



Mark Scheme (Results)

Summer 2025

Pearson Edexcel International Advanced Level
In Economics (WEC11) Paper 01

Unit 1: Markets in action

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Summer 2025

Question Paper Log Number P78808A

Publications Code WEC11_01_2506_MS

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General Marking Guidance

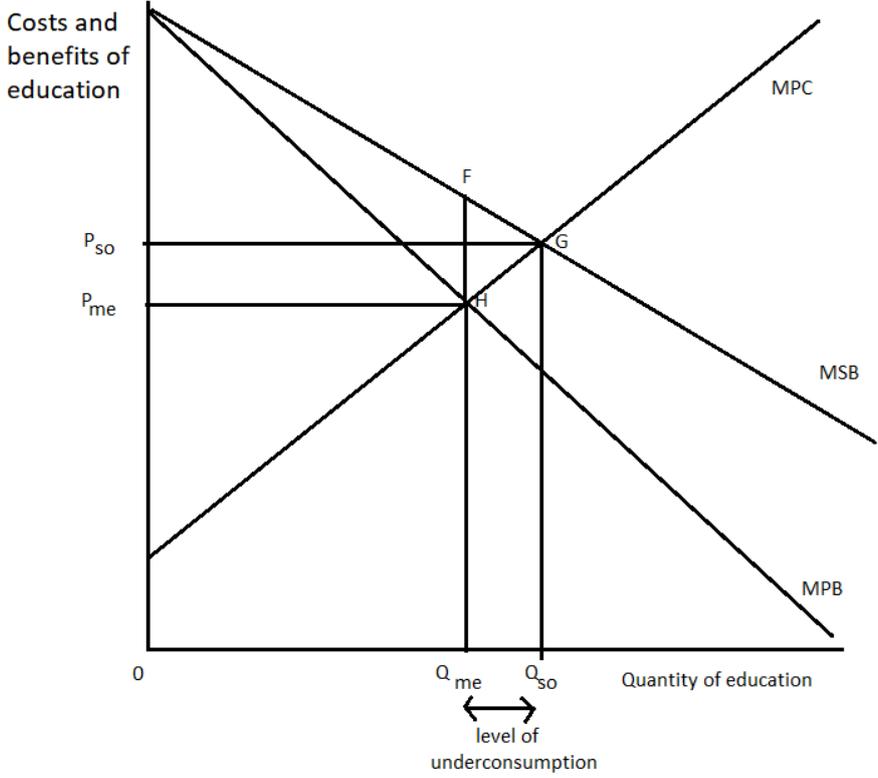
- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should 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	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is B</p> <p>A is not correct because this is a government failure C is not correct because this is a government failure D is not correct because the market is functioning efficiently</p>	(1)
2	<p>QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is D</p> <p>A is not correct because the maximum price is below the equilibrium so resulting in excess demand, not excess supply B is not correct because the maximum price is below the equilibrium so resulting in excess demand, not excess supply C is not correct because the higher price results in a contraction of demand and an extension of supply so excess demand decreases</p>	(1)
3	<p>QS2: Calculate, use and understand percentages, percentage changes and percentage point changes QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is A</p> <p>B is not correct because the consumers would buy fewer products to maximise utility C is not correct because habitual behaviour would not result in consumers buying fewer products D is not correct because poor computational skills mean consumers would not be able to calculate the savings and would not buy fewer products</p>	(1)

4	<p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS8: Make calculations of elasticity and interpret the result</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p>A is not correct because total revenue would increase as demand is price inelastic/ this is the gain in revenue from the higher price ($90 \times \\$1 = \\$90\,000$)</p> <p>B is not correct because total revenue would increase as demand is price inelastic/ this is the loss in revenue due to the decrease in the quantity sold ($15 \times \\$3 = \\$45\,000$)</p> <p>D is not correct because this shows the additional revenue from those consumers that continue to buy the product and ignores the lost revenue from those who stop buying at the higher price/ this is the gain in revenue from the higher price ($90 \times \\$1 = \\$90\,000$)</p>	(1)
5	<p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is D</p> <p>A is not correct because the free market has no government and in Venezuela 14.4% of its economy is government</p> <p>B is not correct because a command economy would have 100% of spending by the government</p> <p>C is not correct because Venezuela and Sweden are mixed economies with both the price mechanism and the government allocating resources</p>	(1)
6	<p>QS8: Make calculations of elasticity and interpret the result</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p>A is not correct because the demand for all four chocolate bars is price elastic</p> <p>B is not correct because there is no information on the income elasticity of demand</p> <p>D is not correct because a 5% increase in price will result in an 8% decrease in quantity demanded</p>	(1)

