development of an advantage for consumers An increase in choice (1) due to more foreign goods/services being imported into the country (1) Accept any other appropriate response	(2)

Question Number	Calculate the net pay in £ for Sofia. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation $£22\,500 \times 20\% = £4\,500$ (1) Award 1 mark for the correct answer $£35\,000 - £4\,500 = £30\,500$ (1) Award 2 marks if the correct answer £30 500 is shown, with £ sign, even if no calculations are shown Award 1 mark if correct answer 30 500 is shown but with no £ sign, with or without calculations Do not award marks for the formula	(2)

Question Number	Explain one advantage of free trade for businesses in Ecuador. Answer	Mark
1(g)	A02 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage is that businesses can access a wider market (1). Trade barriers will be removed for products such as bananas (1) which could help to increase total sales and revenue (1) - One advantage is that there could be lower input costs (1). Trade barriers will be removed for imports from China (1) which could help businesses to sell goods for lower prices in the domestic market (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the impact of high rates of inflation on consumer confidence in a country such as Germany. Indicative content	Mark
1(h)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Consumer confidence is an economic indicator that gauges consumers' perception of the economy - High rates of inflation could reduce confidence in Germany - Inflation reduces purchasing power and a rate of 10.4% will result in many consumers experiencing a reduction in living standards - This is because they cannot afford to purchase the same amount of goods and services - Consumer confidence will fall and may make them more cautious and less willing to borrow money - Savings may increase to safeguard against the future - High rates of inflation can cause uncertainty for many consumers making it difficult to plan ahead if prices are rising so much	(6)

Question Number	Analyse the disadvantages of free trade for domestic businesses located within this free trade area. Indicative content	Mark
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Free trade is a situation in which goods and services coming into or going out of a country/trade area are not controlled or taxed - Free trade means that domestic businesses are no longer protected - Domestic businesses will face greater competition from firms within the free trade area - Businesses may see increased competition from cheaper, low-cost firms within the free trade area who may have lower wage costs compared to domestic businesses - This could result in falling sales for businesses in the EU that will tend to have higher labour costs compared to Vietnam	(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 disadvantages of free trade for UK firms. Indicative content	Mark
3(d)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Free trade is a situation in which goods and services coming into or going out of a country/trade area are not controlled or taxed - The UK has agreed to end 99% of tariffs on goods from Australia - Free trade means that UK firms are no longer protected from imports from Australia that once had tariffs applied to them - Free trade means that UK firms may face greater competition from firms in Australia - UK firms may have increased competition from cheaper, lower cost firms in Australia that may have lower wage costs compared to UK firms - This could result in falling sales for UK firms that might have higher labour costs compared to Australia	(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 (A02). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (A03).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (A02). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (A03).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (A02). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (A03).

Question Number	With reference to the data above and your knowledge of economics, assess the possible benefits of privatising the college. Indicative content	Mark
3(e)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 - Privatisation is the act of selling a company or activity controlled by the government to private investors - The Scottish Government has recently privatised Shetland College - Shetland College will have more control over its operations now that it is in the private sector - Shetland College cannot rely on public money and must make a profit to survive - Therefore, Shetland College will now have to compete against the other rival colleges for students in order to gain revenue - Competitive pressures should help to improve quality and reduce prices for the students using the college - Shetland College may try to compete by offering a wider range of courses to attract more people to the college - It could seek to lower the prices for its courses without the interference of the government thereby benefitting students of the college A04 - However, in practice, state monopolies often become private monopolies - This might be the case with the firm operating in the education market - Competitive pressures are often not forthcoming and Shetland College has simply been moved from state to private ownership without facing any new competition - Critics are concerned that the privatisation might result in fewer courses available for students - As a result consumers/students might be exploited due to poor quality and price increases as the private firm seeks to reduce costs in order to maximise profits - Workers might be negatively affected as large numbers of people are often made redundant to reduce costs - The overall impact will depend on how the college is managed and operated by the management	(9)

Question Number	With reference to the data above and your knowledge of economics, analyse the benefits of free trade for domestic firms located within the RCEP. Indicative content	Mark
3(d)	A02 (3 marks)/A03 (3 marks) A02 and A03 • Free trade is a situation in which goods and services coming into or going out of a country/trade area are not controlled or taxed • The RCEP accounts for nearly 30% of global GDP and has 15 member countries • Firms located within the RCEP would be able to easily access a much wider market for their goods and services in the other member countries thereby increasing sales • Expansion into new countries without any trade barriers could help to reduce risk if demand falls within their own country • Tariffs will be removed for trade between all 15 member countries • Therefore any firms operating within the free trade area will be able to export to the other countries without these additional costs • Trade within the RCEP countries could allow firms to obtain essential inputs at a much lower cost than can be found domestically	(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	Assess the advantages of free trade to firms located within the EU. Indicative content	Mark
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 - Free trade is a situation in which goods and services coming into or going out of a country/trade area are not controlled or taxed - The new free trade area consists of over 770 million people and trades over €88bn in goods and €34bn in services every year - Firms located within the EU would be able to access a much wider market for its goods and services thereby increasing sales - Mercosur is removing tariffs on 91% of EU goods on items such as clothing, wine, chemicals and canned peaches - This means that any EU firm operating in these areas will be able to export to the Mercosur area without additional tariffs and could increase revenues - Expansion into a new trading bloc could help to reduce risk for EU firms if demand falls within the EU AO4 - However, free trade also means that EU firms will face greater competition from firms within the Mercosur area - EU firms may have increased competition from cheaper, low-cost firms within the Mercosur area that may have lower wage costs compared to EU firms - The EU has agreed to end 92% of tariffs on goods from the Mercosur area - This may have a negative impact on EU farmers particularly those involved in the production of beef, sugar and chicken - The overall impact will depend on the quality and price of the products made within the EU compared to the products made in the Mercosur area	(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	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: D More firms allowed to enter a market A is not correct because this would mean more regulations to implement it B is not correct because this increases the amount of regulation C is not correct because regulations would be needed to oversee the issuing of licences	(1)



