

Pearson Edexcel International Advanced Level

Friday 16 January 2026

Morning (Time: 2 hours)

Paper
reference

WEC13/01A

Economics

International Advanced Level

UNIT 3: Business behaviour

Question Paper

You must have:

Source Booklet and Answer Book (sent separately)

Do not return this Question Paper with the Answer Book.

Turn over ►

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SECTION A

Answer ALL questions in this section in the Answer Book.

1 In 2025 the British clothing brand Quiz closed down its operations.

Which **one** of the following will cause a firm to shut down in the short-run?

- A Average revenue was below marginal revenue
- B Average revenue equalled marginal cost
- C Average revenue was below average variable cost
- D Average revenue equalled average cost

(Total for Question 1 = 1 mark)

2 A small fruit farm in Namibia is operating in a perfectly competitive market.

Which **one** of the following is true for such a firm in long-run equilibrium?

	Allocative efficiency	Profit
A	No	Supernormal
B	No	Normal
C	Yes	Supernormal
D	Yes	Normal

(Total for Question 2 = 1 mark)



3 The table shows the total costs of a battery manufacturer at different levels of output.

Output	Total costs (£)
0	4 500
100	8 000
200	10 700
300	13 200
400	15 300

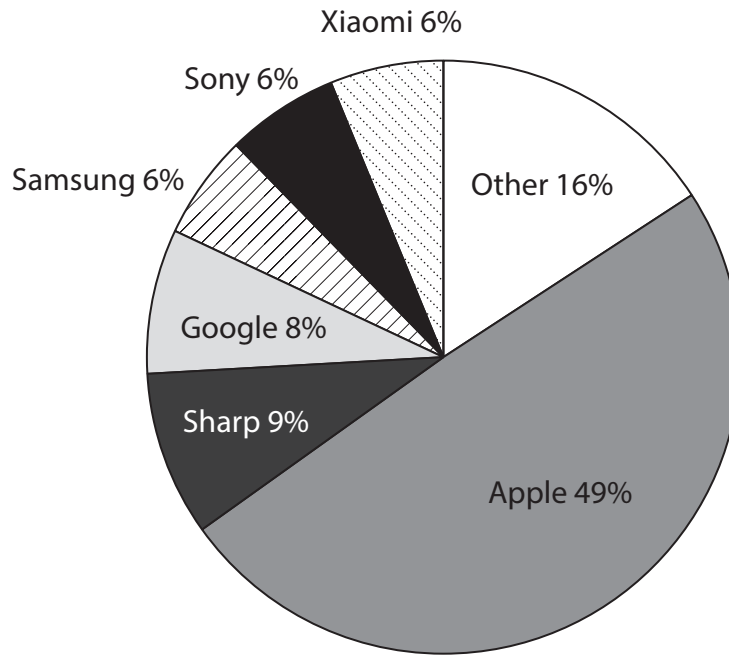
Which **one** of the following is the average variable cost at 300 units?

- A £15
- B £27
- C £29
- D £44

(Total for Question 3 = 1 mark)



4 The chart shows the market share for smartphones in Japan for 2024.



□ Others ■ Apple ■ Sharp ■ Google ▨ Samsung ■ Sony ▩ Xiaomi

What was the three-firm concentration ratio for smartphones in Japan for 2024?

- A 65%
- B 66%
- C 72%
- D 74%

(Total for Question 4 = 1 mark)

5 A monopoly is operating at its revenue-maximising output.

Which **one** of the following is true?

- A Marginal revenue is zero
- B Average revenue is equal to average cost
- C Average fixed costs are rising
- D Marginal revenue is equal to marginal cost

(Total for Question 5 = 1 mark)



6 Which **one** of the following is most likely to cause the demand for labour to be elastic?

- A The working conditions are poor
- B Labour cannot be easily replaced by capital
- C Consumer demand for the final product is price inelastic
- D Labour costs are a high proportion of total costs

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS



SECTION B

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

Write your answers in the spaces provided in the Answer Book.

- 7 (a) With reference to Figure 1 and Figure 2, calculate Tata Steel's total costs for steel production in 2024. (2)
- (b) Explain what is meant by the term 'conglomerate' (Extract A, line 5). (4)
- (c) With reference to Extract D, examine the likely impact of the proposed restructuring on the profits of Thyssenkrupp.
Illustrate your answer with an appropriate diagram. (8)
- (d) With reference to Extract C, analyse **two** reasons why the proposed merger between Tata Steel and Thyssenkrupp was blocked by the European Competition Commission. (6)
- (e) With reference to Extract A, Extract B and your own knowledge, discuss the benefits to Tata Steel and Thyssenkrupp of the proposed horizontal integration.
Illustrate your answer with an appropriate diagram. (14)

(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS



SECTION C

Answer TWO questions from this section.