Section B

Question	<p>In 2021 the number of citizens taking online education courses in the Philippines was 1 300 000. Draw a diagram to illustrate the likely external benefits resulting from online education in the Philippines.</p> <p>Answer</p>	Mark
<p>7</p>	<p>Knowledge 1, Application 3 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.</p> <p>Knowledge</p> <p>1 mark for showing knowledge on diagram</p> <ul style="list-style-type: none"> Downward sloping MSB above MPB (1) <p>Application</p> <p>Up to 3 marks for the following information included on diagram:</p> <ul style="list-style-type: none"> Market equilibrium price and quantity (1) Social optimum price and quantity (1) Welfare loss/welfare gain area FGH/ size of external benefit FH/ level of underconsumption $Q_{me} - Q_{so}$ (1) (allow underprovided)  <p>NB accept a parallel shift of MPB to MSB</p>	<p>(4)</p>

Question	Explain one advantage of specialisation in house construction. Answer	Mark
8	<p>Knowledge 1, Application 1 Analysis 2</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>1 mark for a definition of specialisation/ division of labour e.g.:</p> <ul style="list-style-type: none"> • Where production is broken down into tasks and each worker focuses on a job / • Where workers concentrate on narrow range of tasks • Where businesses focus on producing a narrow range of goods (1) <p>Application</p> <p>1 mark for data linked to a task e.g:</p> <ul style="list-style-type: none"> • Bricklayers focus on brickwork/ laying bricks/ carpenters complete joinery/ woodwork plasterers plaster walls/ electricians complete electrical work/ painters paint walls/ceilings (1) <p>Analysis</p> <p>1 mark for an advantage and one mark for linked development:</p> <ul style="list-style-type: none"> • Productivity will be higher/output per worker will be higher/ output will increase (1) so workers do not need to keep changing tools (1) • Workers need training in a narrower range of skills (1) helping lower training costs for the housebuilder (1) • Each worker becomes more skilled at the particular job (1) helping to ensure higher quality houses are produced (1) • Helping to reduce the cost of constructing each house (1) enabling house builders to make more profit (1) • Helping to construct houses more rapidly (1) which means revenue can be raised sooner from selling houses (1) 	(4)

Question	With reference to the information given, explain the difference between substitutes and complements.	Mark
Answer		
9	<p>Knowledge 2, Application 2</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>1 mark for definition of substitutes e.g.:</p> <ul style="list-style-type: none"> • XED is positive/where the two goods meet the same need/ when the price of one good increases the quantity demanded of the other good increases (1K) <p>1 mark for definition of complements e.g.</p> <ul style="list-style-type: none"> • XED is negative/where the two goods are used together/ consumed jointly/when the price of one good increases the quantity demanded of the other good decreases (1K) <p>Application</p> <p>Up to 2 marks for applying to stem e.g.:</p> <ul style="list-style-type: none"> • Cold soft drinks and hot drinks are substitutes (1AP) • Biscuits and hot drinks are complements (1AP) 	(4)

Question	<p><i>Ceteris paribus</i>, calculate the price elasticity of supply for green coffee beans. Show your workings.</p> <p>Answer</p>	Mark
10	<p>Knowledge 1, Application 3 Quantitative skills assessed: QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge 1 mark for definition/the formula of price elasticity of supply $\frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} \quad (1)$</p> <p>Application Up to 3 marks for calculations:</p> <ul style="list-style-type: none"> • % change in green coffee bean output $11\,550\,000 - 8\,510\,000 / 8\,510\,000 \times 100 = 35.7226792\% \quad (1)$ • % change in price $1.82 - 1.61 / 1.61 \times 100 = 13.0434783\% \quad (1)$ $35.7226792\% \div 13.0434783\% = 2.73873873 \quad (1)$ <p>NB: if correct answer (e.g. 2.7/ 2.74/2.739) is given, award full marks regardless of working. Accept reasonable rounding from full calculation (e.g. 36/13 = 2.8) Award 3 marks for 2.74%</p>	(4)

