

INTERNATIONAL A-LEVEL
ECONOMICS
EC04

Unit 4 Economic Development and the Global Economy

Mark scheme

June 2025

Version: 0.1 Pre-Standardisation



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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International A-level Economics mark scheme

How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Economics in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Economics. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

The marking grids

The marking grids cover all the Assessment Objectives indicated as being assessed in each question, followed by indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

The indicative content gives examples of the kind of things students might cover in their responses. They are neither exhaustive nor required – they are simply indicative of what could appear. Other valid content presented in student responses should always be credited.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level. The number of marks per level varies depending upon the total number of marks allocated to the question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level, you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best-fit approach for defining the level and then use the variability of the response to help decide the mark within the level; ie if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust.

The exemplar materials used during standardisation should be referred to. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level, examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 13 more weight should be given to AO3 than to AO1 and AO2. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

Annotating scripts will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
01		<p>A country has a comparative advantage in the production of a good. This means that</p> <p>Answer: C (the opportunity cost of producing the good is less than in another country.)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
02		<p>Which one of the following is usually a function of a country's central bank?</p> <p>Answer: C (Managing the country's foreign exchange reserves)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
03		<p>The Global Multidimensional Poverty Index Report for 2023 stated that 534 million people in Sub-Saharan Africa were living in poverty, which was 47.8% of the world's poor. In South Asia, 389 million people were living in poverty.</p> <p>It can be concluded that, in 2023, approximately</p> <p>Answer: D (1117 million people in the world were living in poverty.)</p>	<p>1</p> <p>AO2 = 1</p>

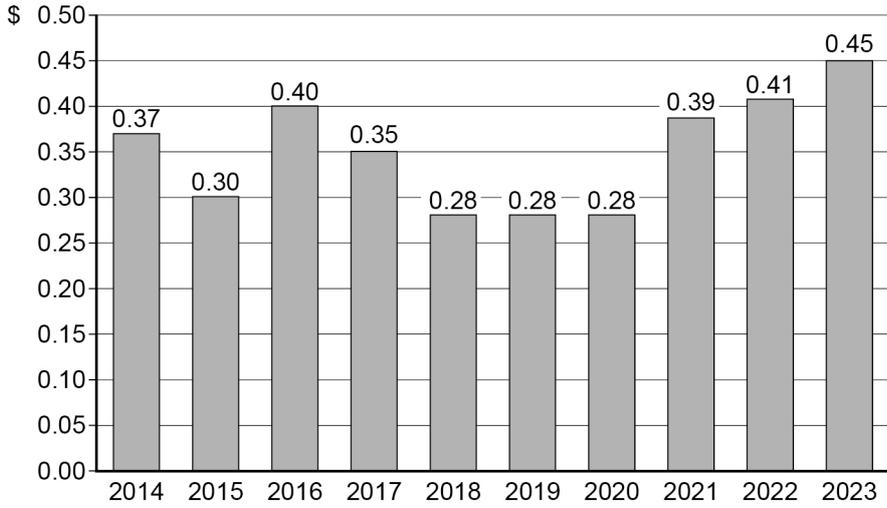
Question	Part	Marking guidance	Total marks
04		<p>What is the total amount of tax the TNC has to pay?</p> <p>Answer: C (\$34m)</p>	<p>1</p> <p>AO3 = 1</p>

