GradeMax



Mark Scheme (Results)

January 2026

Pearson Edexcel in International A Level in Economics
WEC13/01

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question	Quantitative skills assessed	Answer	Mark
1	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** **B** is incorrect because it is a different product being sold by the airline **C** is incorrect because it is a different product being sold by the train company **D** is incorrect because it is a different product being sold by the bus company	**(1)**
2	**QS4:** Construct and interpret a range of standard graphical forms **QS6:** Calculate cost, revenue and profit (marginal, average, totals) **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** **A** is incorrect because there is no information on costs B is incorrect because AR changes at all points on a downward sloping demand curve C is incorrect because MR goes from being positive to negative as output rises	**(1)**
3	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** A is incorrect because this is unlikely to prevent a further fall in the populations of these countries C is incorrect because this is unlikely to prevent a further fall in the populations of these countries D is incorrect because this is unlikely to prevent a further fall in the populations of these countries	**(1)**
4	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** B is incorrect because output and price are likely to fall in the long-run as more firms enter the industry C is incorrect as the firm will make normal profit in the long-run	**(1)**

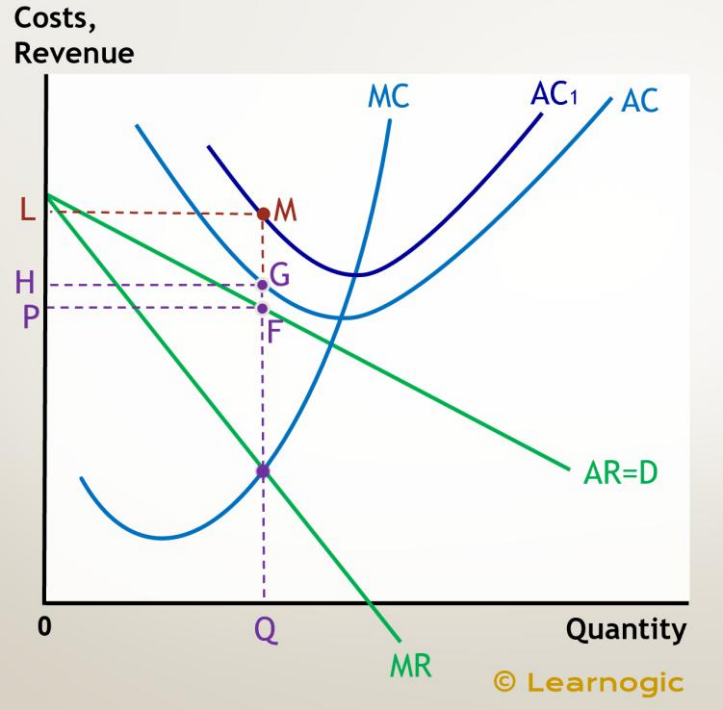
		D is incorrect because the price is likely to fall in the long-run	

5	**QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** B is incorrect because sales volume would not be maximised at this price C is incorrect because this is the revenue maximising price **D** is incorrect because this is the profit maximising price	**(1)**
6	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect as sunk costs are likely to be high in the rail industry due to high fixed costs **B** is incorrect as rising demand is likely to attract new firms into the industry D is incorrect because there are high sunk costs in the rail industry making the market less contestable	**(1)**

Section B

Question	With reference to Figure 2 and Figure 3, calculate the average loss made per flight by GoI in 2024. You are advised to show your workings. **Answer**	**Mark**
7(a)	**Application 2** **Quantitative skills assessed:** **QS1:** Calculate, use and understand ratios and fractions **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for calculation: Loss made = $252 000 000 Total flights made: 198 663 + 10 749 = 209 412 **(1)** Average loss per flight = 252 000 000/209 412 = $1 203.37 **(1)** **NB: Accept answers between $1 203 – $1 204 (2)** **NB: Award full marks for correct answer regardless of working** **NB: Award (1) mark for answer based on internal or international flights only (internal flight= $1 268.48; international flight= $23 444.04)**	**(2)**

