Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Friday 16 January 2026

Morning (Time: 2 hours)

Paper reference **WEC13/01**

Economics

International Advanced Level
UNIT 3: Business behaviour

You must have:
Source Booklet (enclosed)

Total Marks

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.

Turn over ▶

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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 Which **one** of the following is an example of price discrimination?

☒ **A** A ferry company charges more for an adult ticket than for a student ticket for the same journey

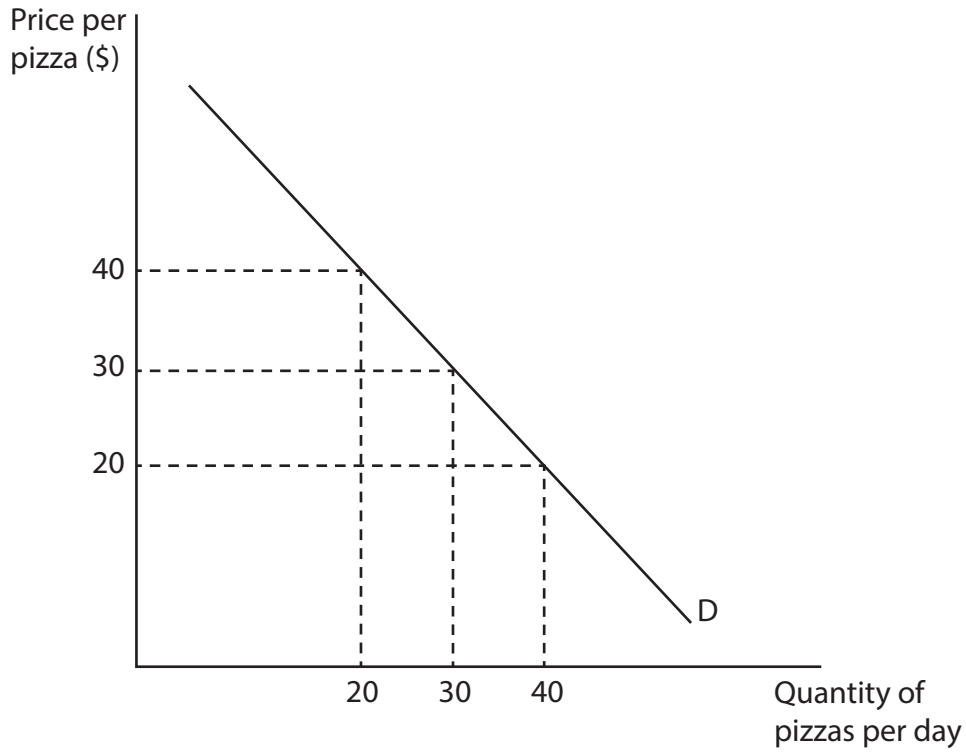
☒ **B** An airline charges the same price for business class as it does for economy class for the same journey

☒ **C** A train company charges less for a standard ticket than a first-class ticket

☒ **D** A bus company charges more for a longer journey than a shorter journey

(Total for Question 1 = 1 mark)

2 A restaurant faces the following demand curve for its pizzas.



With reference to the diagram, which **one** of the following is correct?

☒ **A** Total profit is maximised when the restaurant sells 40 pizzas

☒ **B** Average revenue is constant at all levels of output

☒ **C** Marginal revenue is positive at all levels of output

☒ **D** Total revenue rises and then falls as output increases

(Total for Question 2 = 1 mark)

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3 The populations of China, Japan, Italy and Greece are falling.

Which **one** of the following is likely to prevent a further fall in the populations of these countries?

- ☒ **A** An increase in the retirement age
- ☒ **B** An increase in subsidies for childcare facilities
- ☒ **C** An increase in government spending on training
- ☒ **D** An increase in income taxes on workers

(Total for Question 3 = 1 mark)

