Pearson Edexcel International Advanced Level

Thursday 4 June 2026

Afternoon (Time: 2 hours)

Paper reference **WEC14/01A**

Economics

International Advanced Level
UNIT 4: Developments in the global economy
Question Paper

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

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SECTION A

Answer ALL questions in this section in the Answer Book.

1 Between 2019 and 2024, the UK's national debt increased from 84% of GDP to 97% of GDP.

Which **one** of the following is the most likely effect of an increase in the national debt of a country?

A An increase in the Gini coefficient

B An increase in the rate of interest

C An improvement in the balance of trade

D An improvement in the terms of trade

(Total for Question 1 = 1 mark)

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2 The average annual rate of growth of world trade has decreased from 5.1% in the 2000s to 2.6% in the 2020s.

Which **one** of the following is the most likely cause of this change?

A An increase in the global demand for goods

B An improvement in the efficiency of global transport networks

C An increase in global population growth

D A global shift towards protectionist policies

(Total for Question 2 = 1 mark)

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3 Which **one** of the following is a market-orientated strategy to promote the economic growth and development of a country?

A Deregulation of product markets

B Minimum guaranteed prices for agricultural products

C Investment in public education

D Expansion of government employment schemes

(Total for Question 3 = 1 mark)

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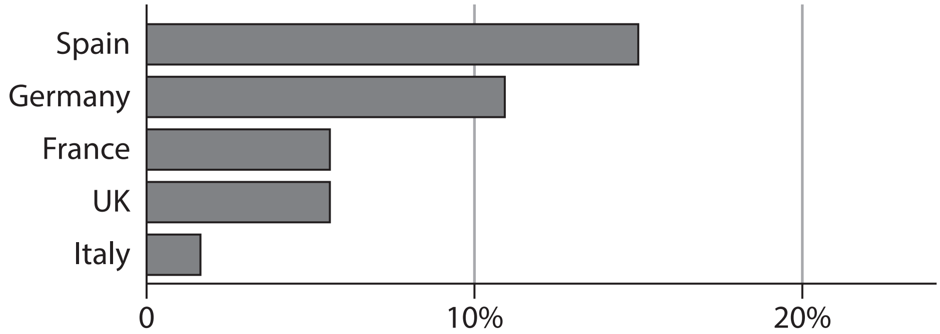
4 The chart shows the percentage change in real output per hour for selected countries between 2007 and 2023.



Ceteris paribus, which **one** of the following can be deduced from the chart?

A Workers in Italy and the UK had the highest wage rates in 2023

B Italy's workers were producing more output over the period

C France and the UK had the same level of GDP over the period

D Spain had the highest increase in its productivity rate over the period

(Total for Question 4 = 1 mark)

5 The table shows Vietnam's index of export prices and index of import prices in 2022 and 2023.

	Index of export prices	**Index of import prices**
2022	110.6	107.8
2023	95.4	90.7

Which **one** of the following statements can be deduced from the table?

A Between 2022 and 2023, the terms of trade worsened by 2.4 percentage points

B Between 2022 and 2023, the terms of trade worsened by 2.6 percentage points

C Between 2022 and 2023, the terms of trade improved by 2.6 percentage points

D Between 2022 and 2023, the terms of trade improved by 5.2 percentage points

(Total for Question 5 = 1 mark)

6 Two countries produce cars and computers.
Country A can produce 10 cars **or** 20 computers per hour using all available resources.
Country B can produce 5 cars **or** 15 computers per hour using all available resources.

Which **one** of the following statements is correct?

A Country A has a comparative advantage in producing cars, because it is able to produce more cars overall

B Country B has a comparative advantage in producing cars, because it sacrifices fewer computers to produce one car

C Country A has a comparative advantage in producing cars, because it sacrifices fewer computers to produce one car

D Country B has a comparative advantage in producing cars, because it produces fewer cars but more computers

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

SECTION B

Study Figures 1, 2 and 3 and Extract A in the Source Booklet before answering Question 7.

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

7 (a) In 2024 Türkiye's GDP was estimated to be \$1.32 trillion.

With reference to Extract A, line 16, calculate the amount of foreign direct investment (FDI) in Türkiye in 2024. (\$1 trillion = \$1 000 000 000 000).
You are advised to show your workings.

(2)

(b) With reference to the second paragraph of Extract A, explain what is meant by the real interest rate.

(4)

(c) With reference to the first paragraph of Extract A, analyse **two** reasons why Türkiye's rate of economic growth decreased between 2021 and 2024.

(6)

(d) With reference to Extract A, examine **two** measures that the Government of Türkiye could use to attract a higher level of foreign direct investment.

(8)

(e) With reference to the information provided and your own knowledge, discuss the likely causes of the current account deficit experienced by Türkiye since 2021.