Question	With reference to Figure 1, explain the market structure that best describes the market for internal flights in Brazil. **Answer**	Mark
7(b)	**Knowledge 2 Application 2** **Quantitative skills assessed:** **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge:** Up to 2 marks for the correct identification of market structure: • Oligopoly **(1)** • Identification of a characteristic of oligopoly e.g.: A few large firms dominate the market/high concentration ratio/high barriers to entry/non-price competition/interdependence between firms **(1)** **Application:** Up to 2 marks for application to Figure 1 **(1+1)** e.g.: • Two firm concentration ratio = 59.8% / Three firm concentration ratio = 82.2% **(2)** • Azul has a 24.5% share of the market/Gol has a 22.4% share of the market/LATAM has 35.3% share of the market/Other airlines make up only 17.8% of the market **(1)**	**(4)**

Question	With reference to Extract A, analyse the impact of the change in the price of fuel on the losses of GoI. Use an appropriate cost and revenue diagram in your answer. **Answer**	
7(c)	**Knowledge 2 Application 2 Analysis 2** **Quantitative skills assessed:** **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.  **Knowledge** Up to 2 knowledge marks for drawing a correctly labelled diagram showing: • Original AC/MC/AR/MR curves and loss minimising price and output **(1K)/**original AC must be above original AR at original output level **(1K)** • Original area of loss (PFGH) **(1K)** **Analysis** • Rise in AC **(1)** • Area of new loss (PFML) **(1)** **Application** Up to 2 marks for reference to Extract A, (1+1) e.g.: • Fuel prices increased **(1)** from \$1.80 per gallon to \$2.39 per gallon **(1)** • Fuel prices increased **(1)** by 32.7%/33% **(1)** • Azul and Gol collectively made losses of approximately \$6.6bn between 2019 and 2024 **(1)**	**(6)**

	• Many airlines went bankrupt **(1)**	

Question	With reference to Figure 1 and Extract B, examine **two** possible benefits of the proposed merger between Azul and Gol on airline consumers in Brazil. **Answer**	Mark
7(d)	**Knowledge 2 Application 2 Analysis 2 Evaluation 2** **Quantitative skills assessed:** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge and analysis** Up to 2 knowledge marks for identifying two effects and up to 2 analysis marks for linked explanations e.g.: • Gives passengers an increased choice of routes/destinations **(1K)** which will improve their welfare **(1AN)** • Use of a greater range of aircraft **(1K)** allowing passengers to travel to more destinations **(1AN)** • There may be lower prices **(1K)** which arise from greater economies of scale **(1AN)** • Consumers will have a higher consumer surplus **(1K)** due to lower prices **(1AN)** • Easier for passengers who need to transfer between planes **(1K)** which will save consumers' time **(1AN)** **Application** Award 1 mark for reference to Figure 1, e.g.: • The combined market share following the merger would be 46.9% **(1)** • 24.5% **and** 22.4% **(1)** Award 1 mark for reference to Extract B, e.g.: • There could be an increase in the number of destinations from 150 to 200 **(1)** • Improvements in flight frequency between major cities in Brazil **(1)** • Easier to transfer between planes **(1)** **Evaluation** **Up to 2 marks for evaluative comments (1+1 or 2 + 0), e.g.:** • There may be higher prices **(1)** due to increased market concentration/power **(1)** • Service/punctuality may fall **(1)** as the merged business has less competition/no incentive to improve **(1)** • Flight frequencies may fall **(1)** as overlapping routes may be cut back **(1)** • Efficiency savings may not be passed on to passengers **(1)** as profits/dividends may be increased to shareholders **(1)** • There may be further rises in the price of fuel **(1)** which means that the business will have to cut back its least profitable routes **(1)**	**(8)**