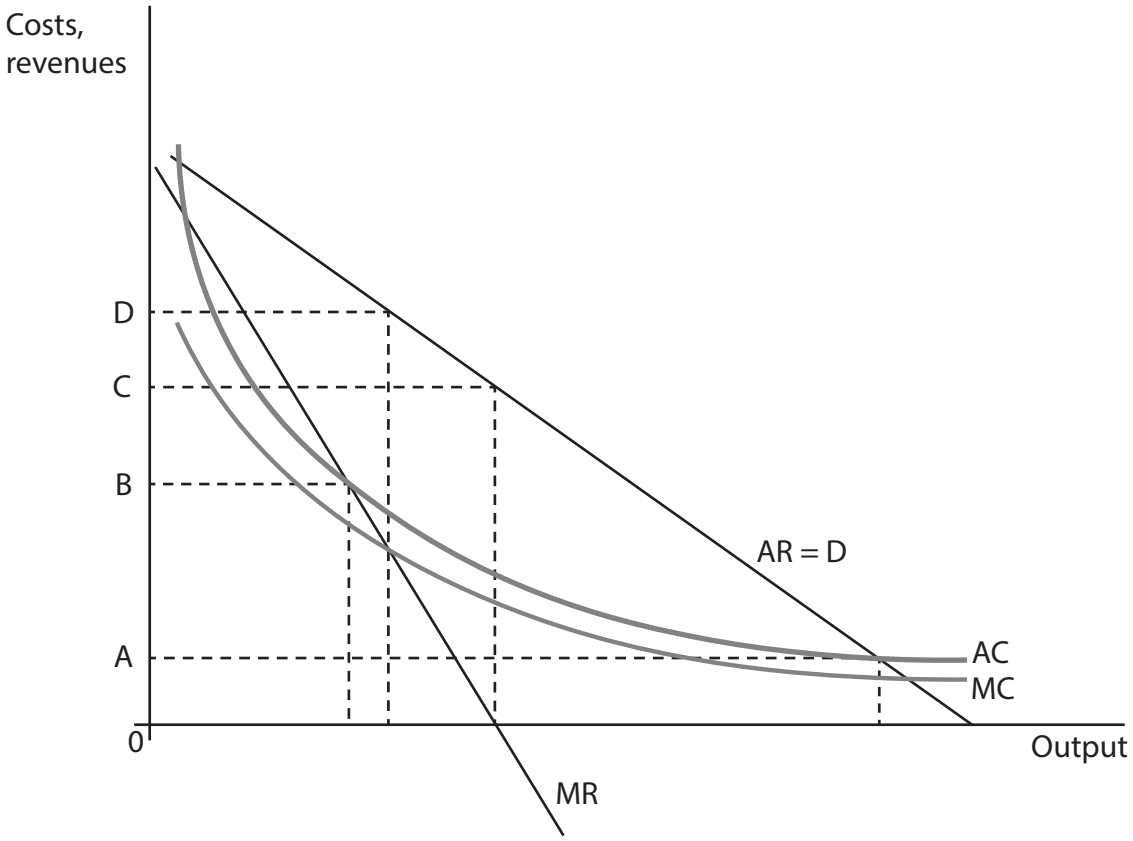
4 A firm is operating under conditions of perfect competition and is making supernormal profit in the short-run.

Which **one** of the following is most likely to occur in the long-run?

- ☒ **A** The firm's output will fall and its price will fall
- ☒ **B** The firm's output and price will remain unchanged
- ☒ **C** The firm will leave the industry
- ☒ **D** The firm's price will rise

(Total for Question 4 = 1 mark)

5 The diagram shows the cost and revenue curves of a monopolist whose average costs are falling.



Which **one** of the following would be the sales volume maximising price?

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

(Total for Question 5 = 1 mark)

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6 Indian Railways is the sole operator of India's national railway system.

Which **one** of the following is the **most** likely reason why Indian Railways is a monopoly?

- ☒ **A** The sunk costs of providing train services are low
- ☒ **B** There is rising demand for train travel in India
- ☒ **C** There are falling long-run average costs of providing train services
- ☒ **D** The market for train travel is highly contestable

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

SECTION B

Study Figures 1, 2 and 3 and Extracts A, B and C in the Source Booklet before answering Question 7.

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

7 (a) With reference to Figure 2 and Figure 3, calculate the average loss made per flight by GOL in 2024. You are advised to show your workings.

(2)

(b) With reference to Figure 1, explain the market structure that best describes the market for internal flights in Brazil.

(4)

(c) With reference to Extract A, analyse the impact of the change in the price of fuel on the losses of GOL.

Use an appropriate cost and revenue diagram in your answer.

(6)

(d) With reference to Figure 1 and Extract B, examine **two** possible benefits of the proposed merger between Azul and GOL for airline consumers in Brazil.

(8)

(e) With reference to the information provided and your own knowledge, discuss measures that regulators may use to control the airline market in Brazil.

(14)

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(d) With reference to Figure 1 and Extract B, examine **two** possible benefits of the proposed merger between Azul and GOL for airline consumers in Brazil.

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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 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.

(Total for Question 8 = 20 marks)

9 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 monthly wage rate.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 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.

(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 in the box ☒. 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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Write the answer to your SECOND chosen question here

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

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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GradeMax

Pearson Edexcel International Advanced Level

Friday 16 January 2026

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Economics

International Advanced Level

UNIT 3: Business Behaviour

Source Booklet

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Sources for use with Section B

