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Pearson Edexcel International Advanced Level

Tuesday 3 June 2025

Afternoon (Time: 2 hours)	Paper reference	WEC14/01
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Economics

International Advanced Level

UNIT 4: Developments in the global economy

<p style="font-weight: bold; font-size: 0.9em;">You must have:</p> <p style="font-size: 0.9em;">Source Booklet (enclosed)</p>	<p style="font-size: 0.8em;">Total Marks</p>
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Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Section A and Section B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Mohammad Abdullah Al Mamun
Principal
American International Tutorial
(An English Medium School)

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SECTION A**Answer ALL questions in this section.****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** India has experienced a significant increase in its economic development since 2002.

Which **one** of the following is likely to have caused the increase in India's economic development?

- A** An increase in the proportion of people with access to the internet per thousand of population
- B** A decrease in the proportion of people with access to mobile phones per thousand of population
- C** An increase in terrorism and civil wars
- D** A decrease in life expectancy at birth

(Total for Question 1 = 1 mark)

- 2** Between 2020 and 2022 Sweden's national debt decreased from \$184.4 billion to \$180.2 billion.

Which **one** of the following is the most likely effect of a decrease in the national debt of a country?

- A** An increase in debt servicing costs
- B** An increase in the rate of inflation
- C** A decrease in the rate of interest
- D** A decrease in absolute advantage

(Total for Question 2 = 1 mark)

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- 3 In 2022 Romania's labour productivity increased at a faster rate than that of its main trading partners.

Ceteris paribus, which **one** of the following can be deduced from this statement?

- A Average export prices of Romanian goods and services increased relative to the average export prices of its trading partners
- B Unit labour costs in Romania decreased relative to the average unit labour costs of its trading partners
- C Romania's goods and services became less internationally competitive relative to its trading partners
- D Romania experienced an improvement in its terms of trade

(Total for Question 3 = 1 mark)

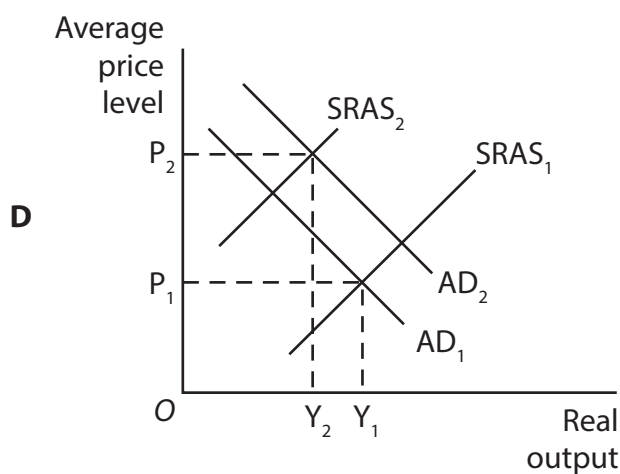
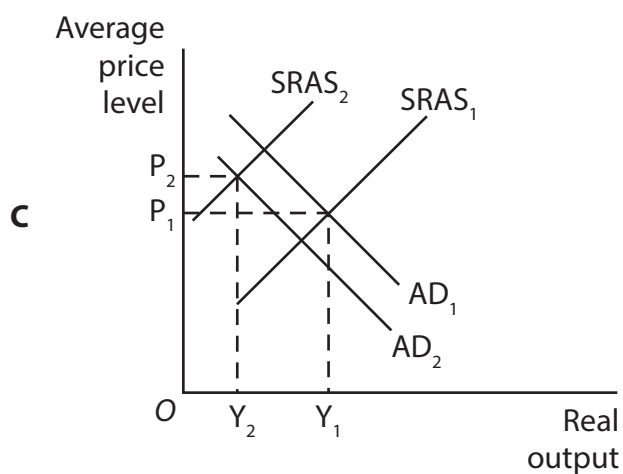
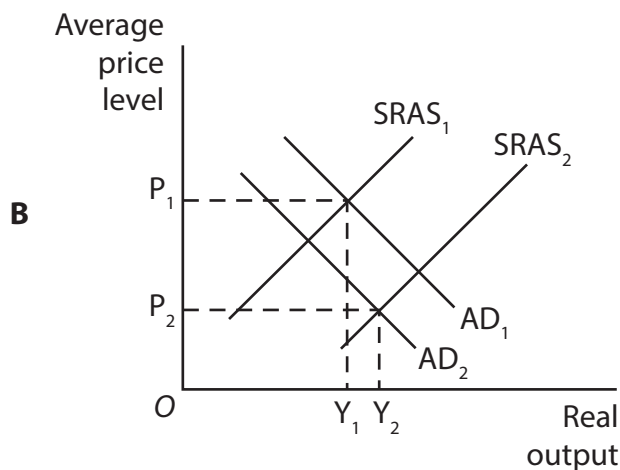
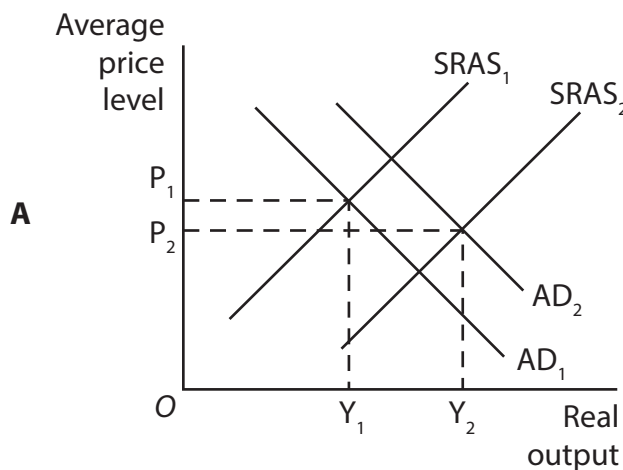
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4 In each of the diagrams the original equilibrium is represented by P_1 and Y_1 .



