# GCE AS MARKING SCHEME

**SUMMER 2025**

**AS**
**ECONOMICS - UNIT 2**
**2520U20-1**

© WJEC CBAC Ltd.

## About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

© WJEC CBAC Ltd

**GCE AS ECONOMICS – UNIT 2**

**SUMMER 2025 MARK SCHEME**

| Q1(a) | **Using Figure 1, calculate the approximate percentage change in the price of natural gas from August 2016 to August 2022. [2]** |
|---|---|
| | **AO2: 2 marks**<br><br>Award **2** mark for correct answer only.<br><br>Price increase 40p to 420p.<br><br>(380/40) x 100 = 950%<br><br>*Note: Given that candidates are identifying numbers from a graph, examiners should award calculations with the original price between 30 and 50p (inclusive) and the new price between 410 and 430p (inclusive).*<br><br>*A % sign is not required for full marks.*<br><br>Award 1 mark for:<br>Figures within the ranges above have been identified from the graph, but the candidate has not completed the percentage calculation accurately. |

© WJEC CBAC Ltd.

| Q1(b) | (i) Using an example from the data, define the concept of opportunity cost. [2]<br>(ii) Using an example from the data, outline the concept of complementary goods. [2] |
|---|---|
| | **AO1: 2 marks, AO2: 2 marks**<br><br>Award AO1 for understanding of both concepts. Award AO2 for linking to the article.<br><br>**Indicative content**<br><br>**Opportunity cost**<br>Opportunity cost refers to the value of the next best alternative forgone.[1]<br><br>Example from Extract A: The decision by households to turn to wood-burning stoves due to increased gas prices involves opportunity cost. The next best alternative forgone could be the continued use of gas heating or exploring other energy-efficient alternatives.[1]<br><br>Candidates may also discuss the opportunity cost of government subsidy of heat pumps as other areas that spending (£450 million) could have been directed to instead (e.g. funding for the NHS).<br><br>**Complementary goods**<br>Complementary goods are products or services that are typically used together. An increase in the demand for one complementary good leads to an increase in the demand for the other. [1]<br><br>In the context of wood-burning stoves, the wood fuel itself can be considered a complementary good. As households increase the demand for wood-burning stoves (due to high gas prices), there is a simultaneous increase in the demand for wood fuel to be used in these stoves. [1]<br><br>Candidates may also identify complementary goods as goods with a negative cross elasticity of demand. This should receive credit as AO1. |

© WJEC CBAC Ltd.

| Q1(c) | **Using the data, discuss whether wood-burning stoves and gas boilers can be considered strong substitutes. [10]** | | |
|---|---|---|---|
| **Band** | **AO2** | **AO3** | **AO4** |
| | **2 marks** | **4 marks** | **4 marks** |
| | *Has the candidate used the data effectively?* | *Has economic theory been used to explain why the goods should be considered as strong substitutes* | *Has economic theory been used to evaluate these arguments?* |
| **3** | | **4 marks**<br>Excellent analysis<br><br>Candidate uses economic theory to assess why the goods should be considered strong substitutes to an excellent level.<br><br>There is specific consideration of the strength of the relationship between the two goods. | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points.<br><br>There is specific consideration of the strength of the relationship between the two goods. |
| **2** | **2 marks**<br>Good application<br><br>Candidate has used the data at least twice | **2-3 marks**<br>Good analysis<br><br>Candidate uses economic theory to assess why the goods should be considered strong substitutes but to a lower level of detail.<br><br>Candidates may focus on why the goods should be considered substitutes and may not consider the strength of the relationship. | **2-3 marks**<br>Good evaluation<br><br>Only one line of evaluation is offered, or two lines but not in sufficient depth. |
| **1** | **1 mark**<br>Limited application<br><br>Candidate has only made one reference to the data in the answer. | **1 mark**<br>Limited analysis<br><br>Candidate shows an understanding of substitute goods only | **1 mark**<br>Limited evaluation<br><br>One evaluative point identified only. Not developed. |
| **0** | **0 marks**<br>No reference to the data.<br>Generic answer. | **0 marks**<br>No or incorrect analysis | **0 marks**<br>No evaluation offered. |

This is a reversible answer:

© WJEC CBAC Ltd.