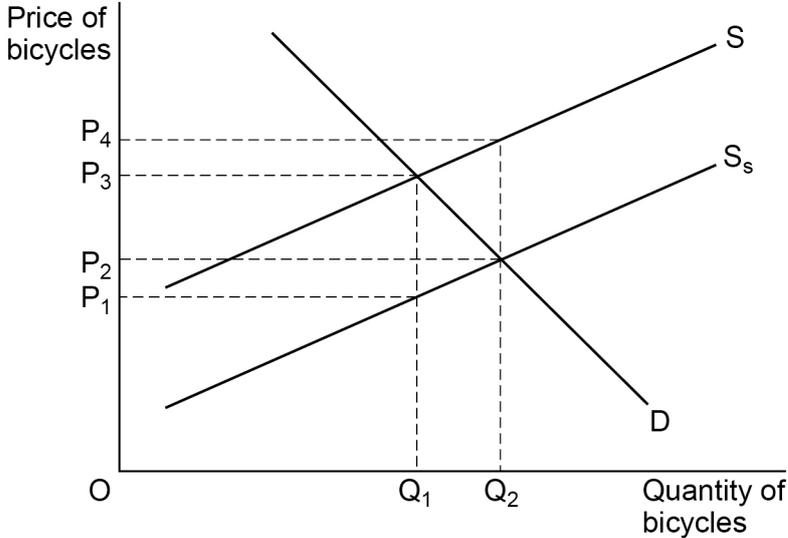
Question	Part	Marking guidance	Total marks
05		<p>Which one of the following is most likely to help explain why there are significant fluctuations in the prices of primary products?</p> <p>Answer: C (The price elasticity of demand for primary products is inelastic.)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks																														
06		<table border="1"> <thead> <tr> <th></th> <th colspan="2">2000</th> <th colspan="2">2020</th> </tr> <tr> <th></th> <th>Birth rate</th> <th>Death rate</th> <th>Birth rate</th> <th>Death rate</th> </tr> </thead> <tbody> <tr> <td>Algeria</td> <td>19.5</td> <td>5.0</td> <td>22.4</td> <td>5.4</td> </tr> <tr> <td>China</td> <td>14.0</td> <td>6.5</td> <td>7.1</td> <td>7.2</td> </tr> <tr> <td>Italy</td> <td>9.5</td> <td>9.8</td> <td>6.8</td> <td>12.5</td> </tr> <tr> <td>Thailand</td> <td>13.5</td> <td>6.0</td> <td>9.2</td> <td>7.3</td> </tr> </tbody> </table>		2000		2020			Birth rate	Death rate	Birth rate	Death rate	Algeria	19.5	5.0	22.4	5.4	China	14.0	6.5	7.1	7.2	Italy	9.5	9.8	6.8	12.5	Thailand	13.5	6.0	9.2	7.3	1 AO2 = 1
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The data in Table 1 show that																																	
Answer: D (the natural increase in the population of Thailand was 0.75% in 2000.)																																	

Question	Part	Marking guidance	Total marks
07			1 AO2 = 1
		<p>To reduce unemployment, the government increases its spending by \$80bn. The marginal propensity to consume for the economy is 0.6.</p> <p>As a result of this increase in government spending, the level of real national income is expected to rise to</p> <p>Answer: D (\$2300bn.)</p>	

Question	Part	Marking guidance	Total marks
08		<p>Which one of the following is a function of forward markets for commodities?</p> <p>Answer: A (Allow the purchase of commodities now for delivery in the future)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
09		 <p>According to the data in Figure 2, what was the median price of sugar between 2014 and 2023?</p> <p>Answer: C (\$0.36 per kg)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks
10		 <p data-bbox="368 909 1273 976">How much will the government spend to subsidise the manufacturers of bicycles?</p> <p data-bbox="368 1010 810 1043">Answer: D $((OP_4 - OP_2) \times OQ_2)$</p>	<p data-bbox="1313 309 1337 338">1</p> <p data-bbox="1313 383 1426 416">AO2 = 1</p>

Section B

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
11	1	<p>Explain what is meant by 'change in real national income'.</p> <p>A full and precise explanation is given (2 marks)</p> <p>Examples of acceptable explanations worth 2 marks:</p> <ul style="list-style-type: none"> • the change in/increase and/or decrease in the monetary value of all the goods and services that are produced by an economy with the effects of inflation removed • the change in/increase and/or decrease in the value of total output of an economy, adjusted for inflation. <p>The substantive content is correct, but there may be some imprecision or inaccuracy (1 mark)</p> <p>Examples of explanations worth 1 mark:</p> <ul style="list-style-type: none"> • the change in/increase and/or decrease in total output of an economy • the change in GDP/GNP/NNP adjusted for inflation • the change in the total expenditure in an economy • the increase or decrease in $C + I + G + X - M$. 	<p>2</p> <p>AO1 = 2</p>