Question Number	Indicative content	Mark
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • There will be a reduction in prices of imports for Chinese consumers now that the average tariff has been reduced from 17.3% to 7.7% • There would be an increase in competition for domestic firms which may encourage them to become more efficient • Chinese consumers will not only have a greater choice but may have access to better quality goods which cannot currently be met domestically • Chinese consumers would see an increase in living standards overall • If China reduces its tariffs other countries may do the same which would make it easier for China to export more goods AO4 • However, tariffs can be a good way to protect Chinese infant industries which may now face increased competition from cheaper imports from MNCs such as Nestle or Proctor & Gamble • This may result in an increase in unemployment in Chinese firms who make consumer products • Tariffs are also a good way to gain revenue for the Chinese government and this will be reduced as tariff rates have fallen from an average of 17.3% to 7.7% • Reducing tariffs may also reduce the surplus on the current account balance as more consumers buy imported products • However, the overall impact on the Chinese economy may be limited as it also depends on whether Chinese consumers do switch to imported goods rather than buy Chinese products • It may not have a great impact as only 200 products are involved	(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
3(a)	AO1 1 mark A Trade in goods	(1)

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

Question Number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for identifying a method of government intervention. Award 1 mark for developing the method. Award 1 mark for the response being in context. • Use of taxation (1) A tax on polluting goods such as cars increases the cost to the consumer (1) There should be a reduction in car use and less pollution created (1) • Use of subsidies (1) The government could subsidise the manufacture of solar panels (1) This encourages consumers to switch to renewable energy reducing pollution from fossil fuels (1) Accept any other appropriate response.	(3)

Question Number	Answer	Mark
1(a)	AO1 1 marks B unemployment	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark C Subsidies	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to value of goods/services and 1 mark to time period GDP is the market value of all goods and services (1) produced in a year (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to the positive impact and 1 mark for development of the positive impact An improvement in standards of living (1) due to more income from jobs (1) Accept any other appropriate response	(2)

Question Number	Which type of unemployment occurs when the demand for a product is only at certain times of the year? Answer	Mark
1(a)	AO1 1 mark The only correct answer is: C Seasonal A is not correct because this is caused by changes in whole industries B is not correct because this is caused by falling demand as a result of a downturn in the economic cycle D is not correct because this is caused from people choosing not to work	(1)

Question Number	Which one of the following terms refers to a tax on imported goods? Answer	Mark
1(b)	AO1 1 mark The only correct answer is B Tariff A is not correct because this is money paid by a government to reduce costs and lower prices C is not correct because this is a financial penalty for firms that break laws D is not correct because this is a document that gives business the right to discharge a certain quantity of polluting material	(1)

Question Number	What is meant by the term recession? Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to fall in GDP and 1 mark for reference to time period A fall in GDP (1) for two successive quarters (1). Accept any other appropriate response	(2)

Question Number	Answer	Mark
1(a)	AO1 1 mark The only correct answer is: D Quota A is not correct because this refers to currency and not a product B is not correct because this relates to price rather than quantity C is not correct because this defines a good not provided by the market	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark The only correct answer is: C Supply-side A is not correct because this refers to exchange of goods and services B is not correct because this concerns government revenue and expenditure D is not correct because this is the price of one currency in terms of another	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to GDP/economic cycle and 1 mark for reference to speed A period where GDP is still growing (1) but more slowly (1) Accept any other appropriate response	(2)

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 an advantage of a government giving subsidies to domestic producers? Answer	Mark
3(a)	A01 1 mark The only correct answer is: C Increases the production of goods and services A is not correct because subsidies will increase government spending B is not correct because subsidies support domestic production rather than increasing imports from other countries D is not correct because subsidies are likely to increase trade disputes rather than reduce them	(1)

Question Number	The price of a basket of goods and services was £1 200. The consumer price index (CPI) increased from 120 to 130. Calculate the new price of the basket of goods and services. Answer	Mark
3(b)	A02 1 mark The only correct answer is: B £1 300 A is not correct because this is £1 200 + 10 C is not correct because this is £1 200 + 130 D is not correct because this is £1 200 + 120 + 130	(1)

Question Number	Explain the likely impact on productivity of this change in business taxes for a country such as Italy. Answer	Mark
3(c)	A02 3 marks Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being in context One impact is an increase in productivity (1). Firms can keep more of the profit earned allowing them to invest in new technology/training (1). This will enable the firm to be more efficient/increase output per worker (1) Accept any other appropriate response	(3)

Question Number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for calculating the tariff Award 1 mark for calculating the final selling price in ¥ for 2018 $225 \times 0.08 = 18$ (1) $225 + 18 = ¥ 243$ (1) Award 2 marks if the final selling price is accurately calculated, with ¥ symbol with no workings shown Do not award marks for the formula	(2)

Question Number	Indicative content	Mark
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • A current account surplus means an economy is exporting a greater value of goods and services than it is importing • China's current account has been in surplus with a high of over \$900bn in January 2016 • China's current account surplus benefits the country in terms of employment as higher export sales help to create jobs • This encourages economic growth and a higher GDP • This is likely to result in a higher standard of living for China • China's current account surplus will mean that it will have surplus foreign exchange it can use to invest in other countries	(6)

Question Number	What is meant by the term dumping? Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to exporting goods and 1 mark for reference to the price being below manufacturing costs A firm sells goods in another country (1) below the cost of production (1). Accept any other appropriate response	(2)

Question Number	Calculate the fiscal surplus/deficit in Indian rupees crore (Rs) for India in 2019–2020. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation 2 080 201 Rs – 2 784 200 Rs (1) Award 1 mark for the correct answer = –703 999 Rs (1) Award 2 marks for the correct answer of –703 999 Rs even if no calculations are shown. Award 1 mark if the answer given is –703 999 with or without calculations shown Do not award marks for the formula	(2)