Question	<p>Explain the likely impact on the USA's production possibility frontier (PPF) of this change in migration.</p> <p>Illustrate your answer with a fully labelled PPF diagram.</p> <p>Answer</p>	Mark
<p>11</p>	<p>Knowledge 1, Application 1, Analysis 2</p> <p>Quantitative skills assessed:</p> <p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>1 mark for definition of PPF e.g.:</p> <ul style="list-style-type: none"> • Production Possibility Frontier is the maximum possible production using all available resources (1) <p>Application</p> <p>1 mark for correct shift of PPF diagram:</p> <ul style="list-style-type: none"> • Outward/rightward shift of PPF (1) <div data-bbox="336 898 916 1411" data-label="Figure"> </div> <p>NB Accept curved PPF</p> <p>Analysis</p> <p>Up to 2 marks for:</p> <ul style="list-style-type: none"> • An increased population in the USA would increase the number of workers/ more factors of production available (1) • Increase in the output of capital goods and consumer goods that can be produced (1) • Identifying that this illustrates economic growth/an increase in productive potential (1) 	<p>(4)</p>

Section C

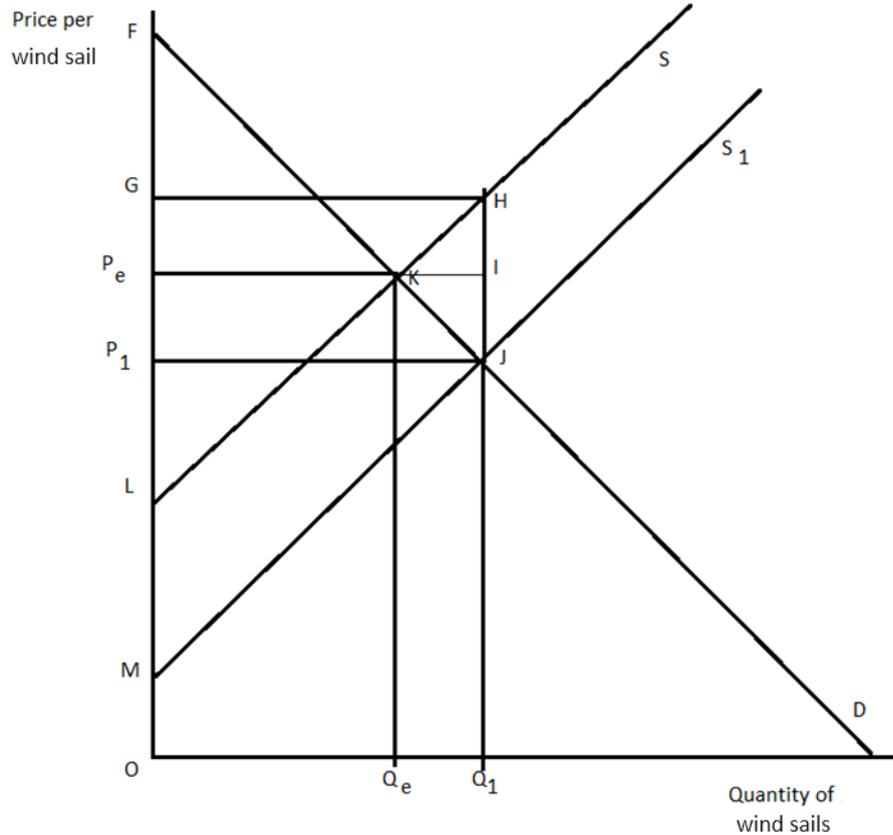
Question	Define the term 'public good'. (Extract A, line 13)	Mark
12 (a)	<p>Answer</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge 2</p> <p>Up to 2 marks for definition of 'public good.' e.g.:</p> <ul style="list-style-type: none">• Non-excludable (1) and Non-rival (1) <p>If no reference to the two characteristics award a maximum of 1 mark for one of the following</p> <ul style="list-style-type: none">• The free rider problem /• Where the private sector would be unable to profit from producing the product /• South African government provides 45 active lighthouses (1)	(2)