Which **one** of these aggregate demand (AD) and short-run aggregate supply (SRAS) diagrams represents the most likely effect of a substantial currency depreciation?

- A**
- B**
- C**
- D**

(Total for Question 4 = 1 mark)

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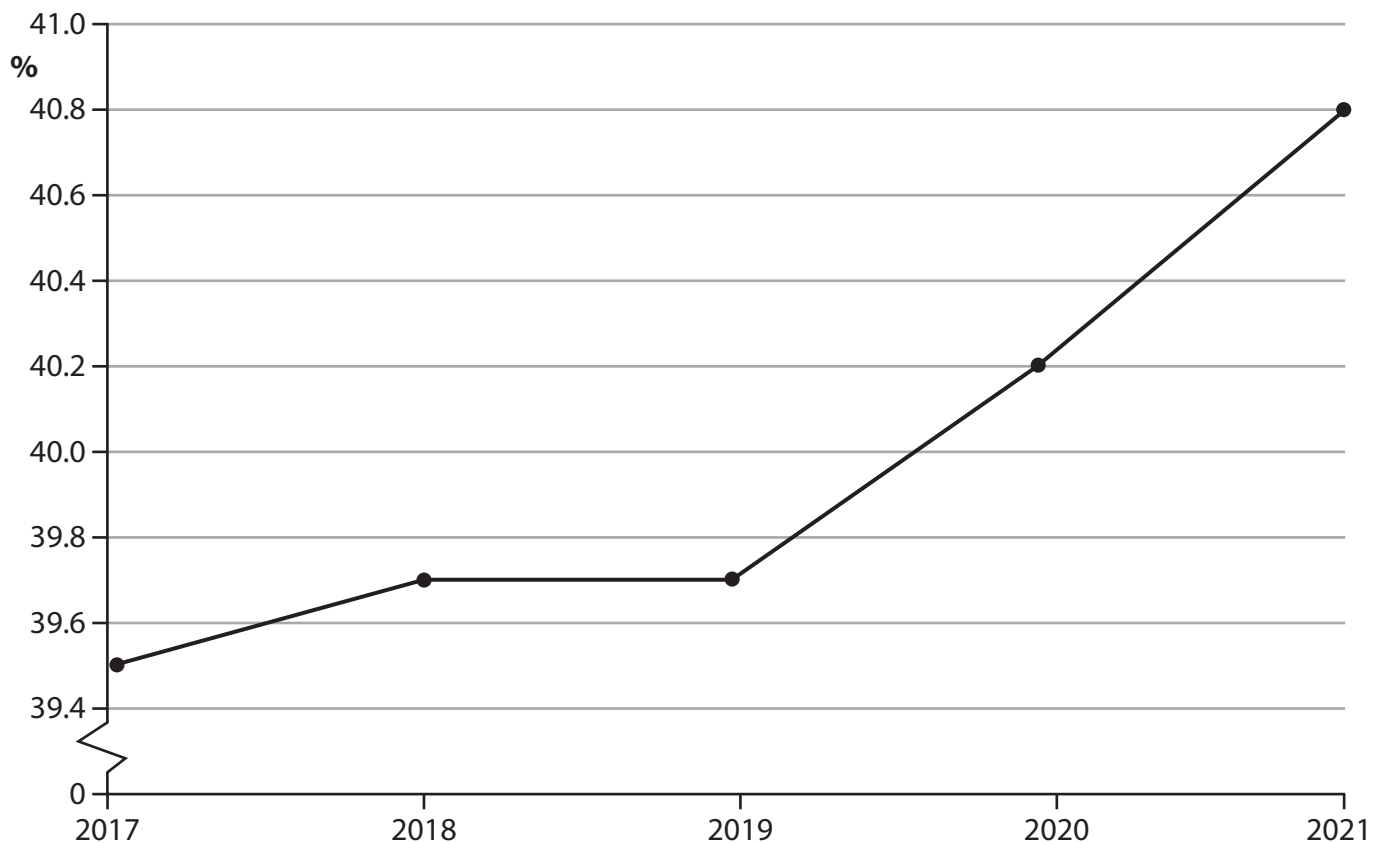
- 5 Between December 2022 and December 2023, Australia's export prices decreased by 4.8% and import prices decreased by 3.1%.

