Pearson Edexcel International Advanced Level

Thursday 21 May 2026

Morning (Time: 2 hours)

Paper reference **WEC13/01A**

Economics

International Advanced Level
UNIT 3: Business behaviour
Question Paper

You must have: Source Booklet and Answer Book (sent separately)
Do not return this Question Paper with the Answer Book.

Turn over

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SECTION A

Answer ALL questions in this section in the Answer Book.

1 Coffee House Café is a business operating in a monopolistically competitive market.

Which **one** of the following best describes a monopolistically competitive market?

- **A** A large number of small businesses selling identical products
- **B** One business selling differentiated products
- **C** A small number of large businesses selling identical products
- **D** A large number of small businesses selling differentiated products

(Total for Question 1 = 1 mark)

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2 In August 2024 Boeing, an aircraft manufacturer, agreed to take over Spirit AeroSystems, a business supplying aircraft components.

Which **one** of the following best describes this type of takeover?

- **A** Forward vertical integration
- **B** Backward vertical integration
- **C** Horizontal integration
- **D** Conglomerate integration

(Total for Question 2 = 1 mark)

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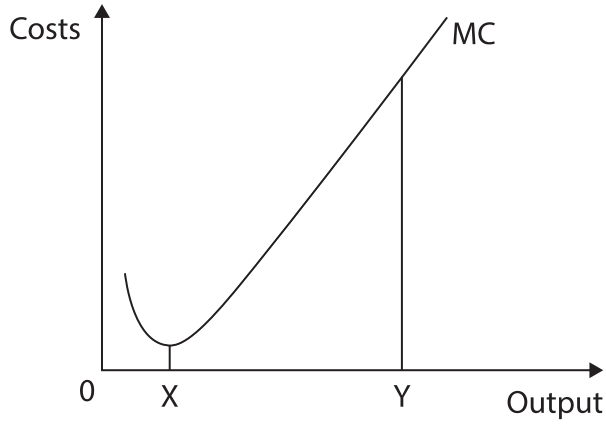
3 The diagram shows the short-run marginal cost curve for a hotel business in Spain.



Which **one** of the following can be deduced over the range of output X to Y?

A Total cost is constant

B Average fixed cost is increasing

C Total cost is increasing

D Average fixed cost is constant

(Total for Question 3 = 1 mark)

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4 In 2024 Tesla, an electric vehicle manufacturer, decreased its global workforce by 10%.

Which **one** of the following is most likely to have caused this decrease in demand for labour?

A A decrease in demand for electric vehicles produced by Tesla

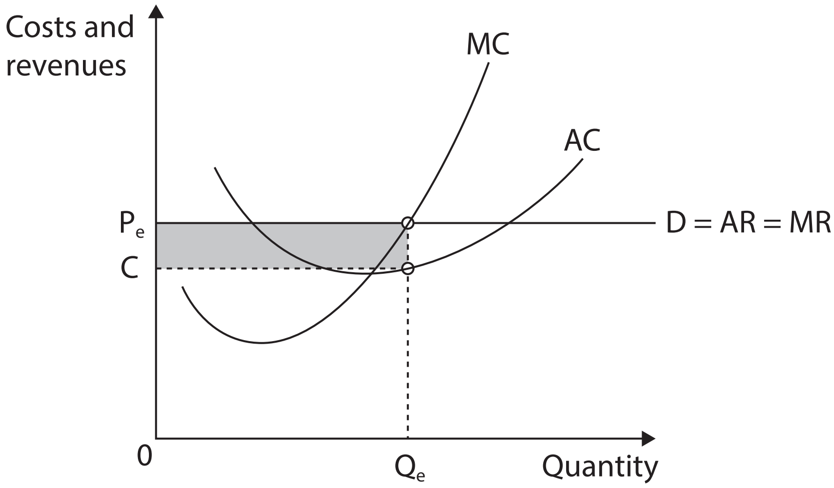
B A decrease in the wage rate paid to Tesla's workers

C An increase in subsidies paid to electric vehicle manufacturers

D An increase in the geographical mobility of Tesla's workers

(Total for Question 4 = 1 mark)

5 The diagram shows the short-run profit maximising equilibrium for a wheat producer in India operating in a perfectly competitive market.



Which **one** of the following is the most likely outcome in the long-run?