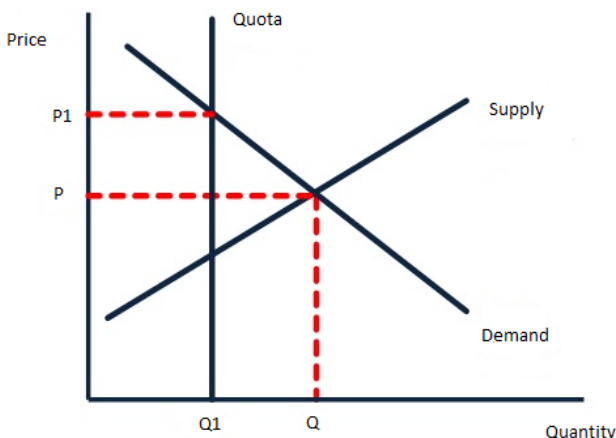
Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to new industry and 1 mark for reference to not well known in the market New/fledgling industries (1) that have yet to establish themselves (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation £73m x €1.08 (1) Award 1 mark for the correct answer. = €78 840 000 or €78.84m (1) Award 2 marks for the correct answer of €78 840 000 or €78.84m even if no calculations are shown Award 1 mark if the answer given is 78 840 000 or 78.84m with or without calculations shown Do not award marks for the formula	(2)

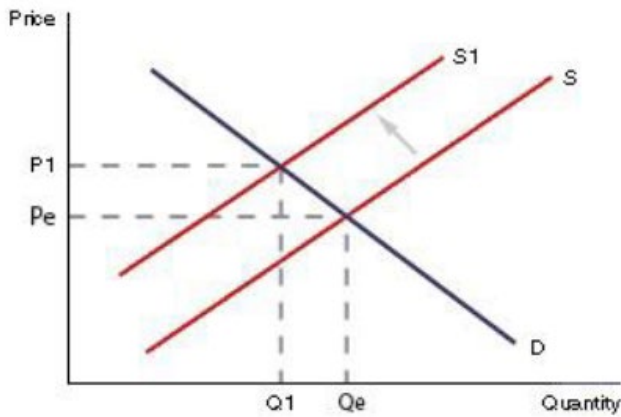
Question Number	Describe one benefit to a country of using quotas for imported goods.	Mark
	Answer	
1(d)	A01 2 marks Award 1 mark for reference to the benefit and 1 mark for the development of the benefit One benefit is quotas can protect domestic industries (1) due to restricting the quantity of certain imports (1) Accept any other appropriate response	(2)

Question Number	Calculate the price in euros (€) of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working.	Mark
	Answer	
1(e)	A02 2 marks Award 1 mark for calculation of the price in euros $750 \times €1.18$ (1) Award 1 mark for the correct answer $= €885$ (1) Award 2 marks if the correct answer is €885 even if no calculations are shown Award 1 mark if the answer given is 885 even if no calculations are shown Do not award marks for the formula.	(2)

Question Number	Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation. Award 1 mark for the correct answer. $1000/137.73$ (1) = £7.26 (1) Award 2 marks if the correct answer is shown, with sterling symbol, even if no calculations are shown. Do not award marks for the formula	(2)

Question Number	Answer	Mark
1(f)	A02 3 marks Award 1 mark for perfectly inelastic supply curve, labelled. Award 1 mark for higher equilibrium price, labelled. Award 1 mark for lower equilibrium quantity, labelled. 	(3)

Question Number	Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation. $\frac{8 \text{ million}}{72 \text{ million}} \times 100 \text{ (1)}$ Award 1 mark for the correct answer. $= 11.11\% \text{ (1)}$ Award 2 marks if the rate of unemployment is correctly calculated as 11.11%, with percentage sign, even if no calculations are shown. Award 1 mark if correct answer is shown, but with no percentage sign, even with or without calculations. Do not award marks for the formula.	(2)

Question Number	Answer	Mark
1(f)	A02 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question Number	Answer	Mark
1(g)	AO2 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 to gain market share (1). Barley producers in China might be forced out of production (1) resulting in a higher market share for Australian barley producers (1). - One reason is to get rid of surplus goods (1). Australia may have produced too much barley in one year (1). Reducing the price may result in higher demand for Australian barley in China (1). Accept any other appropriate response.	(3)



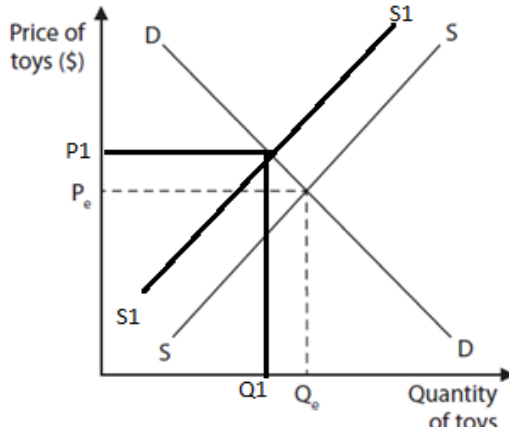
Question Number	Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation $21\,000 - (1\,500 \times 20\%)$ (1) Award 1 mark for the correct answer $= €20\,700$ (1) Award 2 marks if the correct answer €20 700 is shown, with € sign, even if no calculations are shown Award 1 mark if correct answer 20 700 is shown, but with no € sign, even if no calculations are shown Do not award marks for the formula	(2)

Question Number	Answer	Mark
1(f)	A02 3 marks Award 1 mark for leftward shift of perfectly inelastic supply curve, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled	(3)

Question Number	Answer	Mark
2(e)	AO2 3 marks Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being in context - One impact is that direct tax revenues may increase (1). By having more workers in employment paying income tax (1) results in an increase in tax revenues for the German Government to spend in the economy (1) - One impact is that indirect tax revenues may increase (1). With more people in employment, demand for goods and services may increase (1). Taxes such as VAT for the German Government can then be used for government expenditure (1) Accept any other appropriate response	(3)

Question Number	Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a reason Award 1 mark for developing the reason Award 1 mark for the response being in context - Some foreign-made toys may fail to follow requirements for product safety in the manufacturing process (1). This could result in unsafe toys being bought by UK consumers (1). The unsafe products may cause serious illness and even possibly death of a child (1) - The country of origin may have lower safety standards (1). The UK may have higher safety standards compared to other countries (1). This may have resulted in toys which are unsafe for UK consumers (1) Accept any other appropriate response	(3)