**Indicative content**

**Possible references to the data (AO2) include:**

- 85% of households still use gas boilers
- Many households bought wood-burning stoves when the price of gas rose
- Wood-burning stoves as a 'cost-effective alternative' to gas boilers
- Gas boilers emit 3300 kg of $CO_2$ annually vs. wood-burning stoves emit 10,000kg of $CO_2$ annually

**Possible lines of analysis (AO3) include:**

- Strong substitutes refer to goods or services for which a relatively small change in the price of one leads to a large change in the demand for the other. In other words, strong substitutes have a high cross-price elasticity of demand (XED), indicating a strong positive relationship between the percentage change in the quantity demanded of one good and the percentage change in the price of the other.
- The fact that the sales of wood-burning stoves doubled amid a significant increase in gas prices further supports the idea that households perceive these two heating options as strong substitutes.
- The economic research suggesting that a wood-burning stove could potentially cut heating bills by around 10% makes wood-burning stoves an attractive and cost-effective alternative, reinforcing their role as substitutes.

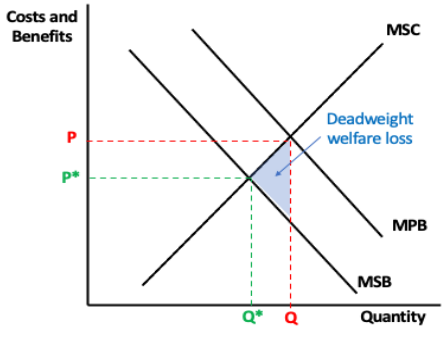
**Possible lines of evaluation (AO4) include:**

- Whilst the two goods might be substitutes, there is no evidence to suggest that they are strong substitutes. The % change in sales for wood-burning stoves is 100% but we have no data on the % change in price of gas boilers. Thus, we can hypothesise that they may be considered weak substitutes.
- These % changes were measured over a 6 year period. Therefore, demand for stoves may well have been affected by other factors during this time.
- Despite the increase in popularity, the vast majority (85%) of UK households still use gas boilers. This suggests that, overall, wood-burning stoves have not replaced gas boilers as the dominant heating choice.
- The significant differences in emissions between boilers and stoves may make them weaker substitutes
- Boilers heat both water and the home, while wood-burning stoves heat only the home. This may make them weaker substitutes.

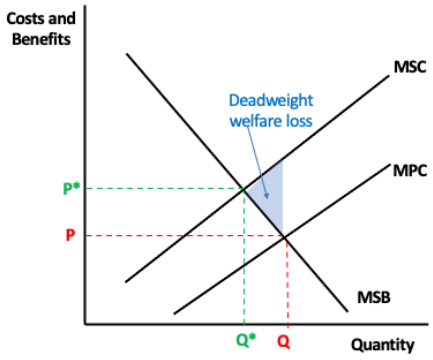
© WJEC CBAC Ltd.

| Q1(d) | **Draw a negative externalities diagram to illustrate the market failure associated with wood burning stoves.** **[4]** |
|---|---|

The only acceptable responses are:




or




**AO1 [4 marks]**

This answer is point marked

- Correct labelling of cost curves
- Correct labelling of benefits curves
- Correct labelling of axes
- Correct welfare loss triangle

Both parallel and diverging cost/benefit curves should be credited.

The $y$ axis may be labelled as either Price or Costs/Benefits. Both are acceptable. Quantity (Q) is the only acceptable label for the $x$ axis.

© WJEC CBAC Ltd.

| Q1(e) | **Using a diagram, discuss the advantages of using indirect taxes to reduce the sales of wood burning stoves.** **[10]** | | | |
|---|---|---|---|---|
| **Band** | **AO1** | **AO2** | **AO3** | **AO4** |
| | **2 marks** | **2 marks** | **2 marks** | **4 marks** |
| | *Has the indirect tax diagram been drawn accurately?* | *Is the answer well applied to the context of wood burning stoves?* | *Has economic theory been used to explain how use of an indirect tax might affect quantity?* | *Has economic theory been used to evaluate these arguments?* |
| **3** | | | | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points. |
| **2** | **2 marks**<br>Good knowledge<br><br>Candidate has drawn the diagram with no major errors | **2 marks**<br>Good application<br><br>Candidate has used evidence from the case study to support the arguments. | **2 marks**<br>Good analysis<br><br>Candidate uses economic theory to assess the advantages of indirect taxes. | **2-3 marks**<br>Good evaluation<br><br>Only one disadvantage is offered, or multiple are identified without development. |
| **1** | **1 mark**<br>Limited knowledge<br><br>Candidate has drawn the diagram with one major error only.<br><br>Candidate may have shown a decrease in supply but not labelled the equilibria. | **1 mark**<br>Limited application | **1 mark**<br>Limited analysis<br><br>Candidate shows a limited understanding of the advantages of indirect taxes only. | **1 mark**<br>Limited evaluation<br><br>One disadvantage point identified only and not developed. |
| **0** | **0 marks**<br>Incorrect diagram | **0 marks**<br>No application | **0 marks**<br>No or incorrect analysis | **0 marks**<br>No evaluation offered. |