Question	Part	Marking guidance	Total marks									
11	2	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> </tr> </thead> <tbody> <tr> <td>Nominal GDP (\$bn)</td> <td>2576</td> <td>2894</td> </tr> <tr> <td>Index of the price level</td> <td>122</td> <td>134</td> </tr> </tbody> </table> <p>Calculate the percentage change in the country's real GDP between Year 1 and Year 2.</p> <p>Give your answer to two decimal places.</p> <p>Calculation:</p> $\begin{aligned} \text{Real GDP in Year 2 (Year 1 prices)} &= \$\left(2894 \times \frac{122}{134}\right)\text{bn} \\ &= \$2634.836\text{bn} \end{aligned}$ $\begin{aligned} \text{Percent change in real GDP} &= \frac{2634.836 - 2576}{2576} \times 100 \\ &= \frac{58.836}{2576} \times 100 \\ &= 2.2840\% \\ &= 2.28\% \text{ (2dp)} \end{aligned}$ <p>Also allow a calculation based on converting Year 1 GDP into Year 2 prices, as follows:</p> $\begin{aligned} \text{Real GDP in Year 1 (Year 2 prices)} &= \$\left(2576 \times \frac{134}{122}\right)\text{bn} \\ &= \$2829.377\text{bn} \end{aligned}$ $\begin{aligned} \text{Percent change in real GDP} &= \frac{2894 - 2829.377}{2829.377} \times 100 \\ &= \frac{64.623}{2829.377} \times 100 \\ &= 2.2840\% \\ &= 2.28\% \text{ (2dp)} \end{aligned}$ <p>Alternative valid methods should be rewarded, for example:</p> $[(2894 \div 2576) \times (122 \div 134) \times 100] - 100$		Year 1	Year 2	Nominal GDP (\$bn)	2576	2894	Index of the price level	122	134	<p>4</p> <p>AO1 = 1 AO2 = 3</p>
	Year 1	Year 2										
Nominal GDP (\$bn)	2576	2894										
Index of the price level	122	134										

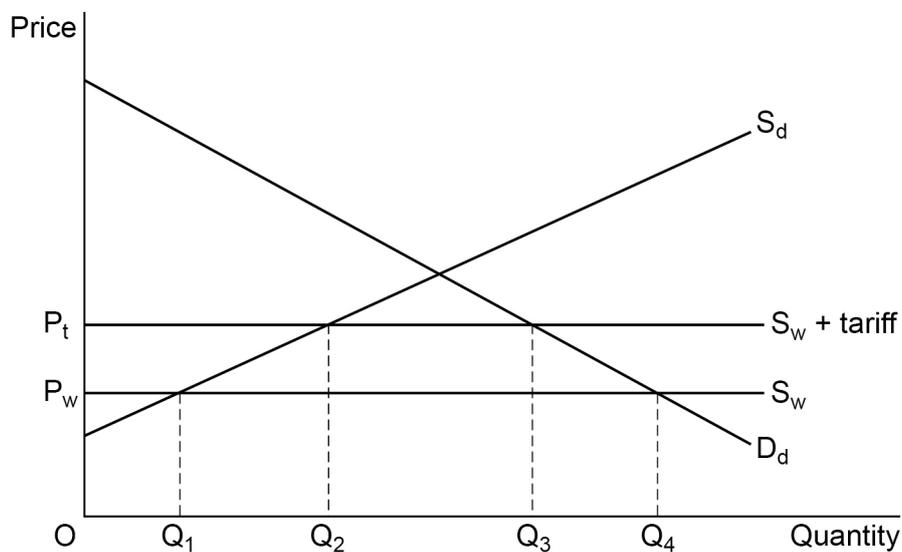
Response	Max 4 marks
For the correct answer: 2.28% (with or without working shown)	4 marks
For the correct answer not rounded to 2dp: eg 2.284% OR For the correct answer rounded the wrong way: 2.29% OR For the correct answer but with missing/incorrect units: eg 2.28	3 marks
For the correct answer with missing/incorrect units <u>and</u> not rounded correctly to 2dp: eg 2.2842 OR For the correct calculation of real GDP in Year 2 at Year 1 prices, with the correct units: \$2634.84bn OR For the correct calculation of real GDP in Year 1 at Year 2 prices, with the correct units: \$2829.38bn	2 marks
For the correct calculation of real GDP in Year 2 at Year 1 prices, with missing/incorrect units <u>and/or</u> not to 2dp: eg ¥2634.84m or 2634.8 OR For the correct calculation of real GDP in Year 1 at Year 2 prices, with missing/incorrect units <u>and/or</u> not to 2dp: eg £2829.38bn or 2829 OR For the correct method but the wrong answer	1 mark

