5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** **A** *is not correct because the EAC is a customs union* **B** *is not correct because the EAC is a customs union* **C** *is not correct because the EAC is a customs union*	**(1)**

5	**QS2**: Calculate, use and understand percentages, percentage changes and percentage point changes. **QS5**: Calculate and interpret index numbers. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** *is not correct because this is 3.1%/4.8% and does not calculate the index of export prices or index of import prices* **C** *is not correct because this is (index of import prices/index of export prices)*100 = 96.9/95.2 * 100* **D** *is not correct because this is 4.8%/3.1% and does not calculate the index of export prices or index of import prices*	**(1)**
6	QS2: Calculate, use and	The only correct answer is C	

6	**QS2**: Calculate, use and understand percentages, percentage changes and percentage point changes. **QS5**: Calculate and interpret index numbers. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** *is not correct because this is 5.7%/9.9% and does not calculate the terms of trade* **C** *is not correct because this is (index of import prices/index of export prices)x100 = 94.3/90.1 x 100* **D** *is not correct because this is 9.9%/5.7% and does not calculate the terms of trade*	**(1)**

5	**QS5**: Calculate and interpret index numbers. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** *is not correct because export prices have fallen at a faster rate than import prices* **C** *is not correct because export prices have fallen at a faster rate than import prices* **D** *is not correct because export prices have fallen at a faster rate than import prices*	**(1)**

6	**QS5**: Calculate and interpret index numbers **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** *is not correct because this would have increased Pakistan's terms of trade* **C** *is not correct because this would have increased Pakistan's terms of trade* **D** *is not correct because this would have increased Pakistan's terms of trade*	**(1)**

6	**QS5**: Calculate and interpret index numbers. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** *A is not correct because between 2000 and 2018 Bosnia and Herzegovina's terms of trade improved by 73.3%* *C is not correct because Bosnia and Herzegovina had to export fewer goods and services to purchase a given quantity of imports* *D is not correct because the index of export prices exceeds the index of import prices throughout the given period*	**(1)**

4	**QS1**: Calculate, use and understand ratios and fractions. **QS5**: Calculate and interpret index numbers **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** *A is not correct because incorrect formula (142.3-121.3) has been used to calculate Tanzania's terms of trade* *B is not correct because incorrect formula (121.3/142.3 x 100) has been used to calculate Tanzania's terms of trade* *D is not correct because incorrect formula (142.3+121.3) has been used to calculate Tanzania's terms of trade*	**(1)**

6	**QS5**: Calculate and interpret index numbers. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** *A is not correct because the price of Afghanistan's imports have fallen relative to the price of its exports* *B is not correct because the average price of Afghanistan's exports have increased relative to the average price of its imports* *D is not correct because there will be no impact on the financial account of the balance of payments*	**(1)**

6	**QS5**: Calculate and interpret index numbers **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** *A is not correct because this will reduce Afghanistan's terms of trade* *B is not correct because this will reduce Afghanistan's terms of trade* *C is not correct because this will reduce Afghanistan's terms of trade*	**(1)**

Question	In 2020 the value of world exports was $22.5 trillion.	Mark
	With reference to Figure 1, calculate the value of world GDP in 2020. You are advised to show your workings.	
	Answer	
7(a)	**Application 2** Quantitative skills assessed: **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. Up to 2 marks for calculations: • $22.5 trillion / 26.3 x 100 **(1)** • $85.55 trillion **(1)** **NB** Award 2 marks for correct answer ($85.55 trillion / $85.6 trillion / $86 trillion) **NB** Award only 1 mark for $85.55 / $85.6 / $86	**(2)**

Question	With reference to Figure 1 and the first paragraph of Extract A, examine **two** factors that contributed to 'increased globalisation'.	Mark
	Answer	
7(b)	**Knowledge 2, Application 2, Analysis 2, Evaluation 2**	

Knowledge 2, Application 2, Analysis 2, Evaluation 2

Quantitative skills assessed:
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.

Knowledge and analysis
Up to 2 marks for identifying two factors and 1 mark for each linked development, e.g.:

- Reduced cost of transport **(1K)**: through containerisation/fuel efficient modes of transport/better infrastructure **(1AN)**
- Reduced cost of communications **(1K)**: through internet, mobile technology and other technological advances have made it easier to communicate/make payments/share information **(1AN)**
- Increased significance of TNCs **(1K)**: they entered new markets and invested significantly in expanding abroad to increase sales /revenues/profits (via offshoring and outsourcing) **(1AN)**
- Political change/breakdown of the Soviet system and opening up of China **(1K)**: opened up previously closed economies to the world market/greater access to resources **(1AN)**