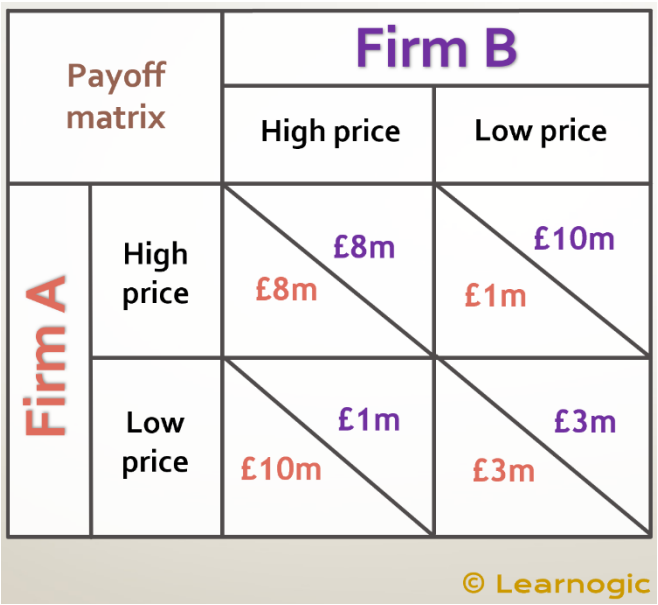
Question	With reference to the information provided and your own knowledge, discuss measures that regulators may use to control the airline market in Brazil. **Indictive content**
7(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, Application, Analysis (8 marks) – indicative content** • Price regulation of airlines. This may involve maximum pricing legislation or some other kind of price control method • Deregulation to remove barriers to entry into the industry e.g. forcing Azul and Gol to give up slots at the main airports • Apply legislation to prevent the merger from taking place • Profit regulation. This may put a cap on the amount of profit that the airline makes or a higher rate of corporation tax on airlines • Quality standards. A minimum service level between destinations in Brazil may be imposed • Performance targets. The regulator may insist on a target for punctuality of airlines • Tax incentives or subsidies to allow rival businesses to set up • Nationalisation of the industry so that it is run by the public sector in the interests of consumers

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7–8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (6 marks) – indicative content • Maximum prices may reduce profits for the businesses which will mean that they have to cut services or not fly to certain destinations • Regulatory capture/corruption/bribery • Does the regulator have all the information it needs to make a decision in the best interests of the consumer? • Profit caps may reduce the incentive for new businesses to enter the airline industry • Quality standards and performance targets may involve a bigger role for the regulator: will they be able to gain that information at low cost? This may lead to government failure • Legislation to prevent the merger may not be in consumers' best interests as the industry is currently loss-making and businesses will eventually leave the industry • Tax incentives and subsidies involve an opportunity cost to the government which may mean higher taxes • Deregulation may mean a lowering of safety standards • Nationalisation may lead to a public sector monopoly with little incentive to be efficient

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	5–6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section C

