Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Thursday 4 June 2026

Afternoon (Time: 2 hours)

Paper reference **WEC14/01**

Economics

International Advanced Level
UNIT 4: Developments in the global economy

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Section A and Section B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Turn over

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SECTION A

Answer ALL questions in this section.

Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 In January 2025 the World Bank agreed to lend $20bn to Pakistan over a period of 10 years.

Which **one** of the following is the most likely reason why the World Bank lent this money to Pakistan?

☒ **A** To enable the Government of Pakistan to cut its standard rate of income tax

☒ **B** To enable consumers in Pakistan to increase their spending on imports

☒ **C** To enable the Government of Pakistan to fund projects that reduce poverty

☒ **D** To enable businesses in Pakistan to increase dividends paid to shareholders

(Total for Question 1 = 1 mark)

2 In 2024 the euro appreciated by 4.7% against the Japanese yen.

Which **one** of the following combination of changes to the aggregate demand (AD) curve and the short-run aggregate supply (SRAS) curve for eurozone economies is most likely to be associated with this appreciation of the euro?

		Aggregate demand curve	Short-run aggregate supply curve
☒	**A**	Shift to the left	Shift to the right
☒	**B**	Shift to the right	Shift to the left
☒	**C**	Shift to the left	Shift to the left
☒	**D**	Shift to the right	Shift to the right

(Total for Question 2 = 1 mark)

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3 Foreign direct investment (FDI) into Vietnam increased from $15.8bn in 2016 to $38.2bn in 2024.

Ceteris paribus, which **one** of the following is the most likely consequence of this increase in FDI in the short-run?

☒ **A** An improvement in its current account of the balance of payments

☒ **B** An improvement in its financial account of the balance of payments

☒ **C** A depreciation of its currency as a result of higher domestic demand

☒ **D** A decrease in the level of employment in its economy

(Total for Question 3 = 1 mark)

4 The table shows the value of exports ($bn) for the United Arab Emirates in 2003, 2013 and 2023.

Year	Value of exports ($bn)
2003	61.0
2013	392.2
2023	558.4

If 2003 is the base year, what is the index number for 2023?

☒ **A** 497.4

☒ **B** 558.4

☒ **C** 643.0

☒ **D** 915.4

(Total for Question 4 = 1 mark)

5 In 2024 income inequality in Brazil, as measured by the Gini coefficient, fell to 0.51. This was the lowest level since 2012.

Which **one** of the following is most likely to explain this fall in the Gini coefficient?

☒ **A** An increase in regressive taxes

☒ **B** A decrease in the national minimum wage

☒ **C** A decrease in benefits paid to low-income households

☒ **D** An increase in the level of access to education

(Total for Question 5 = 1 mark)

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6 In May 2025 the Governments of the UK and India signed a free trade agreement.

Ceteris paribus, which **one** of the following is the most likely effect of this agreement?

☒ **A** An increase in costs for businesses as a result of more regulations

☒ **B** An increase in revenues from tariffs

☒ **C** A reduction in trade barriers, leading to increased access to markets

☒ **D** A reduction in foreign direct investment from UK businesses into India

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

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SECTION B

Study Figure 1 and Extracts A and B in the Source Booklet before answering Question 7.

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

7 (a) With reference to Figure 1, assuming that there is no growth in its population, calculate the forecast nominal GDP of Oman in 2025. You are advised to show your working.

(2)

(b) With reference to the third paragraph of Extract A, explain the difference between the balance of trade and the current account balance.

(4)

(c) With reference to Extract A and your own knowledge, analyse **two** likely benefits of the reduction in Oman's national debt.

(6)

(d) With reference to Figure 1, Extract A and your own knowledge, examine **two** costs of falling oil and gas prices for the economy of Oman.

(8)

(e) With reference to Extract B and your own knowledge, discuss the benefits that the introduction of income tax may have for the economy of Oman.

(14)

(a) With reference to Figure 1, assuming that there is no growth in its population, calculate the forecast nominal GDP of Oman in 2025. You are advised to show your working.

(2)

(b) With reference to the third paragraph of Extract A, explain the difference between the balance of trade and the current account balance.

(4)

(c) With reference to Extract A and your own knowledge, analyse **two** likely benefits of the reduction in Oman's national debt.

(6)

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(d) With reference to Figure 1, Extract A and your own knowledge, examine **two** costs of falling oil and gas prices for the economy of Oman.

(8)

(e) With reference to Extract B and your own knowledge, discuss the benefits that the introduction of income tax may have for the economy of Oman.

(14)

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(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

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SECTION C

Answer TWO questions from this section.