Question	Part	Marking guidance	Total marks
11	3	Explain, using a diagram, how imposing a tariff on the imports of a product is likely to affect the quantity of the product that is imported.	4 AO1 = 1 AO2 = 3

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows good knowledge and understanding of how imposing a tariff on the imports of a product is likely to affect the quantity of imports. Includes a relevant diagram that will, at the top of this level, be accurate and used appropriately.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of how imposing a tariff on the imports of a product is likely to affect the quantity of imports. May include a relevant diagram but the diagram is not used and/or is inaccurate in some respects.
	0	No creditworthy material

Indicative content:

The expected diagram is as follows:



Acceptable labels include:

Vertical axis: Price, P, currency symbol but not Price level or PL.

Horizontal axis: Quantity, Q or Output but not Real GDP or National income

An example of an acceptable explanation:

Imports are products bought from abroad. A tariff is a tax on imports which is likely to raise the price of imports. This will reduce the demand for the product whilst encouraging domestic firms to increase supply. The reduction in the demand for the product and the increase in the quantity supplied domestically will reduce the quantity of imports. In the diagram, S_w is the world supply curve for the product. $S_w + \text{tariff}$ is the world supply curve after a tariff of $(P_t - P_w)$ is imposed on imports. D_d and S_d are the domestic demand and supply curves. The quantity of imports before the tariff is $(OQ_4 - OQ_1)$. The quantity of imports after the tariff is $(OQ_3 - OQ_2)$. The quantity of imports falls by $(OQ_2 - OQ_1) + (OQ_4 - OQ_3)$.

Credit valid alternative content.

MAXIMUM FOR QUESTION 11: 10 MARKS

Section C

Total for this section: 45 marks

Question	Part	Marking guidance	Total marks
12	1	<p>Extract A shows manufacturing output as a share of GDP and net trade in goods for Romania.</p> <p>Explain why changes in a country's manufacturing output as a share of GDP are likely to affect its net trade in goods.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes reasonable application of relevant economic principles to support the response. Includes well-focused analysis with a clear, logical chain of reasoning.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of relevant economic terminology, concepts and principles. May include some application of relevant economic principles to the question. May include some attempted analysis but the analysis is not adequately developed and/or may be confused.
	0	No creditworthy material

Indicative content:

- definition of manufacturing, GDP, net trade in goods
- explanation that trade in goods includes primary products, such as metals and vegetables, as well as manufactures and semi-manufactures
- recognition that a decrease in manufacturing output as a share of GDP may lead to a decrease in imports of raw materials and semi-manufactures
- explanation that if manufacturing output as a share of GDP decreases, import substitution is likely to take place and a country is likely to import more manufactures and semi-manufactures
- explanation that if manufacturing output as a share of GDP decreases, a country is likely to export fewer manufactures and semi-manufactures
- explanation of how a rise in imports and fall in exports of manufactures is likely to affect a country's net trade in goods
- explanation that a decrease in manufacturing output may result in a decrease in employment and income, leading to a fall in imports and hence an improvement in the balance of trade in goods.