Question	<p>With reference to Figure 1 and Extract A, analyse two factors that caused the average world price of transporting goods in shipping containers to rise rapidly. Illustrate your answer with a supply and demand diagram. Answer</p>	Mark
12 (b)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>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.</p> <p>Knowledge</p> <p>Up to 2 marks for the diagram showing:</p> <ul style="list-style-type: none"> • Original supply, demand and equilibrium price and quantity (1) • New equilibrium quantity and increased price having shifted only the supply curve (1) <p>Analysis</p> <p>Up to 2 marks for 2 supply factors from Extract A:</p> <ul style="list-style-type: none"> • Container ships diverted to an alternative route/ Added 6 550km/ 10-15 days/ Additional cost of fuel £1million (1) • Higher wages of workers (1) • Increased interest rate/cost of borrowing (1) <p>Application</p> <p>1 mark for diagram:</p> <ul style="list-style-type: none"> • Shift supply curve to the left (1) <p>1 mark for reference to Figure 1:</p> <ul style="list-style-type: none"> • Figure 1- price rises from \$2 172 to \$3 411 per shipping container between March 2023 and March 2024/ increased by 57% (1) <div data-bbox="359 1288 1189 1993" data-label="Figure"> </div>	(6)

Question	With reference to Extract B, explain the difference between price inelastic supply and price elastic supply. Answer	Mark
12 (c)	<p>QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge 2 Application 2</p> <p>Knowledge 1 mark for understanding of price inelastic supply:</p> <ul style="list-style-type: none"> • where the PES is between 0 and 1/a change in price causes a less than proportionate change in quantity supplied/diagram showing inelastic supply (1) <p>1 mark for understanding of price elastic supply:</p> <ul style="list-style-type: none"> • where the PES is between 1 and infinity/a change in price causes a more than proportionate change in quantity supplied/diagram to show elastic supply (1) <p>Application Up to 2 marks for application:</p> <ul style="list-style-type: none"> • It will take 12-16 months to build one new container ship/ the shipping companies will have an even longer wait before the ships are received suggests inelastic (1) • Only 65% of capacity on container ships is typically used suggesting that supply is elastic (1) 	(4)

Question	With reference to Extract C, examine two external costs associated with container ships. Answer	Mark
12(d)	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <p>Knowledge and Analysis Up to 2 marks for identifying two effects and up to 2 marks for linked explanations which must link to the third party, e.g.:</p> <ul style="list-style-type: none"> • The greenhouse gases e.g. CO₂ contribute to global warming (1K) resulting in flooding of homes/wildfires (1AN) • Can damage buildings and forests (1K) as the sulfur can cause acid rain (1AN) • Creates healthcare costs (1K) as people require treatment/ inhalers/chemotherapy (1AN) • Causes dolphins and whales or sea creatures to get lost (1K) which may cause resources to be used when they become beached/ can have an adverse impact on biodiversity of marine life (1AN) • Sea animals become sick (1K) costing animal charities to rescue and rehabilitate (1AN) • Destroying sea corals (1K) requiring extra resources for clean up (1AN) <p>Application Up to 2 marks for application to Extract C</p> <ul style="list-style-type: none"> • 2% of global CO₂ emissions come from container ships (1) • The low-grade fuel used by the world's 90 000 container ships contains 2 000 times the amount of sulfur compared to diesel fuel used in cars (1) • In one year, a single large container ship can emit cancer and asthma-causing pollutants equivalent to that of 50 million cars (1) • The hum of ship engines affects marine life, disrupting communication and navigation for animals like whales and dolphins (1) • Oil spills, sewage and chemical waste discharged by container ships contribute to water pollution (1) <p>Evaluation Up to 2 marks for evaluative comments (2+0 or 1+1), e.g.:</p> <ul style="list-style-type: none"> • Carbon emissions were reduced by 30% through measures to reduce fuel consumption reducing the size of these external costs (1+1) • New technology is helping to reduce pollution further and external costs reduce (1+1) • Hard to put value on external costs of production as they are hard to measure (1+1) • Benefits of being able to import and export goods (1+1) 	(8)

Question	<p>With reference to Extract C and your own knowledge, discuss the likely benefits of subsidies paid to the manufacturers of wind sails.</p> <p>Illustrate your answer with a supply and demand diagram.</p> <p>Indicative content</p>
12(e)	<p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>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.</p> <p>Quantitative skills assessed</p> <p>QS4: Construct and interpret a range of standard graphical forms</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>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.</p> <p>Knowledge, Application and Analysis (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Subsidy- cash grant paid to encourage production • Reduces wind sail manufacturers’ costs of production • Generates employment in manufacturing wind sails