The airline market in Brazil

Figure 1 Market share for internal flights in 2024

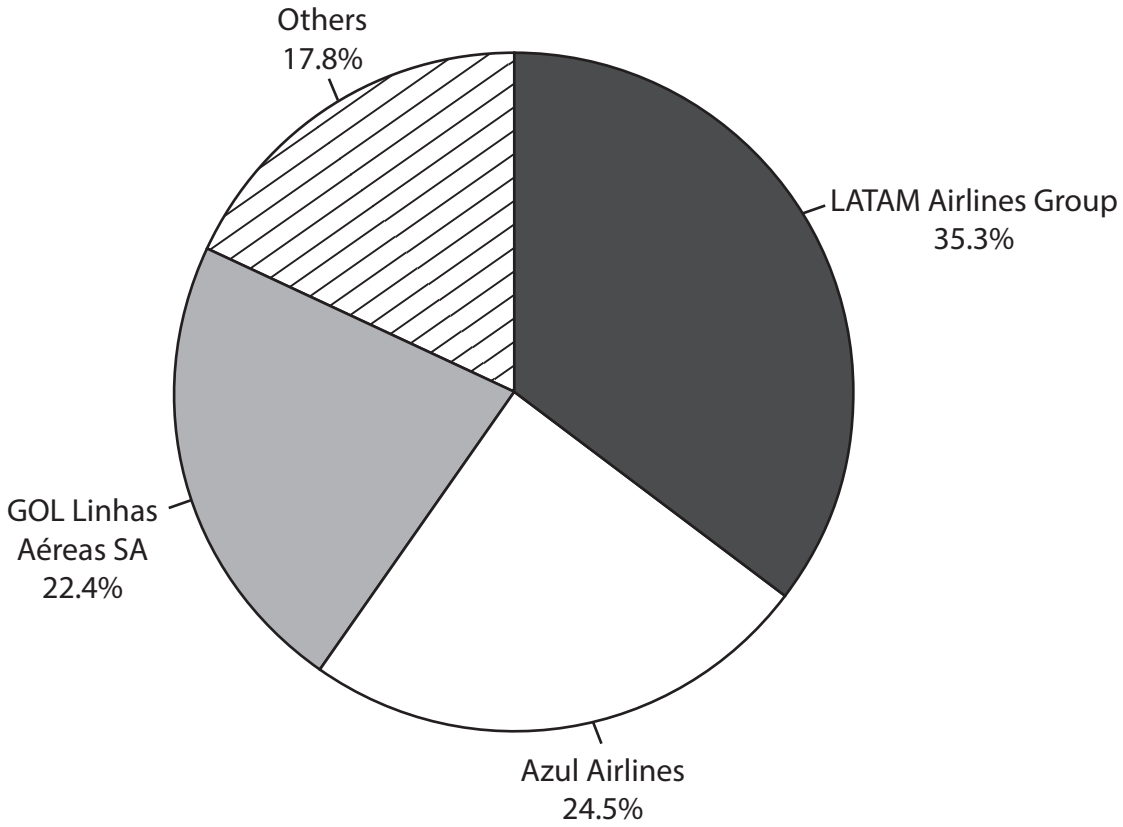


Figure 2 Flights and routes operated by GOL and Azul in 2024

	GOL	Azul
Number of internal flights	198 663	316 749
Number of international flights	10 749	3 525
Internal routes operated	174	422
International routes operated	41	24

Figure 3 Total revenue and losses ($ million) for GOL and Azul, 2019 and 2024

	Total revenue ($ million)	Loss ($ million)
GOL 2019	3 432	29
GOL 2024	3 868	252
Azul 2019	2 832	594
Azul 2024	3 859	144

Extract A A proposed merger

In January 2024 a merger was proposed between Azul and GOL. This would create the largest business in Brazil's internal airline market. This proposed merger followed a challenging period for airlines in Brazil as they received little financial assistance during the global health crisis.

These airlines also faced an increase in the price of fuel, which is a fixed cost for a flight between two destinations. The fuel price rose from $1.80 per gallon in December 2019 to $2.39 per gallon in June 2024.

Between 2019 and 2024 many airlines went bankrupt, and Azul and GOL collectively made losses of approximately $6.6 billion.

Extract B Possible effects of the proposed merger

If the merger proceeds, the business would face significant challenges. It would be difficult to integrate the two airlines because of their differing cost structures. In addition, Azul has a range of aircraft that offer flexibility when flying to different destinations. In contrast, GOL's all-Boeing 737 fleet is more efficient but may be less adaptable for expansion to smaller domestic destinations.

Azul has defended the proposed merger. It stated that the new business could increase destinations from 150 to 200 and improve flight frequencies between major cities in Brazil. It could also make it easier for passengers who need to transfer between planes. Possible efficiencies made by the new business may result in lower prices for consumers.

However, concerns have been raised regarding market concentration in the industry and the business's ability to raise ticket prices. This proposed merger may lead to reductions in flight frequency, particularly on popular routes such as São Paulo to Rio de Janeiro. In 2024 this route had 44 daily services operated by Azul and GOL.

Extract C Airline regulation

Competition authorities in Brazil are assessing the impact of the proposed merger on competition in the airline market. If approved, the new business could potentially limit consumer choice, increase ticket prices and reduce flight frequency.

The competition authorities could impose price controls on the merged airline and force the business to give up landing slots at airports.

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Acknowledgements

Figures 1, 2 and 3 adapted from: https://www.oag.com/blog/gol-and-azul-merger-of-necessity-or-choice

Extracts A, B and C adapted from:
https://www.statista.com/chart/32710/kerosene-price-development/
https://www.reuters.com/markets/deals/brazil-government-supports-gol-azul-merger-strengthen-airlinesector-2025-01-28/
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