It is also acceptable if a student explains the effects of an increase in manufacturing output.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
12	2	To what extent do the data suggest that Romania's manufacturing output as a share of GDP affected its net trade in goods between 2012 and 2022? Use the data in Extract A to support your answer.	4 AO1 = 1 AO2 = 1 AO4 = 2

Examiners are reminded that AO1, AO2 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Includes sound evidence that indicates the extent to which Romania's manufacturing output as a share of GDP affected its net trade in goods. Includes a supported judgement concerning the extent to which Romania's manufacturing output as a share of GDP affected its net trade in goods.
1	1–2	<ul style="list-style-type: none"> Includes some limited evidence that indicates the extent to which Romania's manufacturing output as a share of GDP affected its net trade in goods. May attempt a judgement concerning the extent to which Romania's manufacturing output as a share of GDP affected its net trade in goods.
	0	No creditworthy material

Indicative content:

- at the start of the period, in 2012, Romania's manufacturing as a share of GDP (21.28%) was higher than at the end of the period, 2022, (19.17%) while the deficit in net trade in goods increased from –\$11 890m to –\$33 923m
- each year between 2014 and 2020, Romania's manufacturing as a share of GDP fell (from 21.51% to 15.86%) while Romania's deficit in net trade in goods increased each year (from –\$8820m to –\$21 676m)
- for most of the period, a fall in Romania's manufacturing as a share of GDP is associated with an increase in Romania's deficit in net trade in goods, and vice versa, but there are some anomalies:
 - between 2012 and 2013, Romania's manufacturing as a share of GDP fell from 21.28% to 20.22% but Romania's deficit in net trade in goods also fell from –\$11 890m to –\$8069m
 - between 2013 and 2014, Romania's manufacturing as a share of GDP rose from 20.22% to 21.51% but Romania's deficit in net trade in goods also increased from –\$8069m to –\$8820m
 - between 2020 and 2022, Romania's manufacturing as a share of GDP rose from 15.86% to 19.17% but Romania's deficit in net trade in goods also increased from –\$21 676m to –\$33 923m
- consideration of other factors that might affect the net trade in goods, for example: changes in world commodity prices, the types of manufactured goods made in Romania and the extent to which they are traded internationally, changes in the exchange rate, productivity in domestic and overseas manufacturing, domestic and overseas income elasticities of demand for manufactures
- students are likely to conclude that there is some evidence to support the view that a fall in manufacturing as a share of GDP is associated with an increasing deficit in net trade in goods although since 2020, the growth in manufacturing as a share of GDP has been accompanied by a growing deficit in net trade in goods
- some students may reasonably conclude that other factors are likely to be more important.

Credit valid alternative content.

MAXIMUM FOR QUESTION 12: 8 MARKS

Question	Part	Marking guidance	Total marks
13		<p>Extract B (lines 9–10) states: ‘The growth of trading blocs has affected the geographical and commodity pattern of world trade.’</p> <p>Explain how being a member of a trading bloc, such as the EU or the CPTPP, is likely to affect a country’s pattern of trade.</p>	<p>12</p> <p>AO1 = 3 AO2 = 3 AO3 = 6</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	9–12	<ul style="list-style-type: none"> Is well organised and develops one or more of the key issues that are relevant to the question. Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes good application of relevant economic principles and/or good use of data to support the response. Includes well-focused analysis with a clear, logical chain of reasoning. May include a relevant diagram that is accurate and used appropriately to support their explanation.
2	5–8	<ul style="list-style-type: none"> Includes one or more issues that are relevant to the question. Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present. Includes reasonable application of relevant economic principles and/or data to the question. Includes some reasonable analysis but it might not be adequately developed and may be confused in places. May include a relevant diagram to support their explanation.
1	1–4	<ul style="list-style-type: none"> Is very brief and/or lacks coherence. Shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely. Demonstrates very limited ability to apply relevant economic principles and/or data to the question. May include some very limited analysis but the analysis lacks focus and/or becomes confused. May include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by a trading bloc, pattern of trade
- explanation of the difference between the geographical and commodity pattern of trade
- recognition that the pattern of trade for exports and imports may differ
- an explanation that focuses on how membership of a trading bloc is likely to affect the geographical pattern of trade
- an explanation that focuses on how membership of a trading bloc is likely to affect the commodity pattern of trade