Question Number	Explain one advantage of using quotas for a country such as Brazil. 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 domestic producers face less competition (1). By only allowing 600 million litres of ethanol into Brazil (1) domestic producers may gain more market share (1) - One advantage is higher revenue for domestic producers (1). By restricting the amount of ethanol being imported into Brazil to 600 million litres (1) domestic producers might be able to increase sales (1) Accept any other appropriate response	(3)

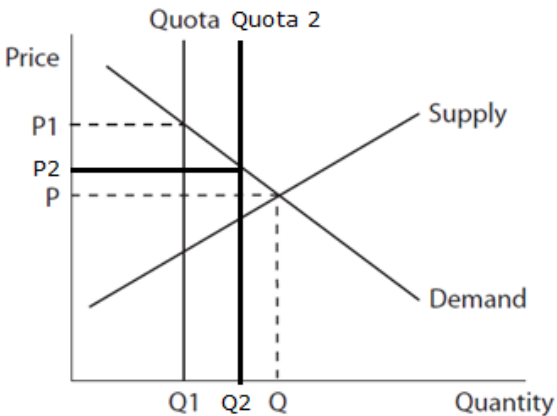
Question Number	Answer	Mark
1(f)	AO2 3 marks Award 1 mark for leftward shift of supply curve, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled  Figure 1	(3)

Question Number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context - One disadvantage is an increase in inflation (1). Growth of 4.9% in Malaysia means that firms will require more resources to make more goods and services (1). If there is a shortage of resources then this might result in cost push inflation (1) - One disadvantage is the damage caused to the environment (1). Growth of 4.9% means more resources will be required to make goods and services (1). This could result in an increase in pollution levels within Malaysia (1) Accept any other appropriate response	(3)

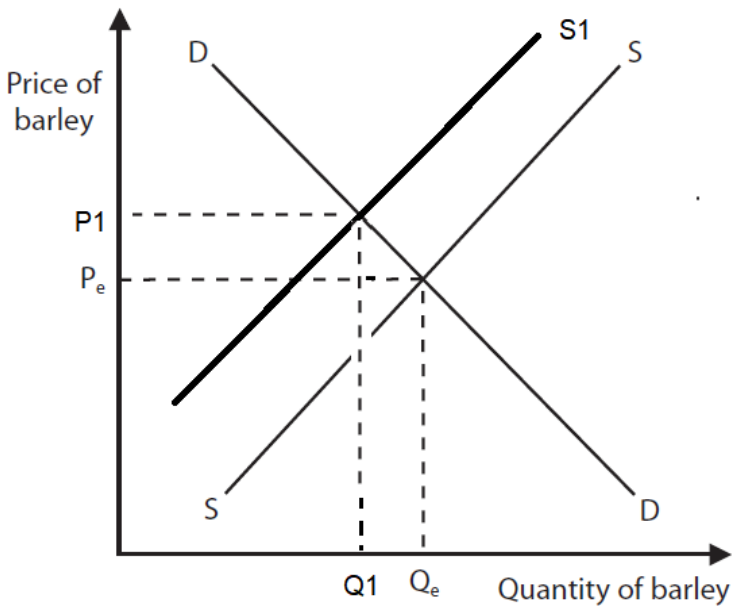
Question Number	Answer	Mark
3(a)	AO2 1 mark The only correct answer is: B £321.7bn A is not correct because it includes indirect tax C is not correct because it does not include business tax D is not correct because it does not include income tax	(1)

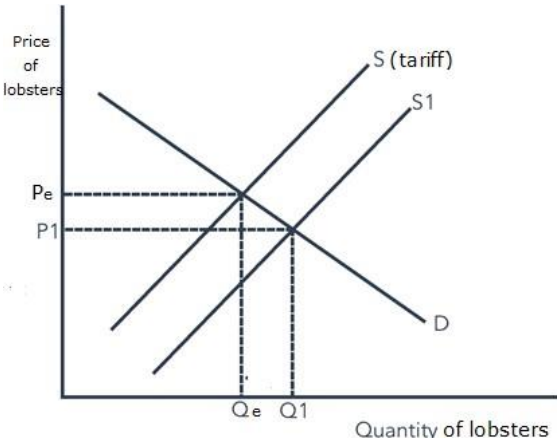
Question Number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: D selling its own currency A is not correct because this will increase demand for its currency B is not correct because this will increase demand for your own currency C is not correct because this will cause it to appreciate	(1)

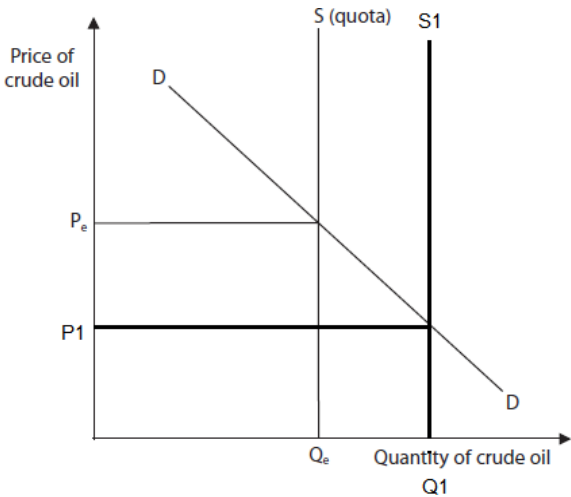
Question Number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for identifying an advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage is an increase in exports (1). Subsidising clothing by 4% can make exports more competitive (1). This can result in greater export earnings and improve the current account (1) - One advantage is more domestic firms may enter the market (1). Subsidising home appliances by up to 10% makes them more price competitive (1). This can result in an increase in employment (1) Accept any other appropriate response	(3)