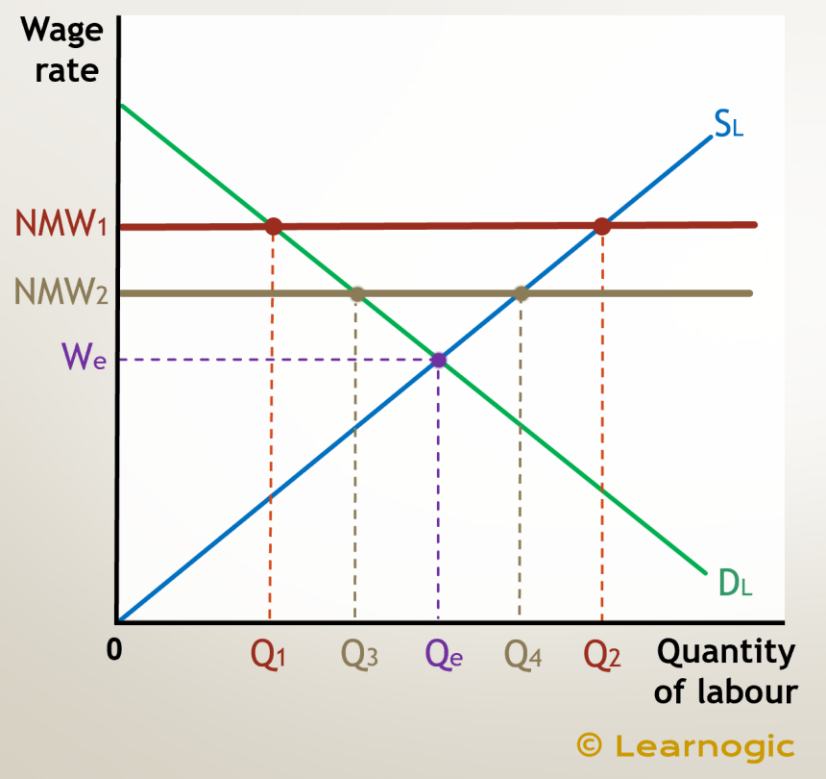
Question	Crown and Silgan are two businesses specialising in the production of metal cans. In 2022 the European Commission imposed a fine of €31.5 million on these two businesses for illegally sharing information on prices and output. Evaluate the possible benefits of collusion to a business **and** its consumers. Illustrate your answer with a simple game theory model. **Indicative content guidance**
8	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed:** **QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. • Collusion occurs when there is an agreement or cooperation between businesses in an industry to restrict competition, fix prices or to share the market between themselves  **Benefits of collusion to a business:** • Higher joint profits: businesses agree to fix or raise prices. This increases total revenue which may increase profit to e.g. from $6m to $16m • Avoiding price wars: collusion helps a business to avoid price competition that may cause a fall in profitability; this reduces the risk of making losses • Reduction of uncertainty/increase in certainty: with competition, a business has to predict how its rivals will react to a decision; this may lead to sub-optimal decisions about price and output. Collusion avoids this by making it easier to plan for the future for key decisions such as investment • Increased barriers to entry: businesses may be able to work together to raise barriers in an industry (such as advertising) to sustain their position in the market • Stops duplication of research and development • Allows businesses to exploit economies of scale

	Benefits of collusion to consumers: • Cost savings: colluding businesses may co-operate to save costs and become more X-efficient or productively efficient e.g. they may be able to gain purchasing economies of scale from a supplier or they may have joint production facilities. This can lead to lower average costs of production and potentially lower prices for consumers resulting in an increase in consumer surplus • Improve industry standards: businesses may share research to improve technology, sharing best practice • Dynamic efficiency: higher supernormal profit enables a business to invest in research and development and innovate so that it is in a stronger position to respond to the changing needs of the consumers • Stable prices for consumers may reduce uncertainty, improving welfare **NB: A candidate can achieve a maximum of L3 if no game theory model is included** **NB: A candidate can achieve a maximum of L3 that does not refer to benefits to a business and consumers**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content • Legal consequences: in many countries, there is strict competition policy which allows for fines and prison sentences for businesses/directors • Reputational damage: if businesses are found guilty of collusion, then consumers may boycott their products • High prices and profits may give an increased incentive for new businesses to enter the market undermining any collusive agreement • Businesses have an incentive to cheat on any agreement by cutting prices to gain a short-run advantage in the form of higher profits. This may lead to a price war and increased uncertainty • As businesses are acting like a monopoly, there may be an increase in X-inefficiency: colluding businesses therefore have a lower incentive to cut costs. This may result in increased average costs and possibly higher prices for consumers • Loss of consumer welfare: higher prices, loss of consumer surplus and reduced output • The absence of competition means that there may be allocative inefficiency • Reduced innovation as there is no need for businesses to develop new products or to invest in new technology-lack of dynamic efficiency