Write your answers in the spaces provided in the Answer Book.

- 8** JBS is the largest meat processing firm in the world, as measured by the value of sales. In 2024 its total revenue was \$477.1 billion, an increase from \$353.9 billion in 2023.

Evaluate the view that revenue maximisation is always the main objective of a firm.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

- 9** The tax authority in Singapore offers a tax incentive of up to S\$100 000 to new businesses in their first three years of trading.

Evaluate methods that a government could use to increase contestability in a market.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

- 10** In January 2025 the Government of Czechia increased the minimum wage by CZK 1 600 a month. However, it still has one of the lowest minimum wages in Europe.

Evaluate the advantages of an increase in the minimum wage to businesses and workers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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



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Sources for use with Section B

Tata Steel

Figure 1 Tata Steel's total revenue, 2015–2024, in billion pounds

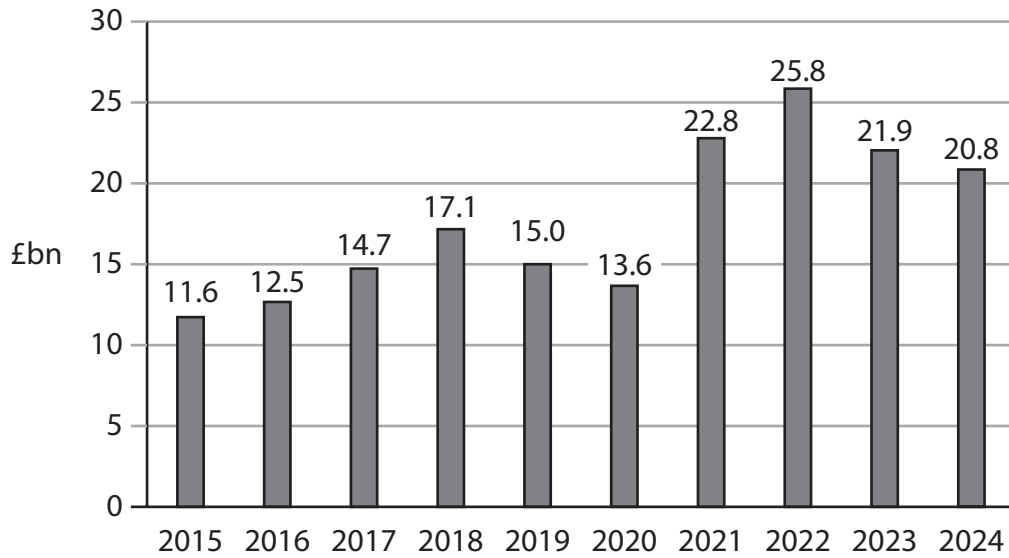
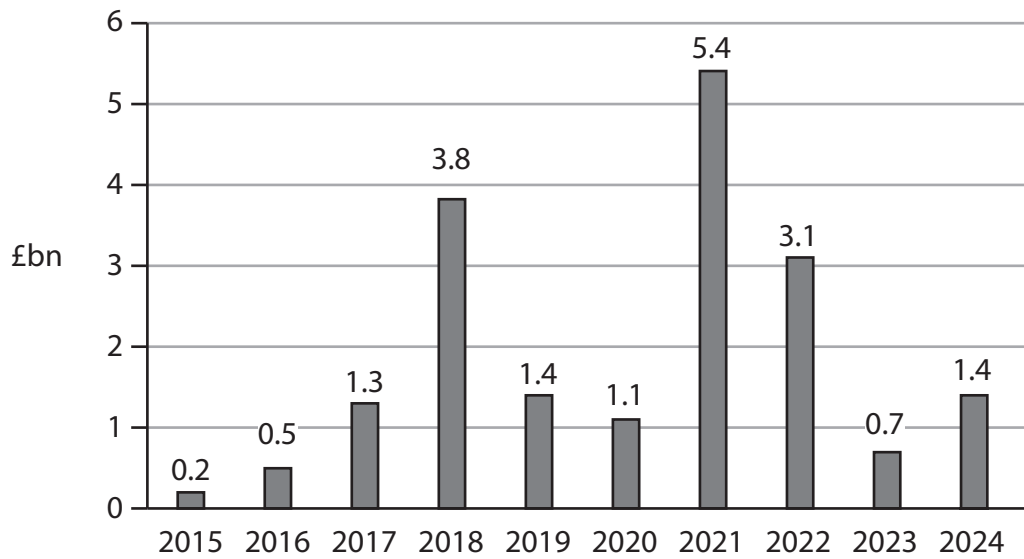


Figure 2 Tata Steel's total profit, 2015–2024, in billion pounds



Extract A Steel producing companies

Tata Steel is the largest steel producer in India with the capacity to produce 34–35 million tonnes per year. It is also one of the largest steel-producing companies globally and operates in 26 countries with major sites in India, the Netherlands and the UK.