What was Australia's terms of trade in December 2023 if December 2022 = 100?

- A 64.58
- B 98.25
- C 101.79
- D 154.84

(Total for Question 5 = 1 mark)

- 6 The chart shows Uruguay's Gini coefficient, expressed as a percentage, between 2017 and 2021.



Which **one** of the following can be deduced from this chart?

- A Uruguay's Lorenz curve shifted closer to the line of perfect equality
- B Uruguay experienced perfect income inequality
- C Uruguay's Lorenz curve shifted away from the line of perfect equality
- D Income inequality in Uruguay decreased by 1.3 percentage points

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS



SECTION B

Study Figures 1 and 2 and Extract A in the Source Booklet before answering Question 7.

Write your answers in the spaces provided on the following pages.

- 7** (a) In 2020 the value of world exports was \$22.5 trillion.
With reference to Figure 1, calculate the value of world GDP in 2020. You are advised to show your workings. (2)
- (b) With reference to Figure 1 and the first paragraph of Extract A, examine **two** factors that contributed to 'increased globalisation'. (8)
- (c) Explain what is meant by 'protectionist policies'. (Extract A, line 14) (4)
- (d) With reference to the third paragraph of Extract A, analyse **two** roles of the World Trade Organization (WTO). (6)
- (e) With reference to the information provided and your own knowledge, discuss the likely economic benefits to China of signing free-trade agreements with other countries. (14)

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(a) In 2020 the value of world exports was \$22.5 trillion.

With reference to Figure 1, calculate the value of world GDP in 2020. You are advised to show your workings.

(2)

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(b) With reference to Figure 1 and the first paragraph of Extract A, examine **two** factors that contributed to 'increased globalisation'.

(8)

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(c) Explain what is meant by 'protectionist policies.' (Extract A, line 14)

(4)

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(d) With reference to the third paragraph of Extract A, analyse **two** roles of the World Trade Organization (WTO).

(6)

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(e) With reference to the information provided and your own knowledge, discuss the likely economic benefits to China of signing free-trade agreements with other countries.

(14)

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(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS



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SECTION C**Answer TWO questions from this section.**

- 8** In 2022 Türkiye's deficit on the current account of the balance of payments was \$48.75 billion. In the same year, Canada's deficit on the current account of the balance of payments was \$6.65 billion.

Evaluate measures that could be taken to reduce a current account deficit on the balance of payments. Refer to a country of your choice in your answer.

(Total for Question 8 = 20 marks)

- 9** In 2022 Mozambique had a Human Development Index (HDI) score of 0.46 whereas Guatemala had a HDI score of 0.63.

Evaluate economic factors that constrain the growth **and** development of a developing country. Refer to a developing country of your choice in your answer.

(Total for Question 9 = 20 marks)

- 10** Between 2002 and 2022 Italy's public expenditure as a proportion of GDP increased from 47.1% to 56.7%.

Evaluate the likely economic effects of an increase in public expenditure as a proportion of GDP. Refer to a developed country of your choice in your answer.

(Total for Question 10 = 20 marks)

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Write the answer to your **FIRST** chosen question here.

Indicate which question you are answering by marking a cross . If you change your mind, put a line through the box and then indicate your new question with a cross .

Write the answer to your **SECOND** chosen question on page 22.