This is a reversible answer.

ADDITIONAL NOTES

- There should be no need to reward a negative externalities diagram. However, candidate may well draw a unit tax super-imposed onto an externalities diagram. Should they do so, examiners are only awarding marks on the basis of the tax elements being correct.
- A diagram can achieve both AO1 marks if the imposition of the tax is shown correctly, even if additional elements (e.g. tax revenue, tax incidence) are incorrectly identified.

© WJEC CBAC Ltd.

**Indicative content**

**Possible references to the context (AO2) include:**

- Wood-burning stoves 'can be linked to severe health risks and carbon dioxide emissions'
- 'Some older models can result in more than 10 000kg of carbon dioxide annually'
- Wood-burning stoves typically cost £800-£1000

**Possible lines of analysis (AO3) include advantages:**

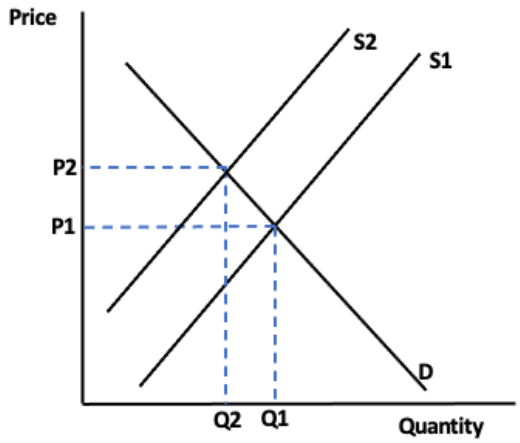
- An indirect tax on wood burning stoves can serve as a disincentive for their purchase, encouraging consumers to explore alternative, more environmentally friendly heating options. This aligns with the objective of reducing carbon emissions and improving air quality.
- The imposition of an indirect tax generates revenue for the government. These funds can be directed towards environmental initiatives, such as promoting sustainable heating technologies or subsidizing cleaner alternatives.
- Indirect taxes can influence consumer behaviour by making wood burning stoves relatively more expensive. This can encourage a shift towards cleaner and more energy-efficient heating methods, contributing to broader social and environmental goals.
- By discouraging the use of wood burning stoves, an indirect tax can contribute to improved public health. Reduced emissions from wood burning can lead to a decrease in air pollution, mitigating respiratory issues and associated healthcare costs.

**Possible lines of evaluation (AO4) include advantages:**

- Indirect taxes can disproportionately affect low-income households, as they may allocate a larger portion of their income to essential items like heating. This could lead to an unintended burden on vulnerable populations.
- An indirect tax may impact regions differently, particularly those heavily dependent on wood burning stoves. This could lead to economic instability in certain areas, as local industries related to wood burning may suffer.
- Indirect taxes may have unintended consequences, such as an increased reliance on alternative, potentially less sustainable, heating methods. This could offset the environmental benefits the tax aims to achieve.
- Imposing an indirect tax may incentivise the creation of a black market or informal economy for wood burning stoves, as consumers seek to avoid the tax. This can make tax collection challenging and undermine the effectiveness of the policy.

**Indirect tax diagram (AO1)**

Ad valorem diagram also acceptable.