- explanation of the significance of free trade between member countries for the pattern of trade
- explanation of why membership of a trading bloc is likely to increase trade between members
- explanation of why membership of a trading bloc may reduce trade with non-member countries
- recognition that there are different types of trading bloc and that the nature of the restrictions on trade with non-member countries will vary, eg a customs union versus a free trade area
- analysis of how these different restrictions on trade may affect the pattern of trade
- analysis of how and why membership of a trading bloc may affect comparative advantage and hence the pattern of trade
- how trade blocs may negotiate favourable trading arrangements with other trading blocs or particular countries outside the bloc and how this is likely to affect the pattern of trade
- recognition that the internal policies of some trading blocs may affect the pattern of trade, eg financial support for particular industries is likely to affect the pattern of trade
- use of data from **Extracts B and C**
- use of real-world examples to illustrate how membership of trading blocs has affected the pattern of trade.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
14		<p>Extract C (lines 4–5) states: ‘Some Romanians think that Romania should leave the EU. However, a large majority wants the country to remain a member.’</p> <p>Assess the view that being a member of a trading bloc is likely to contribute to the economic development of a high-income country such as Romania.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren’t well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by trading bloc, high-income country and economic development
- recognition that there are different types of trading bloc and that the effects on a country's economic development may differ
- recognition that membership of a trading bloc is likely to create a large internal market, free from restrictions on trade
- analysis of how membership of a trading bloc can generate trade creation gains between members, benefiting a country that joins a trading bloc
- analysis of how restrictions on trade with non-members can lead to trade diversion losses, imposing costs on a country that joins a trading bloc
- evaluation of how, if there are restrictions on members' abilities to negotiate trade deals with non-members, it may affect the economic development of a high-income country
- analysis of how a larger internal market may allow firms in a high-income country to benefit from economies of scale and how this may contribute to economic development
- explanation of how membership of a trading bloc is likely to increase competition
- analysis and evaluation of the benefits of increased competition for a high-income country's economic development
- how membership of a trading bloc may allow free movement of capital and labour
- analysis and evaluation of how free movement of capital and labour may affect the economic development of a high-income country
- explanation of how membership of a trading bloc may encourage TNCs located outside the bloc to invest in the high-income country to benefit from the larger internal market
- evaluation of the benefits and costs of inward investment from outside the trading bloc
- the significance of the policies adopted by the bloc to support members, for example, as mentioned in the extract: infrastructure development, environmental protection and social programmes
- analysis and evaluation of the benefits and costs of common policies that may be imposed on members of a trade bloc and their impact on economic development
- analysis and evaluation of how membership of a trading bloc is likely to affect the degree of inequality within a high-income country
- evaluation that recognises that the potential costs and benefits for a high-income country depend on the nature of the trading bloc
- use of data from the extracts to support discussion of how membership of a trade bloc might affect the economic development of a high-income country
- use of real-world examples to illustrate how membership of a trading bloc may have contributed to the economic development of a high-income country
- an overall assessment of whether and to what extent membership of a trading bloc is likely to contribute to the economic development of a high-income country.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