Chosen question number: **Question 8** **Question 9** **Question 10**

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TOTAL FOR SECTION C = 40 MARKS
TOTAL FOR PAPER = 80 MARKS



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Pearson Edexcel International Advanced Level

Tuesday 3 June 2025

Afternoon (Time: 2 hours)

Paper
reference

WEC14/01

Economics

International Advanced Level

UNIT 4: Developments in the global economy

Source Booklet

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Sources for use with Section B

The global economy

Figure 1 World exports, % of world Gross Domestic Product (GDP), 1980–2020

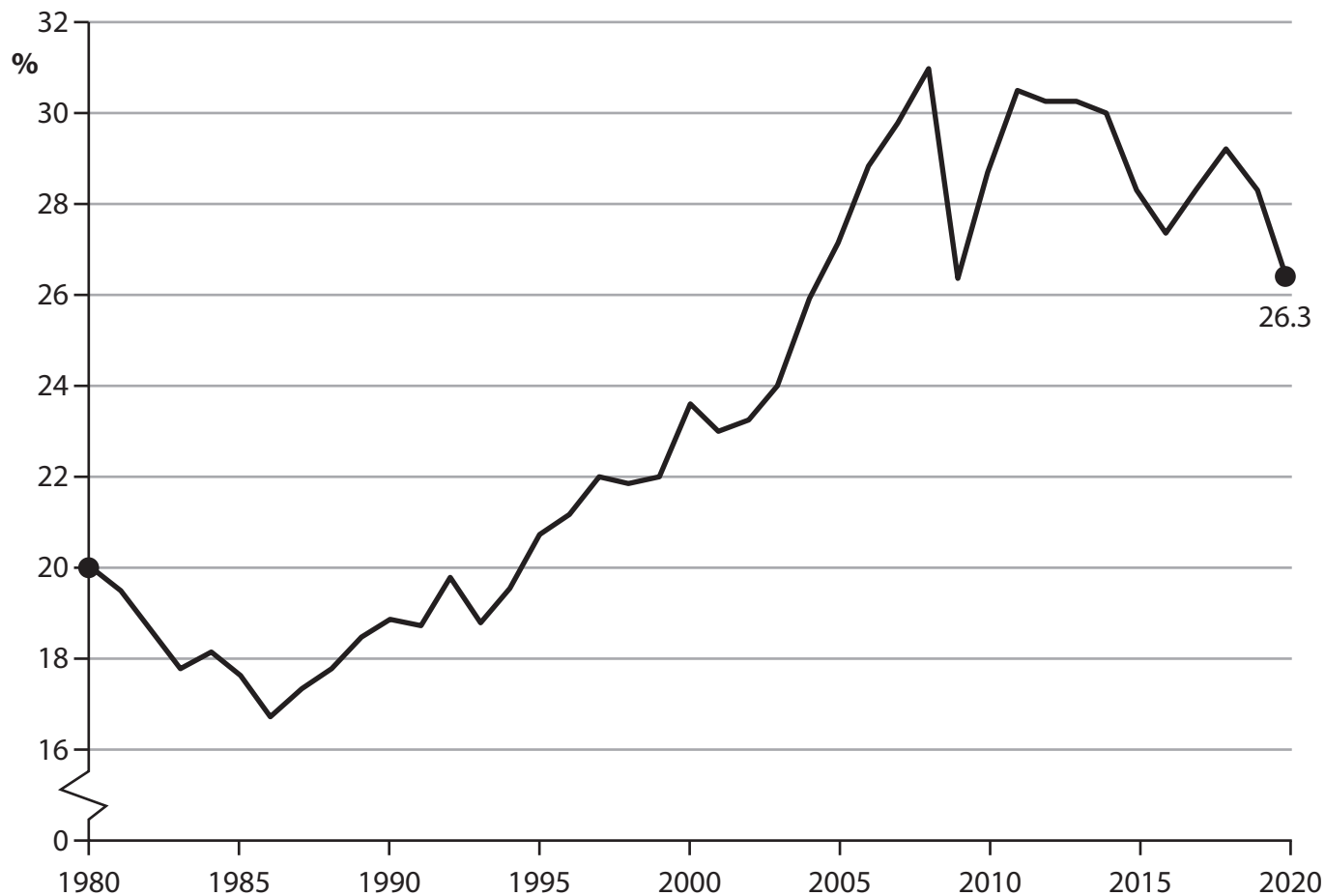
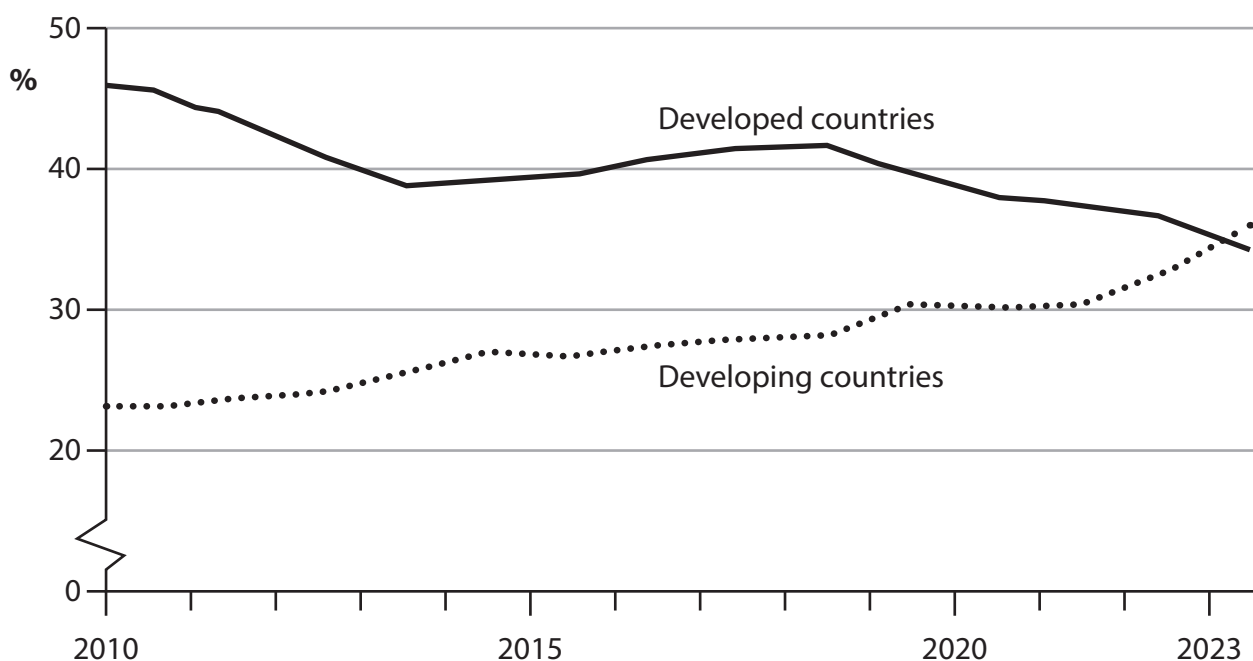