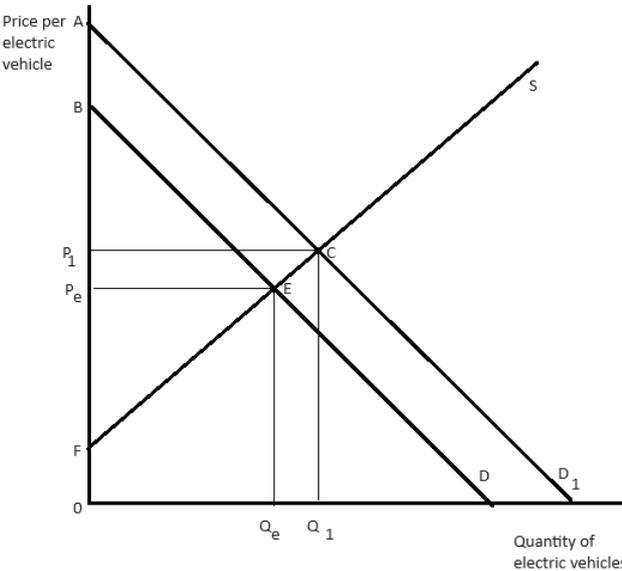
- Price of wind sails reduces P_e to P_1
- Quantity of wind sails increases Q_e to Q_1
- Consumer subsidy $P_e I J P_1$
- Producer subsidy $G H I P_e$
- Consumer surplus increases $F K P_e$ to $F J P_1$ / increases by $P_e K J P_1$
- Increased revenue for manufacturers
- Profit/ Producer surplus increases
- Reduces external cost/ environmental damage as compared with fuel
- One ship using the wind sail reduced emissions by 11.2 tonnes of CO_2 per day/ in one year equivalent to the removal of 480 cars from the road

NB Award maximum of Level 2 if no diagram included

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.

		<p>Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>
	<p>Evaluation (6 marks) – indicative content</p> <ul style="list-style-type: none"> • Opportunity costs as the money given to wind sail manufacturers cannot be spent on improving healthcare for the poor or spending on education • Wind sail manufacturers may become dependent on subsidies • Wind sail manufacturers may become complacent and less focused on cutting costs • New factories being built cause environmental damage • Magnitude of the subsidy is important- a lot is needed with so many container ships • Production may be capital intensive meaning few workers are employed • External benefits of additional employees spending in local businesses • Balance the job losses in fuel with the job creation at wind sail manufacturers • This was only a trial so the benefits may be larger or smaller • Subsidy costs the government GHJP₁ • With higher wind sail quantity- the fuel suppliers may suffer/decline • Employment in the fuel market may decrease 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<p>Identification of generic evaluative comments.</p> <p>No supporting evidence/reference to context.</p> <p>No evidence of a logical chain of reasoning.</p>
Level 2	3–4	<p>Evidence of evaluation of alternative approaches.</p> <p>Some supporting evidence/reference to context.</p> <p>Evaluation is supported by a partially-developed chain of reasoning.</p>
Level 3	5–6	<p>Evaluation recognises different viewpoints and/or is critical of the evidence.</p> <p>Appropriate reference to evidence/context.</p> <p>Evaluation is supported by a logical chain of reasoning.</p>

Section D

<p>Question</p>	<p>Evaluate the microeconomic benefits of this increase in demand for electric vehicles. Illustrate your answer with a supply and demand diagram.</p>
<p>Indicative content</p>	
<p>13</p>	<p>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.</p> <p>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.</p> <p>Knowledge, application and analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Between 2017 and 2023 electric vehicles sales increased from 1.18m to 13.8m globally/increase by 12.62m/ increased 1069.5% • Demand shifts right D to D₁ • Producer surplus increased from EFP_e to CFP₁ • Consumer surplus increased from BEP_e to CAP₁  <ul style="list-style-type: none"> • Tax revenue increase for governments if indirect tax imposed on electric vehicles • Reduced external costs associated with non-electric vehicles • Creation of external benefits- e.g. those employed in electric vehicles manufacturing spending more in local businesses • Increased demand for complementary products- e.g. electric charging units • Increased employment in the electric vehicle manufacturing industries • Creates an incentive for firms to shift production to electric vehicles from other types of vehicles • Signals to consumers/producers that these products are more in demand as sales and prices rise <p>Maximum of Level 3 with only 1 benefit Maximum of Level 3 without a supply and demand diagram</p>