Thyssenkrupp is a German conglomerate, it produces automotive technology, green technology, steel and marine systems. Thyssenkrupp is Europe's second-largest producer of high-value steel, followed by Tata Steel. 5

Extract B Merger proposal

In 2017, Thyssenkrupp and Tata Steel planned to merge their European manufacturing operations. The merged company would have been based in the Netherlands and become the second-largest European steel manufacturer. Even after this merger, ArcelorMittal SA would still have been the largest European steel manufacturer. 5

The merger was proposed after the European steel industry had a 25% tariff (tax on imports) placed on its sales to the USA, its largest market. Since the tariffs were imposed, steel manufacturers experienced a fall in annual profits of between 8% and 17%.

Extract C Merger blocked

In 2024, the European Court of Justice upheld the decision by the European Competition Commission to block the proposed merger between Tata Steel and Thyssenkrupp. It concluded that the merger would cause a reduction in competition that would result in a significant increase in the price of steel. During the investigation, the Commission received feedback from car manufacturers and firms in the packaging industry. These industries believed the merger would give Tata Steel and Thyssenkrupp more dominance in the market. This would be likely to result in higher costs of production that would make it difficult for car manufacturers to remain profitable. 5

Employees of Tata Steel and Thyssenkrupp were concerned that the merger would create a monopsony employer of steel workers in the UK and the Netherlands. Employees expected job losses and lower real wages. This would have a negative effect on their standard of living as they would have no alternative employer for their skill set. 10

Extract D Thyssenkrupp restructuring

In response to the merger being blocked Thyssenkrupp has adopted several other ways to remain profitable in steel production. These include:

- reducing output from 11.5 to 8.7 million tons
- reducing the size of the workforce by 11 000 jobs. 5

However, some managers of the business criticised this plan, suggesting the costs involved would be high. Others suggested that the business did not need to be concerned because of the future growth in demand for green technology.



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Acknowledgments

Figure 1 adapted from:

<https://companiesmarketcap.com/gbp/tata-steel/revenue/>

Figure 2 adapted from:

<https://companiesmarketcap.com/gbp/tata-steel/earnings/>

Extract A adapted from:

<https://www.tatasteeleurope.com/>

<https://www.tatasteel.com/>

<https://www.thyssenkrupp.com/en/home>

Extract B adapted from: <https://www.independent.co.uk/news/business/tata-steel-merger-thyssenkrupp-port-talbot-wales-a8423946.html>

Extract C adapted from:

<https://www.ft.com/content/5f0feae0-8c3f-11e9-a24d-b42f641eca37>

https://ec.europa.eu/commission/presscorner/detail/it/ip_19_2948

Extract D adapted from:

<https://gmk.center/en/posts/thyssenkrupp-looking-for-ways-to-save-the-steel-business/>



Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

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Answer Book

You must have:

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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 Sections A and B.
- Answer **TWO** question 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 .

Question 1

- A
- B
- C
- D

(Total for Question 1 = 1 mark)

Question 2

- A
- B
- C
- D

(Total for Question 2 = 1 mark)

Question 3

- A
- B
- C
- D

(Total for Question 3 = 1 mark)

Question 4

- A
- B
- C
- D

(Total for Question 4 = 1 mark)

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Question 5

- A
- B
- C
- D

(Total for Question 5 = 1 mark)

Question 6

- A
- B
- C
- D

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS



SECTION B

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

Write your answers in the spaces provided.

Question 7

Write the answer to Question 7(a) in the space provided.

(2)

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Write the answer to Question 7(c) on the two pages provided.

(8)

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Question 7(c) continued

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P 8 7 6 0 5 A 0 7 2 4

Write the answer to Question 7(d) on the two pages provided.

(6)

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Write the answer to Question 7(e) on the three pages provided.

(14)

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Question 7(e) continued

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Handwriting practice area with 25 horizontal dotted lines.



Question 7(e) continued

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(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

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Section C continued

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Section C continued

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Handwriting practice area with 25 horizontal dotted lines.



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Section C continued

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Section C continued

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Section C continued

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P 8 7 6 0 5 A 0 1 9 2 4

Section C continued

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Section C continued

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Section C continued

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



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