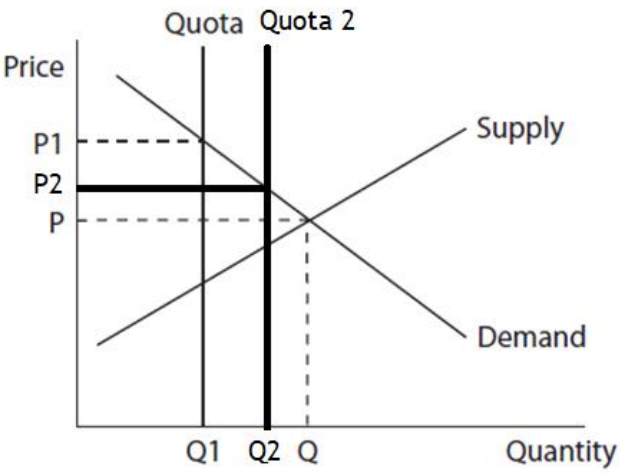
Question Number	Using the diagram below, draw the effects of the introduction of a new quota on the equilibrium price and quantity of haddock. Label the new curve, the new equilibrium price and new equilibrium quantity. Answer	Mark
1(f)	AO2 3 marks Award 1 mark for rightward shift of perfectly inelastic supply curve, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled  Figure 2	(3)

Question Number	Explain one possible reason why the Kazakhstan Government introduced quotas on imports of wheat and flour. 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 to protect domestic firms (1). By only allowing 200,000 tonnes and 70,000 tonnes of wheat and flour into the country (1) domestic producers may gain more market share (1) • One reason is higher revenue for domestic producers (1). By only allowing 200,000 tonnes and 70,000 tonnes of wheat and flour into the country (1) domestic producers might be able to increase supply to meet any shortages (1) Accept any other appropriate response.	(3)

Question Number	Using the diagram below, draw the effects of the introduction of a tariff on the equilibrium price and quantity of Australian barley. Label the new curve, the new equilibrium price and new equilibrium quantity. Answer	Mark
1(f)	A02 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

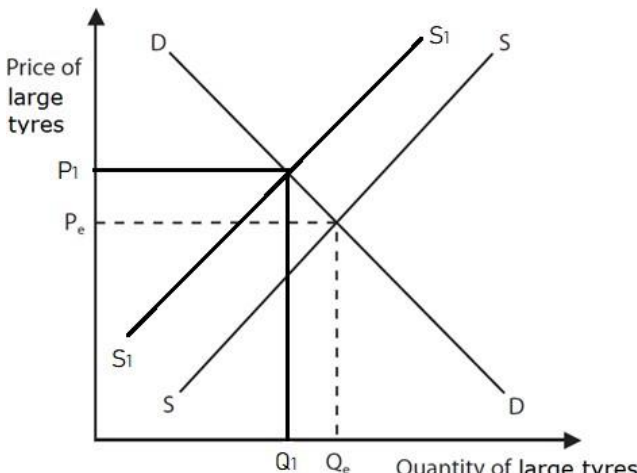
Question Number	Using the diagram below, draw the effects of the decrease in the tariff on the equilibrium price and quantity of US lobster imports into the EU. Label the new curve, the new equilibrium price and new equilibrium quantity. Answer	Mark
1(f)	A02 3 marks Award 1 mark for rightward shift of supply, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

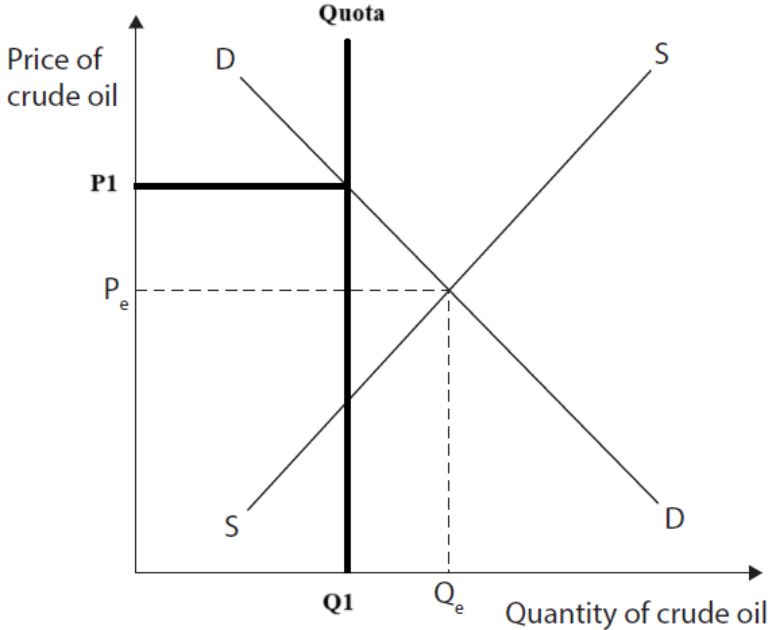
Question Number	Using the diagram below, draw the effect of the introduction of the new quota. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
2(f)	A02 3 marks Award 1 mark for rightward shift of perfectly inelastic supply curve, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

Question Number	Using the diagram below, draw the effects of the new quota on the equilibrium price and quantity of fish. Label the new curve, the new equilibrium price and new equilibrium quantity. Answer	Mark
2(f)	A02 3 marks Award 1 mark for rightward shift of perfectly inelastic supply curve, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

Question Number	What is the rate of inflation if the Consumer Price Index (CPI) in an economy increased from 1000 to 1050 in one year? Answer	Mark
3(a)	A02 1 mark The only correct answer is: D 5% A is not correct because this answer is calculated by $1 - 5\%$ B is not correct because this answer is calculated by $1 + 5\%$ C is not correct because this answer is calculated by $(50/1050) \times 100$	(1)
Question Number	Which one of the following terms means someone not having enough resources to meet all of their basic needs? Answer	Mark
3(b)	A01 1 mark The only correct answer is: C Absolute poverty A is not correct because this describes the range of incomes in an economy B is not correct because this describes someone having a lower standard of living in comparison to the average person in society D is not correct because this refers to the gap between the rich and the poor	(1)
Question Number	Explain one possible reason why the US Government introduced this subsidy. 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 to protect domestic firms (1). Subsidies allow firms to lower prices (1) encouraging consumers to switch to US-manufactured cars with US-made batteries (1). - One reason is to increase exports (1). Subsidising cars by \$500 can make exports of cars with US-made batteries more competitive (1). This can result in greater export earnings and improve the current account (1). Accept any other appropriate response	(3)