Application
Up to 2 marks for application to Figure 1, e.g.:

- Between 1980 and 2020, world exports, as a % of GDP, rose from 20% **(1)** to 26.3% **(1)** / 6.3 percentage points **(1+1)**

Evaluation
Up to 2 marks for evaluative comments (2+0 or 1+1):

- Prioritisation/significance of factors discussed e.g. reduced cost of transport is the most important **(1)** as there has been a large increase in container volumes in the last 50 years **(1)**
- Different impact on different countries **(1)** e.g. most landlocked countries have not benefited as much from containerisation as compared with those countries with access to seaports **(1)**
- Many people in developing countries are excluded from benefits of the internet or mobile technology as they live in poverty **(1)**, are illiterate or have no access to computer systems **(1)**
- Delays/uncertainty in global shipping **(1)** are encouraging some TNCs to reshore production/simplify their supply chains **(1)**
- Difficult to identify one main factor that contributed to increased globalisation **(1)** likely to be combination of/multiple factors **(1)**
- Time: globalisation has slowed **(1)** between 2011 and 2020 **(1)**
- Other factors may be significant **(1)** e.g. fall in protectionism **(1)** **(8)**

Question	Explain what is meant by 'protectionist policies' (Extract A, line 14).	Mark
	Answer	
7(c)	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** Up to 2 marks for understanding protectionist policies, e.g.: • Barriers to/restrictions on **(1)** (free) trade **(1)** • Tariffs/quotas/non-tariff barriers/subsides **(1)** • Protect domestic industries/employment / prevent dumping / reduce trade deficit/imports **(1)** **Application** Up to 2 marks for application to Extract A (1+1): • Growth in trade and investment increased at a slower rate **(1)** • Use of protectionist policies by the USA and the EU on China / to protect national security **(1)**	**(4)**

Question	With reference to the third paragraph of Extract A, analyse **two** roles of the World Trade Organization (WTO).	Mark
	Answer	
7(d)	**Knowledge 2, Application 2, Analysis 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge and analysis** Up to 2 marks for identifying two roles and one mark for each linked explanation, e.g.: • To promote free trade/trade liberalisation **(1K)** by reducing trade barriers/tariff and non-tariff barriers/use of protectionist policies **(1AN)** • To set the rules of trade **(1K)** because greater trade flows could increase economic growth/employment/living standards **(1AN)** • To resolve trade disputes **(1K)** by providing a forum for members to negotiate trade agreements **(1AN)** **Application** Up to 2 marks for application to Extract A (1+1): • Was ineffective in preventing the USA and the EU from using protectionist policies **(1)** • Promoting trade with developing countries in Asia, Africa and South America **(1)** • China had established free-trade areas with 28 countries **(1)**	**(6)**

Question	With reference to the information provided and your own knowledge, discuss the likely economic benefits to China of signing free-trade agreements with other countries. **Indicative content**

7(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, Application and Analysis (8 marks) – indicative content** • "By 2022 China had signed free-trade agreements with 28 countries. These agreements allow the free movement of goods and services and remove restrictions on foreign direct investment." • China also became a member of RCEP, a free-trade area • Trade creation: an analysis based on the law of comparative advantage; greater specialisation and more trade; increases domestic output and thus living standards - "could increase the country's rate of economic growth and improve its economic development" • Less dependence on developed countries such as the USA and the EU (use of Figure 2) who are "China's largest export markets": diversifying trade to reduce risks – "by promoting trade with developing countries in Asia, Africa and South America"; increase in GDP/rising incomes/falling unemployment • Improvement in current account of BOP: due to an increase in exports - "China's exports to these 28 countries in 2023 contributed to nearly 38% of its global exports" • Benefits to domestic businesses: increased production so that they can benefit from economies of scale; businesses have access to larger and potentially more lucrative markets so can increase sales • Removal of "restrictions on FDI": greater injections into the circular flow • Increase in innovation and transfer of ideas: could lead to an increase in dynamic efficiency for businesses in China • Increase in competition between businesses: this could lead to a reduction in x-inefficiency; and to an increase in allocative efficiency • Benefits to consumers: lower prices and therefore increase in consumer surplus; more choice and variety of goods and services • Reduction in transaction costs involved in trade e.g. less bureaucracy

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.

cause and/or consequence.