(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 July 2025, the Government of the USA announced that it intended to increase tariffs on selected imports from many countries.

Evaluate the costs of an increase in tariffs on the global economy.

(Total for Question 8 = 20 marks)

9 Over the past four decades income inequality has risen in most developed economies and large developing economies. The increase has been particularly significant in the USA, China, India and Russia.

Evaluate possible causes of the rise in income inequality within an economy.

Refer to a country of your choice in your answer.

(Total for Question 9 = 20 marks)

10 In 2014 India had a ranking of 71 in the Global Competitiveness Report. However, in 2024, India's ranking had risen to 39.

Evaluate measures that a government could take to increase its international competitiveness.

Refer to a country of your choice in your answer.

(Total for Question 10 = 20 marks)

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

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Sources for use with Section B

The economy of Türkiye

Figure 1 Current account of the balance of payments, 2021–2024 ($bn)

Year	Current account $bn
2021	–13.7
2022	–48.8
2023	–41.1
2024	–10.2

Figure 2 Annual rate of inflation, as measured by the CPI, 2021–2024

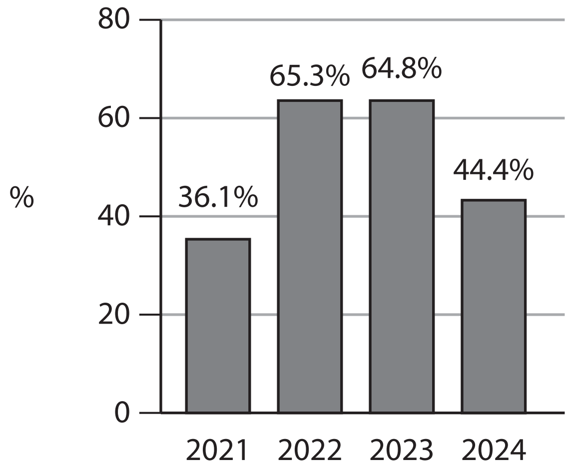

Figure 3 Exchange rate of 1 lira (the currency of Türkiye) against the $, January 2021 to July 2024

Date	Exchange rate of 1 lira against the $
January 2021	0.134
July 2021	0.114
January 2022	0.075
July 2022	0.060
January 2023	0.053
July 2023	0.038
January 2024	0.034
July 2024	0.031

Extract A Economic challenges

Since 2021, Türkiye's economy has faced serious challenges, including a high rate of inflation, currency depreciation, a current account deficit and decreasing foreign direct investment (FDI). These factors contributed to a decrease in Türkiye's rate of economic growth from 11.4% in 2021 to 3.2% in 2024.

The rate of inflation increased significantly between 2021 and 2022 and remained very high in 2023. It was at its highest rate of 85.5% in October 2022 before falling to 47.3% in July 2023. In response to this rising rate of inflation, the Central Bank of Türkiye increased the base rate of interest on several occasions. For example, in October 2022 the base rate of interest was 10.5% and in July 2023 it was 17.5%. This meant that real interest rates were negative over this period.

Between October 2022 and June 2023 there was disinflation. During this period, there was a relatively high rate of unemployment and weak business confidence. In 2024 approximately a third of the country's 500 largest businesses made a loss.

Many foreign companies reconsidered their investment plans. In 2024 Türkiye attracted FDI equivalent to only 1% of its GDP. This was significantly less than that achieved by comparable middle-income countries such as Mexico and Romania.

Some economists suggest that the Government of Türkiye needs to attract more FDI. One possible measure is applying macroeconomic policies to reduce the rate of inflation. In addition, business regulations could be simplified and the corporation tax rate could be reduced. EU countries, such as Bulgaria and Poland, have lower unit labour costs than Türkiye. To address this issue, some economists suggest that the labour market should be deregulated.

However, Türkiye's relatively young population should be a benefit for its future rate of economic growth. The country has a diverse manufacturing base, a strong financial system and a dynamic entrepreneurial sector.

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Acknowledgements

Figure 1 adapted from: https://tradingeconomics.com/turkey/current-account

Figure 2 adapted from: https://www.inflationtool.com/rates/turkey

Figure 3 adapted from:
https://www.google.co.uk/search?source=hp&btnG=Search&q=dollar+lira+exchange+reate&oq=shinan&gs_l=psy-ab

Extract A adapted from:
https://www.ft.com/content/5999e52b-e706-42d4-b4ef-ec39a229c0db
https://www.geopoliticalmonitor.com/turkey-inflation-debt-signal-potential-economic-crisis/

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 Sections A and 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.

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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 Figures 1, 2 and 3 and Extract A 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)

Question 7(c) continued

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

(8)

Question 7(d) continued

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

(14)

Question 7(e) continued

Question 7(e) continued

(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

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

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** ☒

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Section C continued

Section C continued

Section C continued

Section C continued

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

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