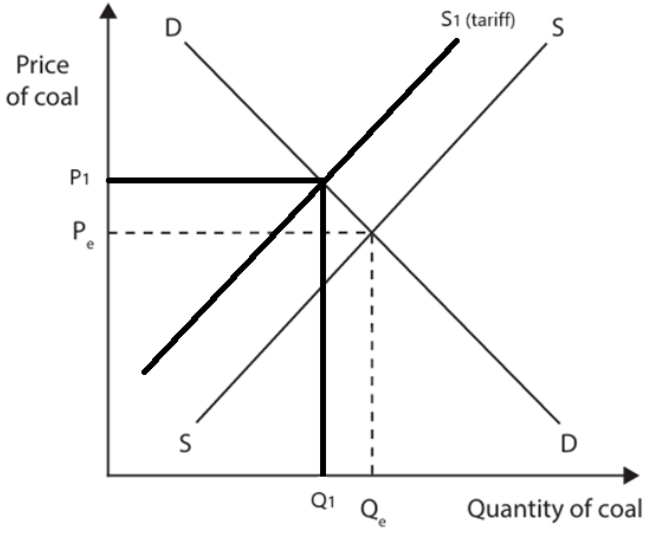
Question Number	Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of large tyres. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(f)	A02 3 marks Award 1 mark for a leftward shift of supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question Number	Using the diagram below, draw the effects of the introduction of the quota on the equilibrium price and quantity of crude oil in China. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(f)	AO2 3 marks Award 1 mark for a perfectly inelastic supply curve, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question Number	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. Answer	Mark
3(c)	A02 3 marks Award 1 mark for a right shift of supply, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled (3)	

Question Number	Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of tomatoes in India. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(f)	A02 3 marks Award 1 mark for a rightward shift of the supply curve, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled Figure 2	(3)



Question Number	Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of coal in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
1(f)	Answer A02 3 marks Award 1 mark for a leftward shift of the supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question Number	Indicative content	
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Subsidies are financial support from a government to lower the production costs of domestic firms - In this case, the Indian Government is providing a production subsidy of \$725m to the farmers of sugar cane - Subsidies will lower the price of Indian produced sugar cane and increase sales - Financial support in the form of subsidies can help to protect local jobs - Subsidies can also help to encourage agricultural output of sugar cane by encouraging an increase in supply - Subsidies can help to improve competitiveness against firms in other countries such as Australia that may not receive government assistance	
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	Analyse the possible benefits for Columbia of having import quotas. Indicative content	Mark
1(h)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Quotas are physical limits on the quantity of imports allowed into a country - Quotas on rice might help to protect domestic rice farmers - By restricting the amount of rice imported into Columbia domestic rice farmers may gain more market share - This could result in higher revenues for domestic rice farmers - Rice is a staple food in Columbia therefore is of national importance - Therefore, domestic rice farmers might be able to increase the supply of rice to meet any shortages if imports are restricted by quotas	(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 (A02). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (A03).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (A02). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (A03).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (A02). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (A03).

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)

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 price in British pounds (£) of a park entry fee for 1 adult into the Corcovado National Park. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 2 marks for calculating the price in £ sterling $\frac{1600}{672} \quad (1)$ $= £2.38 \quad (1)$ Award 2 marks if the park entry fee is accurately calculated as £2.38 even if no calculations are shown Award 1 mark if £ is missing i.e. 2.38 with or without calculations shown Do not award marks for the formula	(2)

Question Number	With reference to the data above and your knowledge of economics, analyse how the trade patterns may differ between a developed and a developing country. Indicative content	Mark
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Developed countries, such as the UK, tend to have more diversified economies with a higher share of manufacturing and services sectors in their GDP - This allows developed countries to produce a wide range of goods and services making them less dependent on a few primary products for their exports - Developed countries such as the UK have exhausted many raw materials and moved away from agriculture so need to import these commodities - In contrast, developing countries such as Costa Rica may have a narrower range of products to offer with a higher share of agricultural exports - Costa Rica relies heavily on agricultural exports such as fruit and vegetables accounting for 73.4% of exports to the UK - The patterns of trade are different for developed and developing economies due to the different sizes of the primary, secondary and tertiary sectors	(6)

Question Number	With reference to the data above and your knowledge of economics, assess the possible benefits for the South Korean car industry from the removal of tariffs by the Philippines. Indicative content	Mark
2(g)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • The removal of a 5% import tariff on Korean cars makes them cheaper and more competitive against other foreign brands in the Philippines, potentially increasing market share • With tariffs gone, it is likely that more Korean cars will be exported to the Philippines, benefiting manufacturers through increased sales and revenue • Accessing the large and growing Philippine market, which has the 12th largest population and is a significant car importer, offers a substantial expansion opportunity for Korean car makers • Increased car exports to the Philippines can contribute to economic growth and job creation in South Korea's car industry A04 • However, with Japanese cars dominating 82.5% of the Philippine market, Korean cars might still struggle to significantly penetrate or compete, even without tariffs • The removal of tariffs may lead to increased competition from domestic car manufacturers in the Philippines, making it harder for Korean cars to gain market share • Filipino consumers might prefer other brands or have a strong brand loyalty to existing cars, making it difficult for Korean cars to penetrate the market • Philippine car manufacturers might retaliate against the influx of cheaper Korean cars • Exchange rate fluctuations could affect the profitability and pricing of Korean cars in the Philippines	(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	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	What is the total amount of revenue raised by indirect taxes? Answer	Mark
3(a)	AO2 1 mark The only correct answer is: C £218.2bn A is not correct because this is calculated by Sales tax (VAT) + Income tax B is not correct because this figure is calculated by Income tax + Tariffs D is not correct because this is calculated by Tariffs + Business tax	(1)

Question Number	Member countries of a trading bloc agree to Answer	Mark
3(b)	AO1 1 mark The only correct answer is: A trade together with low or no barriers B is not correct because countries in a trading bloc can have different rates of income tax C is not correct because members can trade with any country outside of the trading bloc D is not correct because member countries do not always have common borders	(1)