© WJEC CBAC Ltd.

| Q1(f) | **Using a subsidy diagram, evaluate the extent to which government subsidies may lead to government failure.** **[10]** | | |
|---|---|---|---|
| **Band** | **AO1** | **AO3** | **AO4** |
| | **2 marks** | **4 marks** | **4 marks** |
| | *Has the diagram been drawn accurately?* | *Has economic theory been used to explain how the removal of a tariff might affect an economy?* | *Has economic theory been used to evaluate these arguments?* |
| **3** | | **4 marks**<br>Excellent analysis<br><br>Candidate uses economic theory to consider how subsidies may lead to government failure. | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points. |
| **2** | **2 marks**<br>Good knowledge<br><br>Candidate has drawn the diagram with no major errors. | **2-3 marks**<br>Good analysis<br><br>Candidate uses economic theory to link subsidies and government failure. | **2-3 marks**<br>Good evaluation<br><br>Only one line of evaluation is offered, or multiple are identified without development. |
| **1** | **1 mark**<br>Limited knowledge<br><br>Candidate has drawn the diagram with one major error only. | **1 mark**<br>Limited analysis<br><br>Candidate shows an understanding of government failure only. | **1 mark**<br>Limited evaluation<br><br>One evaluative point identified only. |
| **0** | **0 marks**<br>Incorrect diagram | **0 marks**<br>No or incorrect analysis | **0 marks**<br>No evaluation offered. |

This is a reversible answer:

**Note:** There is no need to label the size of the subsidy, government spending on the subsidy, or proportion of the subsidy received by consumers/producers in order to achieve both AO1 marks.

© WJEC CBAC Ltd.

**Indicative content**

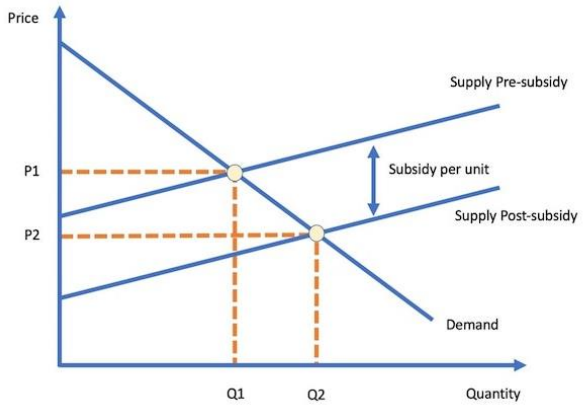
**Possible lines of analysis (AO3) include:**

- Government failure occurs when government intervention, such as subsidies, results in an inefficient allocation of resources, leading to a net loss of economic welfare.
- Subsidies can distort market signals by artificially lowering the cost of goods or services. This can lead to overproduction and overconsumption, disrupting the efficient functioning of markets.
- Subsidies may create deadweight loss, where resources are misallocated. If the subsidised goods or services are not efficiently produced or consumed, it results in a loss of overall economic welfare.
- Subsidies can incentivise rent-seeking behaviour, where individuals or firms focus on obtaining subsidies rather than innovating or improving efficiency. This can lead to a misallocation of resources.
- There is an opportunity cost to the money. Whilst the subsidy be may solving a market failure in one market it could have led to more social benefits in another market.
- Heat pumps are incredibly expensive so even if they are subsidised, people might still choose to buy alternative appliances.

**Possible lines of evaluation (AO4) include:**

- Government subsidies can address positive externalities by encouraging the production or consumption of goods that provide benefits to society beyond what the market recognises. In this scenario, we are told that air source heat pumps are much better for the environment than other forms of heating, thus a subsidy actually helps solve the market failure.
- Subsidies for air source heat pumps can incentivise homeowners and businesses to adopt greener technologies, leading to a reduced carbon footprint and contributing to environmental sustainability.
- Subsidies for air source heat pumps can make these technologies more affordable, promoting widespread adoption and ensuring that the benefits of energy efficiency are accessible to a broader range of households, aligning with social welfare goals.
- Subsidies promoting the adoption of air source heat pumps can contribute to energy independence by reducing reliance on traditional heating methods, enhancing economic stability in the face of energy supply uncertainties.

**Subsidy diagram (AO1)**




© WJEC CBAC Ltd.