Evaluation (6 marks) – indicative content

- Could lead to trade diversion and distortion of comparative advantage
- Imports may increase more than exports causing a deterioration in the current account of the balance of payments of China
- There may be an increased interdependence on the economic performance of the other countries in the RCEP; greater impact of external shocks
- Domestic businesses may be unable to compete with businesses based in other member countries and exit the market, causing unemployment
- Small domestic businesses may face unrestricted competition from powerful TNCs and could exit the market
- China is likely to gain more benefits from countries in close geographic proximity than those that are distant (may refer to transport costs)
- Economic benefits from RCEP are likely to be greater than the economic benefits from forming 28 free-trade agreements with other countries – "a free-trade area, that contributes to one-third of the world's GDP"
- The agreements have been formed with 28 countries, so the economic benefits to China are likely to be sizable – 38% of China's global exports
- SR vs LR arguments: benefits may not last because the USA and the EU are large export markets to be isolated from – "China cannot easily replace its loss of trade with the USA and the EU by trading with other countries and regions" (use of Figure 2)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches Some supporting evidence/reference to context.

Section C

Question	Between 2000 and 2020, Gibraltar's terms of trade worsened by 44.6% and Greece's terms of trade worsened by 14.3%.
	Evaluate factors that might cause a country's terms of trade to worsen.
	Indicative content

8	**Indicative content guidance**
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.
	Knowledge, Application, Analysis (12 marks) – indicative content
	- Understanding of terms of trade - Understanding of worsening in terms of trade
	Possible factors could include:
	- Low relative inflation rates: decreases relative export prices - Higher relative productivity rates: reduces cost per unit and therefore export prices - Lower relative labour costs (both wage and non-wage costs): decreases cost per unit and therefore export prices - Depreciation/devaluation of the exchange rate: reduces export prices and increases import prices - Higher relative levels of capital investment: increases productivity, thereby decreases cost per unit and export prices - Change in the price of commodities, e.g. oil (a fall in the price of commodities for net exporters, and rise in price of commodities for net importers) - Falling competition in the markets of a country's main imports/ rising competition in the markets of a country's main exports - Protectionist policies, e.g. if a country raises a tariff on imported goods then this would cause an increase in import prices
	N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a country of their choice in their answer

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

Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.
		Limited application of knowledge and understanding to economic problems in context.
		A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.
		Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.
		Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

- Prioritisation and significance of the most important factor
- Different factors will be more important at different time periods, e.g. since 2020 relative inflation rates are likely to be more significant
- It is likely to be a combination of factors that has led to a significant worsening in the terms of trade
- Different factors will be important in different economies, e.g. the price of oil will be highly important in Saudi Arabia, but not in other countries
- Depends what production of goods and services the country specialises in
- Importance of labour costs depend on whether country tends to import and export more labour-intensive or capital-intensive goods and services
- Exchange rates are very volatile and may not be the most significant factor as it could change frequently
- Retaliation by countries in response to protectionist policies could quickly reverse the changes in terms of trade

Question	In February 2021 the UK Government applied to join one of the world's largest free-trade areas, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
	Evaluate the likely economic benefits to a country of joining a trading bloc.
	Indicative content

8	**Indicative content guidance**
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.
	Knowledge, Application, Analysis (12 marks) – indicative content
	- Understanding of a trading bloc - Trade creation: An analysis based on the law of comparative advantage; greater specialisation and more trade - Benefits to domestic firms: increased production so that they can benefit from economies of scale; firms have access to larger and potentially more lucrative markets so they could increase sales - Increase in competition between firms: this could lead to a reduction in x-inefficiency; increase in allocative efficiency - Benefits to consumers: lower prices and therefore increase in consumer surplus; more choice and variety of goods and services - Increase in GDP/rising incomes/falling unemployment - Greater weight in trade negotiations/global trade agreements - Improvement in current account of BOP if the country increases its exports - Increase in labour market flexibility if free movement of labour is in place - Increase in innovation and transfer of ideas: could lead to an increase in dynamic efficiency - Reduction in transaction costs involved in international trade e.g. less bureaucracy
	N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a country in their answer

Evaluation (8 marks) – indicative content

- Could lead to trade diversion and distortion of comparative advantage
- Imports may increase more than the exports causing a deterioration in the current account of the balance of payments of the UK
- There may be an increased interdependence on the economic performance of other countries in the CPTPP; greater impact of external shocks
- Domestic firms may be unable to compete with goods from other member countries and go out of business causing a rise in unemployment
- Domestic firms may face large unrestricted competition from the world's most powerful TNCs, and could exit the market
- The strongest participant in CPTPP might be able to dictate terms to suit themselves; UK will not have a big weight as they will be new to the bloc
- Countries in close geographic proximity will gain more benefits than those distant from the largest countries in the bloc
- There will be loss of independence and sovereignty for the UK as decisions made would apply to all the countries in the trading bloc
- Inefficient producers within the bloc can be protected from efficient ones outside the bloc
- CPTPP is a very large trading bloc, so any likely benefits may be substantial