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	Which one of the following describes a role of the World Trade Organization (WTO)? Answer	Mark
2(b)	A01 1 mark The only correct answer is: A Help with trade negotiations B is not correct because this is not carried out by the WTO C is not correct because the WTO does not offer financial assistance to any countries D is not correct because the WTO does not get involved in exchange rate fluctuations	(1)

Question Number	State one possible reason for a current account surplus. Answer	Mark
2(c)	A01 1 mark Award 1 mark for one possible reason • Improving quality of domestic goods • Poorer quality of foreign goods • Lower price of domestic goods • Higher price of foreign goods • Depreciating exchange rate • Value of exports is greater the value of imports Accept any other appropriate response	(1)

Question Number	What is meant by the term relative poverty? Answer	Mark
2(d)	A01 2 marks Award up to 2 marks for a correct definition The standard of living is below (1) the typical average living standards in that society (1) Accept any other appropriate response	(2)

Question Number	Which one of the following is a feature of being a member of a trading bloc?	Mark
3(a)	Answer A01 1 mark The only correct answer is: D Access to a larger market within the bloc A is not correct because there is generally the reduction or elimination of tariffs among member countries B is not correct because delivery times might be faster with more integration within the trading bloc C is not correct because members can trade with any country outside of the trading bloc	(1)

Question Number	What is the visible trade balance in \$bn for the country?	Mark
3(b)	Answer A02 1 mark The only correct answer is: B \$60bn A is not correct because this is \$80bn- \$50bn C is not correct because this is (\$300bn + \$80bn) - (\$240bn + \$50bn) D is not correct because this is \$300bn-\$50bn	(1)

Question Number	Describe one role of the World Trade Organization (WTO). Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to the role and 1 mark for development of the role It helps to settle trade disputes between countries (1) by acting as a mediator to find a solution (1) Accept any other appropriate response	(2)

Question Number	Calculate, to two decimal places, the rate of unemployment . You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation <math display="block">\frac{(34 \text{ million} - 32 \text{ million})}{34 \text{ million}} \times 100 \text{ (1)}</math> OR <math display="block">\frac{2 \text{ million}}{34 \text{ million}} \times 100 \text{ (1)}</math> Award 1 mark for the correct answer = 5.88% (1) Award 2 marks if the correct answer is 5.88% even if no calculations are shown Award 1 mark if the answer given is 5.88 even if no calculations are shown Do not award marks for the formula	(2)

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	Describe one impact on consumers of an increase in interest rates.	Mark
1(d)	Answer A01 2 marks Award 1 mark for reference to the impact and 1 mark for the development of the impact One impact is that the cost of borrowing becomes more expensive (1) therefore fewer consumers take out loans to buy products (1) Accept any other appropriate response	(2)

Question Number	Calculate the visible trade balance in €bn for the country. You are advised to show your working.	Mark
1(e)	Answer A02 2 marks Award 1 mark for export of goods – import of goods €150bn - €120bn (1) Award 1 mark for the correct answer = €30bn (1) Award 2 marks if the correct answer is €30bn even if no calculations are shown Award 1 mark if the answer given is 30bn even if no calculations are shown Do not award marks for the formula.	(2)

Question Number	Answer	Mark
1(g)	A02 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 by the WTO hosting discussions/trade negotiations (1) in which countries such as the US and Canada agree to reductions in tariffs/quotas (1) which should result in greater free trade between countries (1) - One way is by the WTO having a set of rules (1) These aim to ensure that countries do not introduce tariffs/quotas such as the 300% tariff on aircraft (1) which would restrict free trade between countries (1) Accept any other appropriate response.	(3)

Question Number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being in context - The impact is that wages do not buy the same amount of goods (1) this is because prices are rising at a faster rate than wages (1). To prevent this wages need to rise such as the recent increase in Mexico (1) - The impact might be limited (1) if wages for some workers in Mexico are linked to inflation (1). This means that the standard of living remains the same if wages are keeping up with inflation (1) Accept any other appropriate response	(3)

Question Number	Indicative content	Mark
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Trade blocs are usually groups of countries in specific regions that manage and promote trade activities - This can result in more free trade between member countries - This can benefit member countries in the AfCFTA because they have access to a wider market which will consist of 1.2bn people - GDP for the trade bloc is expected to be \$2.5 trillion. - Firms in the trade bloc may be able to exploit economies of scale or specialisation can occur - Prices may be cheaper due to a reduction of tariffs and quotas - Consumers may benefit with lower prices and/or greater choice of goods and services - Being a member of the AfCFTA trade bloc may attract increased FDI	(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	Answer	Mark
4(a)	A02 2 marks Award 2 marks for calculating the percentage change in spending on education $\frac{59-68}{68} \times 100 \quad (1)$ $= -13.24\% \quad (1)$ Award 2 marks if the percentage change is accurately calculated, even if no calculations are shown Award 1 mark if % is missing i.e. -13.24, even if no calculations are shown	(2)

Question Number	Indicative content	Mark
4(b)	A02 (3 marks)/A03 (3 marks) A02 and A03 • WTO helps with trade negotiations between the many different countries that are members • There are often trade disputes between the member countries such as the US who has been involved in 422 trade disputes • The WTO can help to resolve these to encourage greater free trade • WTO sets the rules of trade for the member countries that account for 98% of world trade • It encourages the reduction of tariffs and quotas as well as ensuring that the 164 members uphold these rules of trade • Without the WTO, there would be more protectionism and trade negotiations would take much longer • A reduction of protectionism should result in more free trade and therefore lower prices and increased choice for consumers	(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	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