| | |
|---|---|
| **Q2(a)** | **Calculate the value of Welsh exports to Brazil, South Africa and Malaysia in 2022, as a percentage of Wales' average yearly export total. [2]** |
| | **AO2: 2 marks**<br><br>Award **2** marks for correct answer only.<br><br>1.44% (Accept 1.4% and 1.436%, accept without % sign)<br><br>Award 1 mark for either:<br>- partially correct working out<br>- correct identification of the calculation they intend to do<br>$\frac{(128+56+53)}{(16.5\times1000)} \times 100$ |
| **Q2(b)** | **With reference to the functions of prices, explain how the free market allocates resources to different sectors such as agriculture or petroleum. [4]** |
| | **AO1: 2 marks, AO3: 2 marks**<br><br>Award up to 1 **AO1** for understanding of the free market.<br><br>Award up to 2 **AO1** for knowledge of a functions of prices (rationing, signalling, incentive). Candidates do not need to use the actual name/ label of the function as long as understanding has been shown.<br><br>Award **AO3** for developing one or more of the function of prices to explain how resources are allocated.<br><br>- Rationing function: The process of allocating limited resources or goods among competing individuals or groups based on predetermined criteria, often due to scarcity.<br>- Signalling function: The use of prices or market actions to convey information about preferences, scarcities, or opportunities, facilitating efficient resource allocation.<br>- Incentive function: The role of prices in motivating individuals and firms to alter their behaviour or resource allocation decisions, typically by responding to changes in relative prices.<br><br>Prices in something like oil production refer to the market value of oil per unit. It is determined by factors like global demand and supply.<br><br>In a free market, prices act as signals for resource allocation. High oil prices indicate strong demand or supply constraints, prompting an allocation of FOPs into oil exploration and production.<br><br>Candidates must explain one function very clearly and thoroughly for both AO3 marks or explain two functions in less depth/clarity. |

© WJEC CBAC Ltd.

| Q2(c) | **With reference to Extract B, outline two supply-side policies that might increase the potential output of the agricultural industry in Wales. [6]** |
|---|---|
| | **AO1: 4 marks, AO2: 2 marks**<br><br>3 marks per policy (2x AO1 and 1x AO3). Award marks for outlining the policy and for linking each to Extract B about the agricultural industry in some way.<br><br>**Indicative content**<br><br>**Possible policies might include:**<br>• Implementing policies that encourage the adoption of advanced agricultural technologies, such as subsidies or tax cuts for innovation. [1]<br>• Despite concerns about international trade deals [1], advancements in agricultural technology like precision farming or smart irrigation systems can improve productivity in the agricultural sector and, as a result, increase competitiveness. [1]<br><br>• Establishing education and training initiatives to enhance the skills and knowledge of farmers. [1]<br>• In light of international trade agreements [1] investing in the skill development of Welsh farmers becomes crucial to maintain competitiveness, as highlighted by the concerns raised in the trade deal article. [1]<br><br>• Allocating resources for improving rural infrastructure, such as road networks, transportation facilities, and storage capabilities. This should improve supply chain efficiency. [1]<br>• Despite worries expressed by Welsh farmers about potential negative impacts from trade deals,[1] strategic infrastructure investments can support the agricultural supply chain. [1]<br><br>**This is not an exhaustive list and other suitable policies should be rewarded.** |

© WJEC CBAC Ltd.

| Q2(d) | **Consider whether increasing net exports (value of exports minus value of imports) is always desirable for an economy.** **[8]** | |
|---|---|---|
| **Band** | **AO3** | **AO4** |
| | **4 marks** | **4 marks** |
| | *Has economic theory been used to explain how increasing net exports might affect the economy.* | *Has economic theory been used to evaluate these arguments?* |
| **3** | **4 marks**<br>Excellent analysis<br><br>Candidate uses economic theory to assess at least two economic benefits to an excellent level. | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points. |
| **2** | **2-3 marks**<br>Good analysis<br><br>Candidate uses economic theory to assess at least one economic benefit, or two benefits but to a lower level of detail.<br><br>Chains of reasoning are present. | **2-3 marks**<br>Good evaluation<br><br>Only one disadvantage is offered, or multiple are identified without development. |
| **1** | **1 mark**<br>Limited analysis<br><br>Candidate shows an understanding only | **1 mark**<br>Limited evaluation<br><br>One evaluative point identified only. Not developed. |
| **0** | **0 marks**<br>No or incorrect analysis | **0 marks**<br>No evaluation offered. |

This is a reversible answer.

© WJEC CBAC Ltd.

**Indicative content.**

**Possible lines of analysis (AO3) might include:**

- Increasing net exports can contribute to economic growth by increasing export revenues, leading to a positive impact on overall economic output and employment.
- Increasing net exports tends to strengthen the domestic currency. This can contribute to price stability and lower inflation, promoting macroeconomic stability.
- Increasing net exports signals that a country's goods and services are competitive globally, attracting foreign investment and fostering innovation and efficiency.
- Increasing net exports allows a country to build up foreign exchange reserves. These reserves can be used to stabilise the currency or address balance of payments issues during economic downturns.