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question	In September 2024, Bulgaria's Association of Industrial Capital opposed the planned increase in the minimum monthly wage rate from €470 to €535. Instead they urged a reduction of the minimum wage to €420, citing investor concerns and low labour productivity. Evaluate the disadvantages to a business and its workers of a government decision to reduce the minimum hourly wage rate. Illustrate your answer with an appropriate diagram(s). **Indicative content guidance**
9	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed:** **QS4:** Construct and interpret a range of standard graphical forms. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. • Definition of a minimum wage rate: the lowest legal wage a business can pay its workers • Diagram showing a decrease in the national minimum wage from NMW_1 to NMW_2: 

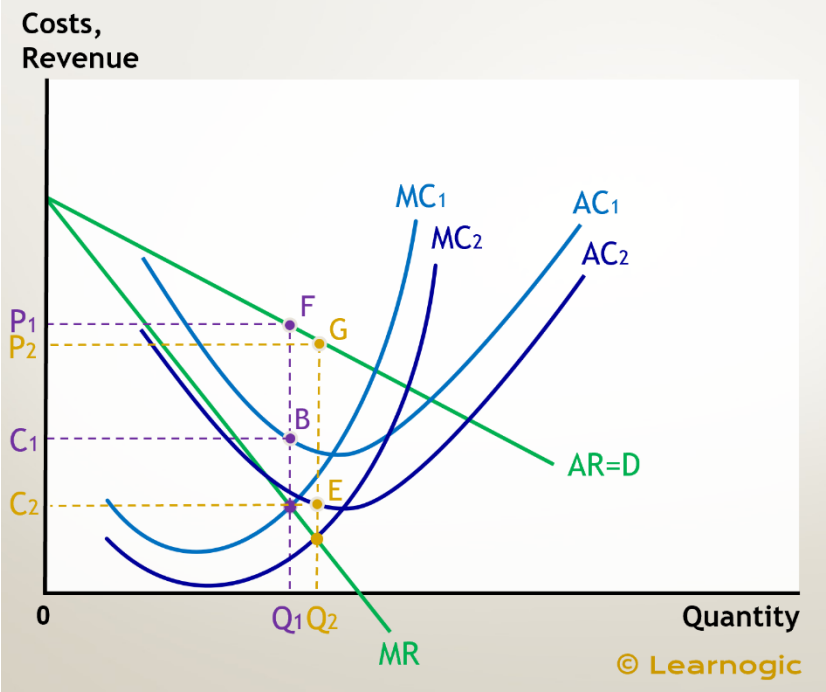


Diagram showing impact on costs and supernormal profits of a reduction in the NMW

Disadvantages to a business

- Lower wages may lead to a loss of motivation for workers and productivity would fall leading to lower profits and/or poorer quality products
- Workers have lower disposable incomes which means less purchasing power so lower demand for goods and services and lower profit for a business
- New businesses may start up due to lower cost of production, increasing competition and reducing prices

Disadvantages to workers

- Lower wages for workers, especially those who are low-skilled, leading to lower incomes and less purchasing power
- Increased exploitation/discrimination of workers
- Workers may be forced to do additional part-time jobs, reducing their happiness
- A fall in labour supply Q_4-Q_2/increased economic inactivity as workers remove themselves from the labour market

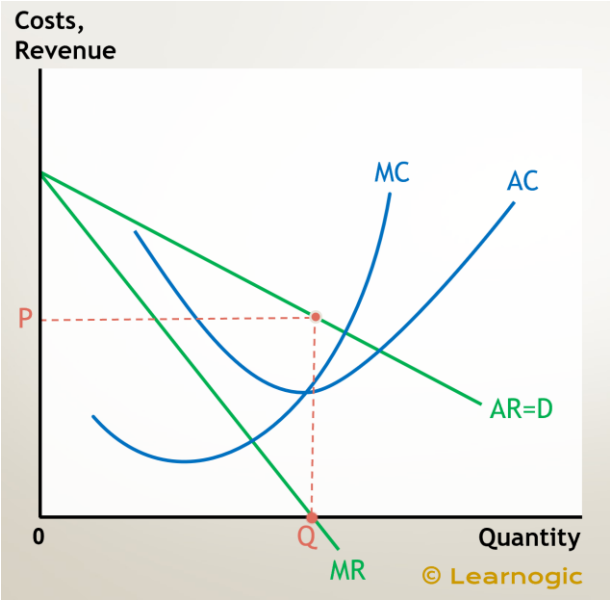
NB: A candidate can achieve a maximum of L3 if no appropriate diagram is included