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.
		<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Costs to produce electric vehicles are still high so profit may not increase • Cost to government to provide electric chargers • Loss of tax revenue as people substitute away from petrol/ diesel cars • The magnitude/size of the increase was 1069.5% which shows substantial benefits are likely • As more and more vehicle manufacturers start to produce electric vehicles the increased competition will reduce the producer surplus • Electric vehicles need a lot of resources to produce them- the mining of which can be damaging to the environment • Decreased demand for substitute products- diesel and petrol vehicles • An increase in demand for electricity leading to more electricity generation and if using non-renewable resources is damaging to the environment • The price rise may reduce affordability for poorer household
o	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

Evaluate the microeconomic benefits of introducing a tax on plastic packaging. Illustrate your answer with a supply and demand diagram.

Indicative content

14

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.

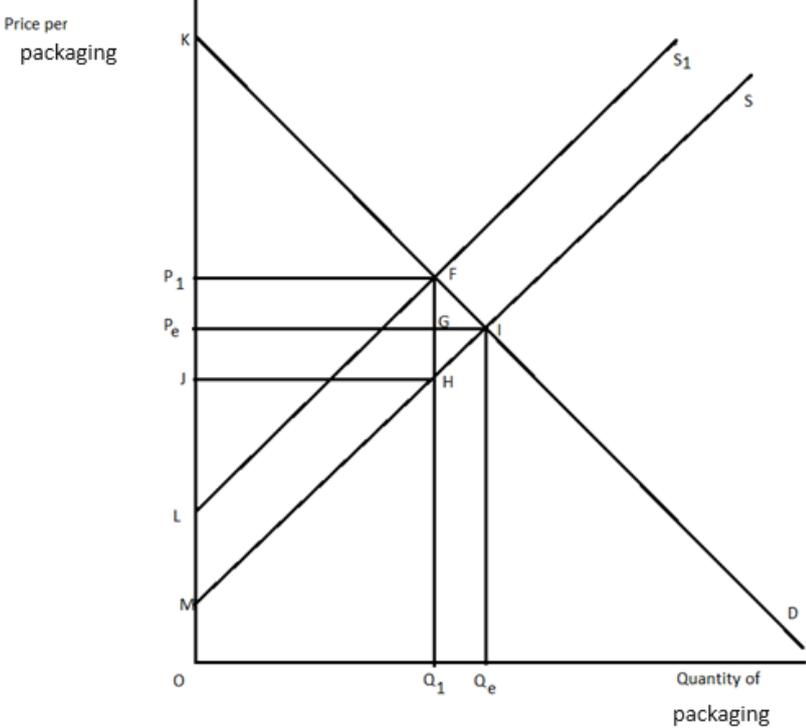
Indicative content guidance

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.

Knowledge, application and analysis (12 marks) – indicative content

- Indirect tax- expenditure tax
- Plastic packaging- causes environmental damage affecting wildlife, taking hundreds of years to decompose
- Tax introduced on plastic packaging in Italy, Spain and UK
- Plastic requires oil in its production, this results in more use of this non-renewable resource and is associated with environmental damage
- Clearing up of plastics in the sea, on land, litter and in landfill uses resources



- Ad valorem or specific tax diagrams should be rewarded
- As the costs of production rise causing supply curve to shift left
- The quantity consumed decreases from Q_e to Q_1 . Less packaging will be used
- The tax revenue earned by the government will be $FGHP_1$
- Producer incidence will be $GHJP_e$
- Consumer incidence will be $FGPeP_1$
- Manufacturers may adjust the contents of the packaging to increase the percentage that is recycled

		<ul style="list-style-type: none"> Reduction in external costs <p>Maximum of Level 3 with only 1 benefit Maximum of level 3 without a supply and demand diagram</p>
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.
		<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> Magnitude- depends on the level of the tax set- if too low then little impact on behaviour of manufacturers Plastic packaging may have highly inelastic demand resulting in little impact on quantity demanded- this is because plastic may better preserve food Packaging manufacturers produce external benefits in terms of employment opportunities which may be reduced Difficult to measure the size/value of external costs - so difficult to decide the level of tax to charge Indirect taxes might result in government failure e.g. if they are set too high, information gaps, unintended consequences <p>Related to diagram</p> <ul style="list-style-type: none"> The price of packaging increases from P_e to P_1, so consumers may pay more for goods Consumer surplus decreases from KIP_e to KFP_1 Producer surplus decreases As quantity of plastic packaging decreases, employment may fall
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.