	Firm's output	Industry output	Industry price
A	Decrease	Decrease	Decrease
B	Increase	Increase	Decrease
C	Decrease	Increase	Increase
D	Decrease	Increase	Decrease

(Total for Question 5 = 1 mark)

6 A bicycle retailer in Amsterdam specialises in selling cross-country mountain bicycles. The table shows the quantity of these bicycles demanded by consumers over a range of prices.

Price (€)	**Quantity of bicycles demanded**		
2 000	100		
1 800	200		
1 600	300		
1 400	400		

Which **one** of the following would be the bicycle retailer's marginal revenue if the price was decreased from €1 800 to €1 600?

You may use the last two columns for your workings.

A €200

B €800

C €1 200

D €1 600

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

SECTION B

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

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

7 (a) With reference to Figure 1, calculate the percentage change in global smartphone revenue between 2014 and 2024.

You are advised to show your workings.

(2)

(b) With reference to Extract A, explain what is meant by a 'highly concentrated' market.

(4)

(c) With reference to Extract A, analyse **two** ways that large smartphone businesses may benefit from internal economies of scale.

(6)

(d) With reference to Extract B, examine the impact of an increase in demand for iPhones on Apple's profits.

Illustrate your answer with an appropriate diagram.

(8)

(e) With reference to Extract C, discuss the likely effects of Apple's monopsony power on businesses **and** consumers.

(14)

(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

SECTION C

Answer TWO questions from this section.

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

8 In Australia the price for a bus journey from Sydney to Canberra in 2024 was AUD 70 for an adult and AUD 35 for a student.

Evaluate the possible benefits of price discrimination for a business **and** its consumers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

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9 South Korea's low birth rate and its ageing population has contributed towards labour shortages in many occupations including:

- farmers
- English teachers
- factory workers.

Evaluate the possible factors influencing labour supply in an occupation of your choice.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

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10 In September 2023 the Government of Portugal announced plans to partly privatise the country's largest airline, TAP Air Portugal.

Evaluate the possible benefits of privatisation of a business for its consumers **and** its workers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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

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Source Booklet

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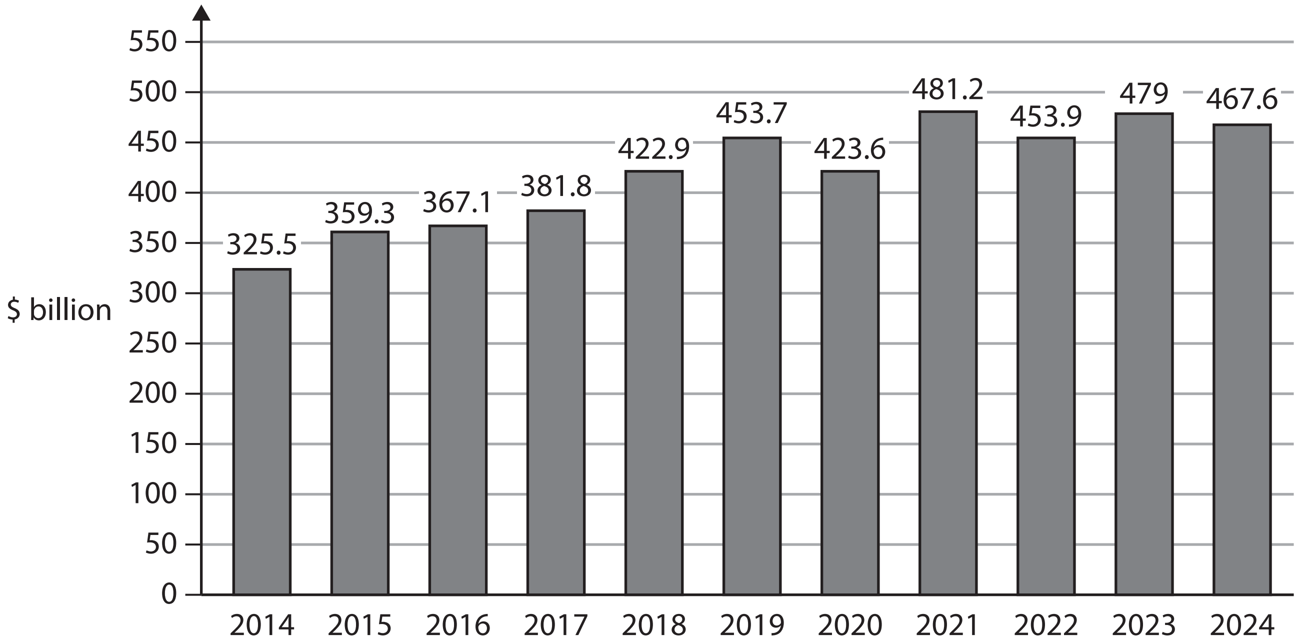
Sources for use with Section B