**Possible lines of evaluation (AO4) might include:**

- Increasing net exports can be indicative of demand leakages, meaning domestic demand is insufficient. This could lead to underutilization of resources and hinder economic growth.
- Increasing net exports may lead to an appreciation of the domestic currency, which can negatively impact export competitiveness and potentially lead to trade imbalances.
- Increasing net exports might conflict with the principles of global interdependence. Countries are interconnected, and a singular focus on surpluses can lead to tensions in international trade relations.
- Increasing net exports might be a byproduct of weak domestic demand rather than a deliberate policy choice. Relying solely on a trade surplus may divert attention from addressing underlying domestic economic issues.
- Increasing net exports is inflationary and may be undesirable for this reason.

© WJEC CBAC Ltd.

| Q2(e) | **Discuss the likely impact of a depreciation of the Pound against the Euro on the value of Welsh exports.** **[10]** | | | |
|---|---|---|---|---|
| **Band** | **AO1** | **AO2** | **AO3** | **AO4** |
| | **2 marks** | **2 marks** | **2 marks** | **4 marks** |
| | *Does the candidates show an understanding of a depreciation and exports* | *Is the answer well applied to the context of Wales?* | *Has economic theory been used to explain how the depreciation of the Pound may affect Welsh exports?* | *Has economic theory been used to evaluate these arguments?* |
| **3** | | | | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points. |
| **2** | **2 marks**<br>Good knowledge<br><br>Candidate shows an understanding of both concepts (depreciation and exports). | **2 marks**<br>Good application<br><br>Candidate has referred to the context of Wales throughout. | **2marks**<br>Good analysis<br><br>Candidate uses economic theory to explain how a depreciation of the pound is likely to impact Welsh exports. | **2-3 marks**<br>Good evaluation<br><br>Only one line of evaluation is offered, or multiple are identified without development. |
| **1** | **1 mark**<br>Limited knowledge<br><br>Candidate shows an understanding of just one of the two concepts (depreciation or exports). | **1 mark**<br>Limited application<br><br>Candidate has made superficial or limited reference to the context of Wales. | **1 mark**<br>Limited analysis<br><br>Candidate shows an understanding only or offers a superficial explanation. | **1 mark**<br>Limited evaluation<br><br>One evaluative point identified only. Not developed. |
| **0** | **0 marks**<br>No understanding demonstrated. | **0 marks**<br>No application. Generic answer. | **0 marks**<br>No or incorrect analysis | **0 marks**<br>No evaluation offered. |

This is a reversible answer.

© WJEC CBAC Ltd.

**Indicative content**

**Possible references to the context of Wales (AO2) include:**

- 'Wales' top three export destinations are the USA, the Republic of Ireland and Germany'
- 'Wales engaged in export trade totalling £115.5bn'
- 'Wales had an average yearly export total of £16.5bn'
- Transport equipment, petroleum and related materials, and power generating equipment are the top three products exported by value

**Possible lines of analysis (AO3) may include:**

- A depreciating Pound makes Welsh exports more price-competitive in international markets. This can boost demand for Welsh goods and services abroad, contributing to increased export volumes.
- A weaker Pound can attract more tourists to Wales as their currency may have greater purchasing power. Additionally, it enhances the competitiveness of Welsh services in the global market, potentially boosting service exports.
- The 2nd and 3rd largest exports for Wales use the Euro (ROI and Germany) which means that rising exports is likely.

**Possible lines of evaluation (AO4) may include:**

- The extent of any change to export value will be determined by PED. Candidates may wish to speculate on the likely PED of oil, aircraft and agricultural differences.
- Candidates may also link their evaluative to an analysis of the Marshall-Lerner condition (J curve).
- A depreciating Pound makes imported raw materials and intermediate goods more expensive for Welsh exporters. This can increase production costs, negatively affecting the competitiveness of Welsh exports. Candidates may wish to talk about the manufacturing industry here, and the likelihood that some raw materials will have been imported.
- Just because the Pound is depreciating against the Euro, doesn't mean that it is performing the same against other currencies around the world.
- It depends on the economic conditions in Wales' export partners like the USA. For example, exports won't rise much (despite a fall in price) if overseas markets are in recession.
- Exports sales are often dependent on non-price factors.