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	Explain one reason why there may be a link between economic growth and inflation for an economy. Answer	Mark
1(g)	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 that economic growth can lead to a rise in demand for goods and services (1). Due to supply not keeping up with demand (1) prices rise/inflation occurs as demand is greater than supply (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the disadvantages to firms in South Africa of being a member of the AfCFTA. Indicative content	Mark
1(h)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Trading blocs are usually groups of countries in specific regions that negotiate preferential trading agreements between themselves with reduced trade barriers - As more firms from different countries in the AfCFTA enter the South African market, domestic firms may face increased competition - Foreign firms may have advantages such as lower costs of production, better technology or greater access to resources which can give them an advantage over domestic firms - This could lead to lower prices and profit margins, making it harder for domestic firms to survive in the market - If South African firms are unable to compete with other firms in the trade bloc they may be forced to close or to reduce their workforce	(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	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	Explain one advantage of deregulation for a country such as India. Answer	Mark
1(g)	AO2 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage is that it can increase competition (1). New telecommunications firms can more easily enter the market and compete with established companies (1) which can lead to lower prices/higher quality/more choice for consumers (1) - One advantage is that it can stimulate economic growth (1). When regulations are reduced, firms pay lower taxes or fees so may have more resources to invest (1) which can create jobs and increase economic output (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the advantages for UK firms of the UK joining the CPTPP trading bloc. Indicative content	Mark
1(h)	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 - The CPTPP includes countries in the Asia-Pacific region, providing UK firms with access to new markets that they might not have been able to enter before - By joining the CPTPP, the UK firms could benefit from reduced trade barriers, making it easier and cheaper to export goods to member countries - Membership in the CPTPP could help UK firms access skilled labour in other member countries - Membership of the CPTPP could help the UK firms diversify trade relationships beyond Europe, reducing the risk of relying on a single trading partner	(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	Which one of the following is the calculation for the rate of unemployment in a country? Answer	Mark
2(a)	AO1 1 mark The only correct answer is: B Number of unemployed/Total labour force x 100 A is not correct because this calculates the labour force participation rate C is not correct because this calculates the employment rate D is not correct because this calculates the unemployment rate as a percentage of the total population	(1)

Question Number	Indicative content	Mark
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Trade blocs are usually groups of countries in specific regions that manage and promote trade activities • This can result in more free trade between member countries • This can benefit member countries such as Thailand because they have access to a wider market in ASEAN countries, such as Vietnam, in which to sell their goods and services • Firms in countries such as Thailand may be able to exploit economies of scale or specialisation can occur • Consumers may benefit with lower prices and/or greater choice of goods and services • Being a member of the ASEAN trade block may attract increased FDI • Membership of the trade bloc has contributed to an increase in GDP per capita from \$122 to \$4 021 AO4 • Thailand may face increased competition as imports from other member countries increase • This may have a damaging effect on Thailand's domestic firms • Countries such as Thailand may rely too heavily on trade within the bloc rather than trading with non-member countries such as India • The overall benefits will depend on the ability of a country to compete within the region and the level of trade with non-member countries	(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	With reference to the data above and your knowledge of economics, evaluate the possible benefits for India of joining the RCEP trading bloc. Indicative content	Mark
4(c)	A02 (4 marks)/A03 (4 marks)/A04 (4 marks) A02 and A03 • A trading bloc is a group of countries that have agreed to reduce or eliminate trade barriers between each other • Joining the RCEP bloc may create a larger and more diverse consumer market for Indian goods and services • This can create new export opportunities and boost economic growth especially if there is strong demand for Indian goods and services in these new markets • RCEP eliminates tariffs on most goods traded between member countries. This would make Indian exports more competitive in foreign markets • Joining RCEP would give Indian firms access to a larger market in places such as Japan and South Korea and encourage foreign investment in India • RCEP would make it easier for Indian firms to integrate into regional and global supply chains. This would help Indian firms reduce costs and improve efficiency • RCEP is expected to create many jobs. India could benefit from this job creation, especially for its young and growing population • The bloc may give India more bargaining power in international trade negotiations helping to secure better deals for its exports and imports A04 • However, joining a trading bloc could also lead to increased competition for Indian firms in both domestic and foreign markets • Indian firms will need to be prepared to compete with firms from the 15 member countries and this may result in Indian firms having to innovate or lower prices • The increased competition from firms in other member countries could lead to job losses in India particularly in labour-intensive industries such as agriculture and manufacturing • This is because firms may be tempted to shift their production to member countries with lower labour costs or more favourable tax regimes • Overall, there are both potential benefits and challenges associated with membership of the RCEP	(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
2(e)	AO2 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 that the government can spend more within the economy (1), this overspend can be used to invest in the public services such as infrastructure (1), and this can create jobs within the Indian economy stimulating economic growth (1). Accept any other appropriate response.	(3)

Question Number	Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a pattern of trade Award 1 mark for developing the pattern of trade Award 1 mark for the response being in context - Developed countries such as Germany export valuable manufactured goods (1) such as cars and electrical goods (1) and import cheaper primary products such as tea and sugar (1). - Developed countries such as Germany have moved away from the primary sector (1) and have more developed secondary and tertiary sectors (1). They export finished goods to developing countries such as Bangladesh (1). Accept any other appropriate response.	(3)

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, evaluate the possible advantages of the government providing national parks to protect the environment in a country such as Costa Rica. Indicative content	Mark
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Parks can provide a range of environmental benefits such as protecting and preserving biodiversity • Parks can contribute to long-term economic sustainability by protecting natural resources and ecosystem services • The conservation of natural resources through parks can also support other economic activities such as fishing and timber harvesting by ensuring the sustainability of these resources over the long term • The creation and maintenance of parks can generate economic benefits such as employment opportunities and revenue from tourism • The establishment of protected areas can help lessen the economic costs associated with environmental degradation • Parks and natural spaces can contribute to improvements in public health by providing opportunities for exercise and recreation which can reduce healthcare costs and absenteeism from work due to illness • Parks and protected areas can contribute to a sense of national identity and pride which can help to attract international visitors and promote trade and investment AO4 • However, the costs of creating and maintaining parks can be high and may require significant public funding • The creation of parks may require the displacement of local communities or restrictions on traditional land use practices • Ecotourism can lead to overcrowding and environmental degradation if not properly managed • Protected areas can limit opportunities for economic development particularly in sectors such as mining, logging and agriculture • This can be a source of conflict between conservationists and those who see protected areas as a hindrance to economic growth • There are alternative methods which the Costa Rican Government could use such as taxation and pollution permits which might be more effective in protecting the environment	(12)