Section D

Total for this section: 25 marks

Question	Part	Marking guidance	Total marks
15		<p>Transnational corporations (TNCs), such as Unilever, Nestlé, Samsung and Honda, are major investors in Vietnam, a less economically developed country (LEDC). However, in January 2024, the Vietnamese government increased its corporate tax rate for most TNCs reducing the incentive for them to invest in Vietnam.</p> <p>Assess the view that, for LEDCs, the benefits of investment by TNCs are greater than the costs.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by TNCs, LEDCs and FDI
- explanation of the nature and types of investment by TNCs in LEDCs
- explanation of why a TNC may wish to invest in an LEDC
- potential benefits of investment by TNCs for LEDCs:
 - analysis of how investment may generate long-run economic growth
 - analysis of how investment may generate short-run economic growth, including possible multiplier effects
 - analysis of how it may reduce the ‘savings gap’ and its significance
 - analysis and evaluation of the effects on employment and investment in human capital
 - analysis and evaluation of how it may help to reduce the inequality of income
 - analysis and evaluation of the potential benefits through technology transfers
 - analysis and evaluation of the impact on a government’s tax revenue
 - explanation of how it may stimulate investment in infrastructure
 - analysis and evaluation of the impact on the balance of trade through increased exports and import substitution
- potential costs of investment by TNCs for LEDCs:
 - assessment of the costs to the government from policies needed to attract TNCs to invest in the economy
 - evaluation of the significance of transfers of TNCs’ profits out of the economy
 - discussion of possible exploitation of the local labour force and the effects on the distribution of income
 - discussion of possible exploitation of the LEDC’s natural resources
 - assessment of possible environmental costs
 - analysis of how TNCs may be ‘footloose’ and evaluation of the significance of this
 - how and why a TNC may be able to influence government policy
- explanation of how investment by TNCs will increase competition and evaluation of the associated benefits and costs
- analysis and evaluation of the effects on domestic firms
- analysis and evaluation of impact on the LEDC’s foreign exchange reserves
- analysis and evaluation of impact on overseas debt
- evidence of how investment by TNCs may have affected a particular LEDC
- overall assessment of whether the benefits of investment by TNCs are greater than the costs for LEDCs.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student’s response to the question.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
16		<p>On 30 March 2022, it took 14.496 South African rand to buy one US dollar. Since then, the South African rand exchange rate has depreciated and, on 30 November 2023, it took 18.859 South African rand to buy one US dollar.</p> <p>Assess how a significant fall in the value of a country's currency on the foreign exchange market is likely to affect the performance of its economy.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by the foreign exchange market, exchange rate, ‘fall in the value of a country’s currency’, devaluation and depreciation
- explanation of different types of exchange rate system
- explanation of what is meant by ‘the performance of an economy’, linked to the main macroeconomic policy objectives and economic development
- explanation of how a fall in the value of a country’s currency is likely to affect the foreign currency price of exports and the domestic currency price of imports
- analysis and evaluation of the impact of a fall in the value of a currency on the current account of the balance of payments
- analysis of the significance of the price elasticities of demand for exports and imports
- explanation of the likely impact of a fall in the value of a currency on aggregate demand
- analysis and evaluation of the impact of a fall in the value of a currency on the short-run economic growth and the level of economic activity
- analysis and evaluation of the impact of a fall in the value of a currency on unemployment
- analysis and evaluation of the impact of a fall in the value of a currency on inflation, demand-pull and cost-push inflation
- analysis and evaluation of the impact on other aspects of economic development, such as poverty and inequality, and sustainable growth
- discussion of factors that are likely to affect the impact of a fall in the value of a currency on a country’s economic performance, for example, the rate of inflation compared to competitors, productivity growth compared to competitors
- assessment of the difference between the short-run and long-run effects
- evaluation of the significance of the cause, magnitude and duration of the fall in the exchange rate
- evidence of the impact of a fall in the value of a currency on a specific country’s economic performance
- an overall assessment of how a significant fall in the value of a country’s currency on the foreign exchange market is likely to affect the performance of its economy.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student’s response to the question.

Credit valid alternative content.

Assessment Objectives Grid

	AO1	AO2	AO3	AO4	Total
Section A					
01	1				1
02	1				1
03		1			1
04			1		1
05	1				1
06		1			1
07		1			1
08	1				1
09		1			1
10		1			1
Section B					
11.1	2				2
11.2	1	3			4
11.3	1	3			4
Section C					
12.1	1	1	2		4
12.2	1	1		2	4
13	3	3	6		12
14	4	3	9	9	25
Section D					
15 and 16	4	3	9	9	25
Unit total	21	22	27	20	90