Figure 2 Destination of exports from China, % of total exports, January 2010 to April 2023



Extract A Globalisation

Between 1980 and 2020, world exports as a percentage of GDP rose significantly. Economists identified a combination of factors that contributed to increased globalisation during this period:

- the reduced cost of transport 5
- the reduced cost of communications
- the increased significance of TNCs
- political change (breakdown of the Soviet system and the opening up of China).

After the breakdown of the Soviet system in the early 1990s, the world economy experienced two significant periods in relation to global exports. Until 2010 there was a period of 'hyperglobalisation'. The flows of foreign direct investment (FDI) and portfolio investment across borders grew faster than the trade in goods and services. After 2010 there was a period of 'slowbalisation' in which growth in trade and investment increased at a slower rate. This was as a result of the increased use of protectionist policies by the USA and the European Union (EU) on China to protect national security. The USA and the EU are China's largest export markets. 10 15

Economists claimed that the World Trade Organization (WTO) was ineffective in preventing the USA and the EU from using protectionist policies. These policies prompted the Government of China to reduce its trade dependency on developed countries by promoting trade with developing countries in Asia, Africa and South America. By 2022 China had signed free-trade agreements with 28 countries. These agreements allow the free movement of goods and services and remove restrictions on FDI. In 2022, China also became a member of the Regional Comprehensive Economic Partnership (RCEP), a free-trade area, that contributes to one-third of the world's GDP. 20

China's Government believes that these 28 free-trade agreements and its RCEP membership could increase the country's rate of economic growth and improve its economic development. In 2023 exports to these 28 countries contributed to nearly 38% of China's global exports, exceeding its exports to developed countries. Trade between China and the other RCEP member countries increased by 5.3% between 2021 and 2023. 25

However, many economists suggest that, in the long term, China cannot easily replace its loss of trade with the USA and the EU by trading with other countries and regions. The current trade wars with the USA and the EU mean that China remains highly exposed to risks that global trade may further decline in 2024. Consequently, China would not want to see continued 'slowbalisation'. It has been a beneficiary of trade liberalisation, experiencing a tenfold increase in its total trade since it became a member of the WTO in 2001. 30 35



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Acknowledgements

Figure 1 adapted from: World Bank, <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?end=2022&start=1973&view=chart>

Figure 2 and Extract A adapted from: <https://www.ft.com/content/e167eca5-e1e7-4927-abb5-d87dfb699cf3>
<https://www.ft.com/content/c51622e1-35c6-4ff8-9559-2350bfd2a5c1>