Global smartphone market

Figure 1 Global smartphone revenue, $ billion, 2014–2024



Extract A Large smartphone businesses

Global smartphone ownership has increased significantly. In 2014 approximately 22% of adults owned a smartphone compared with 85% in 2024. This increase has enabled many large smartphone businesses to operate and expand internationally.

The global smartphone market is highly concentrated. Samsung and Apple are the two largest producers in the world, competing for global market leadership. In 2024 the 2-firm concentration ratio was 80% in the US smartphone market. Apple had a 57% share in this market.

These large smartphone businesses experience benefits such as:

- Attracting highly-skilled and experienced managers. For example, businesses employ senior managers for product design, marketing and global supply chain management
- Investing heavily in technology and research. For example, Apple invested approximately $30 billion in 2024 to improve product design and performance
- Financing large-scale investment through low-cost loans. For example, Xiaomi earns approximately 18 times more in profit than it pays in interest on borrowing
- Diversified product range. Many smartphone businesses sell related products that complement their phones. For example, Apple produces iPads, MacBooks and AirPods.

Extract B iPhones

Apple's iPhone was released in 2007. Global sales increased from approximately 1 million units in 2007 to 225 million units in 2025. Although the global demand for smartphones has recently increased more slowly, the demand for iPhones has continued to rise significantly. One reason for this was Apple's ability to release new models that attracted customers. In 2025, the iPhone 17 was released, which included improved AI features, longer battery life and design changes.

Sales of Apple iPhones have increased significantly in developing countries such as India, Indonesia and Brazil. In these countries rising incomes and a growing middle class have made smartphones more affordable.

Extract C Monopsony

Foxconn is the world's largest electronics manufacturer, producing components and assembling devices for many technology businesses. It employs over 900 000 workers worldwide, with major factories located in China, India, Vietnam and Mexico. One of its main contracts is for manufacturing iPhones. In 2024 Foxconn's sales to Apple accounted for approximately 50% of its $180 billion total revenue.

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Acknowledgements

Figure 1 adapted from:

https://news.satnews.com/2024/09/09/ten-year-smartphone-sales-hit-over-4-6-trillion/

Extract A adapted from:

https://www.businessofapps.com/data/apple-statistics

https://counterpointresearch.com/en/insights/china-smartphone-share

https://www.demandsage.com/smartphone-usage-statistics

https://finbox.com/DB%3A3CPA/explorer/interest_coverage

Extract B adapted from:

https://www.reuters.com/world/asia-pacific/apple-closes-4-trillion-valuation-data-shows-strong-demand-iphone-17-2025-10-20

https://www.investopedia.com/apple-stock-climbs-to-record-high-following-signs-of-strong-start-to-iphone-17-sales-update-11832711

Extract C adapted from:

https://www.reuters.com/technology/apple-supplier-foxconns-q4-profit-jumps-33-yy-beats-forecasts-2024-03-14

https://appleinsider.com/articles/24/05/06/foxconn-saw-best-ever-april-revenues-partly-because-of-better-than-expected-iphone-demand

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

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You must have:
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Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in 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 ☒.

Question 1

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 1 = 1 mark)

Question 2

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 2 = 1 mark)

Question 3

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 3 = 1 mark)

Question 4

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 4 = 1 mark)

Question 5

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 5 = 1 mark)

Question 6

☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

SECTION B

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

Write your answers in the spaces provided.

Question 7

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

(2)

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

(4)

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

(6)

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DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Question 7(c) continued

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

(8)

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DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Question 7(d) continued

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

(14)

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Question 7(e) continued

Question 7(e) continued

(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

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SECTION C

Answer TWO questions from this section.

Write the answer to your FIRST chosen question on the five pages provided.

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 18.

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

Section C continued

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Section C continued

Section C continued

Section C continued

Write the answer to your SECOND chosen question on the five pages provided.

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** ☒

Section C continued

Section C continued

Section C continued

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Section C continued

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

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