NB: A candidate can achieve a maximum of L3 that does not refer to the disadvantages to a business and workers

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.

Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
	Evaluation (8 marks) – indicative content Advantages to a business • Lower cost of production may lead to higher profits for a business (from P_1FBC_1 to P_2GEC_2) which can be reinvested into research and development/innovation and improved products • A business may become more competitive internationally leading to higher profits • Less pressure to automate low skilled jobs, reducing the need to spend money on investment • The reduction may have limited impact on the majority of businesses as most workers are paid above the minimum wage • The advantages will depend on the magnitude of the fall in the minimum wage • The advantages will vary from industry to industry as many businesses will pay far more than the minimum wage • A business is more likely to invest in training workers which may increase their human capital Advantages to workers • A business may decide to keep wages higher to ensure that workers do not leave the business, so therefore there will be no impact • Increased employment, especially for lower-skilled workers/ quantity demanded for workers increases by Q_1-Q_3 • May increase the incentive for workers to retrain or to seek other employment, increasing human capital and occupational mobility • This will increase the employability of workers in the long-run • Evidence suggests that there has been limited impact on unemployment with a rise in the minimum wage rate, so there may be limited impact on workers when the minimum wage rate is reduced • Effects on employment may differ due to differing elasticities of demand for labour and supply of labour • The effect on workers will depend on what else motivates them in the labour market e.g. job satisfaction	

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Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question	Many new businesses have revenue maximisation as their business objective. Evaluate the advantages of revenue maximisation for a business. Illustrate your answer with an appropriate diagram. **Indicative content**
10	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed:** **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. • Definition of revenue maximisation-where MR = 0  • P/Q shows the price and output of a business which has the objective of revenue maximisation Advantages of revenue maximisation for a business: • Increased market share. If a business is able to grow its customer base, it may gain more pricing power in the market, potentially increasing its long-run profits. This may be an objective adopted by new entrants into a market • Economies of scale. As a business increases its sales, long-run average costs may fall, leading to higher profit • A business in the (e.g.) technology sector may not be concerned with making profits at the early stage in their development: they are more interested in expansion or brand loyalty to gain profit in the long-run • Managers of a business may be incentivised by targets for revenue, rather than profit, so may be likely to work harder for the business • It may be easier for a business to target revenue, rather than an alternative business objective e.g. profit maximisation as they do not always have access to information to calculate their MC and MR • Increased barriers to entry. A price lower than that required for profit maximisation may discourage new competitors from entering the market **NB: A candidate can achieve a maximum of L3 if no appropriate diagram is included**

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	Evaluation (8 marks) – indicative content Disadvantages of revenue maximisation for a businesses: • To achieve revenue maximisation, a business may have to cut its price. This may reduce the profit made per unit which could cause the overall profit of a business to fall • A focus on the growth of revenue may lead to diseconomies of scale – rising long-run average costs – and therefore falling profit • A focus on growth in revenue may mean that the business becomes dynamically inefficient and does not respond to the changing needs of its customers • A large business which has a stock market listing needs to make profit to keep shareholders happy; if the business targets revenue, rather than profit, the share price of the business may fall • A business may overproduce and be left with high levels of unsold products/stock which cannot be sold if there is a downturn in the market • A business which aims to maximise revenue may attract the attention of the competition authorities if it is perceived that the business is acting unfairly	
	Mark	Descriptor
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Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.