8 The UK Government plans to reduce its expenditure on foreign aid from 0.5% of GNI to 0.3% of GNI from 2027.

Evaluate the likely effects of a reduction in the amount of foreign aid on economic growth **and** on economic development.

Refer to a developing country of your choice in your answer.

(Total for Question 8 = 20 marks)

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9 Between October 2022 and June 2025, the euro appreciated by approximately 20% against the US dollar.

Evaluate the causes of an appreciation of a currency.

Refer to a country of your choice in your answer.

(Total for Question 9 = 20 marks)

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10 The annual rate of inflation in Türkiye increased from 53.9% in 2023 to 58.5% in 2024.

Apart from fiscal policy, evaluate policies that can be used to reduce the rate of inflation.

Refer to a country of your choice in your answer.

(Total for Question 10 = 20 marks)

Write the answer to your FIRST chosen question here.

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

Write the answer to your SECOND chosen question on page 22.

Chosen question number: **Question 8** ☒ **Question 9** ☒ **Question 10** ☒

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Write the answer to your SECOND chosen question here.

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

Chosen question number: **Question 8** ☒ **Question 9** ☒ **Question 10** ☒

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

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Pearson Edexcel International Advanced Level

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Economics

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UNIT 4: Developments in the global economy

Source Booklet

Do not return this booklet with the question paper.

Turn over

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Sources for use with Section B

The economy of Oman

Figure 1 Selected data for the economy of Oman

Nominal GDP per capita (2024)	$20 238
Population (2024)	5.3 million
Forecast growth in nominal GDP (2025)	1.7%
Forecast growth of the non-oil sector (2025)	3.9%
Forecast growth of the oil and gas sector (2025)	–4.4%

Extract A Economic outlook

According to the World Bank, Oman has the lowest GDP per capita among Arab states. However, Oman has achieved significant economic progress in recent years. The expansion of its construction, manufacturing and service industries has helped it to diversify away from oil and gas.

Oman's tourism sector is experiencing substantial growth. In 2024 the country attracted 4 million visitors. The Government aims to attract 6 million visitors by 2030. It hopes to achieve this by investment in infrastructure and by focusing on diverse tourism experiences such as ecotourism.

However, the economy remains dependent on exports of oil and gas. The prices of these commodities are volatile. In 2024 there was a balance of trade surplus of $19.1 billion (18% of GDP). This was mainly because exports of oil products increased by 186%. The current account surplus was 2.4% of GDP in 2024. The potential impact of trade uncertainty on oil and gas export revenues, together with rising import costs, was expected to reduce the current account surplus to less than 1% of GDP in 2025.

In 2024 taxes on oil and gas accounted for 68% of total government revenue. This was based on an oil price of $60 per barrel. However, it was expected that there would be a slowdown in the global rate of economic growth in 2025. This is likely to have a negative impact on the demand for oil and gas. As a result, this could impact Oman's fiscal balance and its current account balance.

Since 2022 the Government of Oman has had fiscal surpluses after many years of experiencing fiscal deficits. In 2024 government debt was 34% of GDP compared with 68% of GDP in 2020. This improved Oman's credit rating and reduced its spending on servicing debt by 12% to $2 388 million. However, in 2025, the Government forecast a fiscal deficit as a result of falling oil and gas prices, increased spending on investment in tourism and higher subsidies on electricity.

Extract B Income tax in Oman

For many years the Governments of the Gulf states have not levied any income taxes. Instead, they have relied on oil and gas revenues to directly finance most of their government expenditure. However, volatile oil and gas prices and fiscal deficits have persuaded some of these Governments to consider taxing personal income.

The ruler of Oman plans to introduce an income tax rate of 5% on Omani residents who earn over $109 000 per year. This will be a significant change in a region that has subsidised citizens with oil and gas revenues and attracted foreign workers with tax-free incomes. Oman's tax authority said that only 1% of Oman's 5 million inhabitants are expected to pay the tax. However, this tax will not be introduced until 2028.

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Acknowledgements

Figure 1 adapted from:
https://thedocs.worldbank.org/en/doc/65cf93926fdb3ea23b72f277fc249a72-0500042021/related/mpo-omn.pdf

Extract A adapted from:
https://thedocs.worldbank.org/en/doc/65cf93926fdb3ea23b72f277fc249a72-0500042021/related/mpo-omn.pdf
https://www.pwc.com/m1/en/tax/documents/2025/oman-budget-2025.pdf
https://www.muscatdaily.com/2024/11/17/tourism-in-oman-poised-for-major-growth/

Extract B adapted from:
https://www.ft.com/content/5bb7e127-f4d1-4f7a-83d2-2925452d9656