© WJEC CBAC Ltd.

| Q2(f) | **Using a tariff diagram, discuss the extent to which removing an import tariff on lamb may negatively affect the Welsh economy. [10]** | | | |
|---|---|---|---|---|
| **Band** | **AO1** | **AO2** | **AO3** | **AO4** |
| | **2 marks** | **2 marks** | **2 marks** | **4 marks** |
| | *Has the diagram been drawn accurately?* | *Is the answer well applied to the context of Wales?* | *Has economic theory been used to explain how the removal of a tariff might affect an economy?* | *Has economic theory been used to evaluate these arguments?* |
| **3** | | | | **4 marks**<br>Excellent evaluation<br><br>An excellent range and depth of evaluation which considers at least two evaluative points. |
| **2** | **2 marks**<br>Good knowledge<br><br>Candidate has drawn the diagram with no major errors. | **2 marks**<br>Good application<br><br>Candidate has used evidence from the case study to support the arguments. | **2 marks**<br>Good analysis<br><br>Candidate uses economic theory to assess the impact of the removal of a tariff. | **2-3 marks**<br>Good evaluation<br><br>Only one line of evaluation is offered, or multiple are identified without development. |
| **1** | **1 mark**<br>Limited knowledge<br><br>Candidate has drawn the diagram with one major error only. | **1 mark**<br>Limited application | **1 mark**<br>Limited analysis<br><br>Candidate assesses the impact of the removal of a tariff, but their response may lack detail or development. | **1 mark**<br>Limited evaluation<br><br>One evaluative point identified only. Not developed. |
| **0** | **0 marks**<br>Incorrect diagram. | **0 marks**<br>No application. | **0 marks**<br>No or incorrect analysis. | **0 marks**<br>No evaluation offered. |

This is a reversible answer.

© WJEC CBAC Ltd.

**Indicative content**

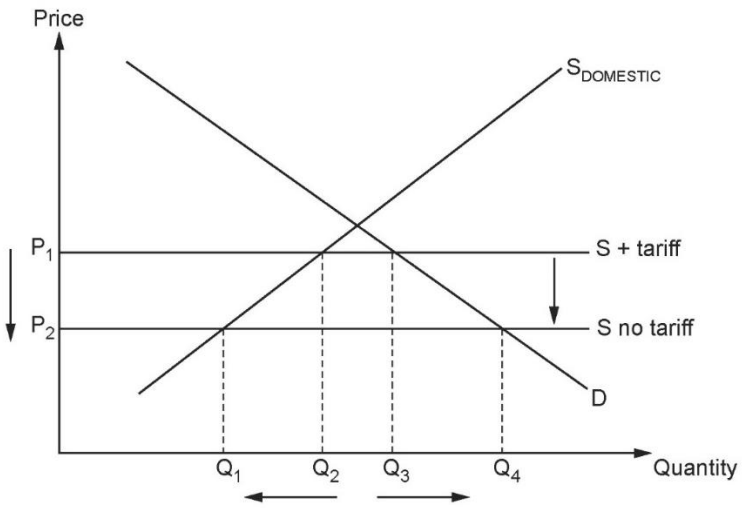
**Possible references to the data (AO2) include:**
- 'The UK announced a free trade agreement (FTA) with Australia'
- 'Welsh farmers criticised the trade deal, claiming that it would lead to a rise in imports and a fall in the domestic price of lamb'
- Worries about the rise in imports and a fall in the price of lamb 'had not yet been realised'
- 'The UK continues to import many more goods than it exports'

**Possible lines of analysis (AO3) include:**
It will have a negative impact on the economy (AO3).

- The removal of import tariffs may lead to an increase in lamb imports, contributing to a trade imbalance as domestic production faces competition. This negatively affects the trade balance macroeconomic objective because imports (M) are rising,
- An increase of imported lamb may affect local farmers negatively, leading to a decline in income for the agricultural sector and potentially exacerbating income inequality.
- Increased competition from imported lamb may impact local farmers, potentially leading to job losses in the agricultural sector, contributing to higher unemployment.
- The increased import of lamb may lead to a higher carbon footprint due to transportation. This negatively affects environmental sustainability, which is an emerging macroeconomic concern.

**Possible lines of evaluation (AO4) include:**
- Removing import tariffs can benefit consumers by providing access to more affordable lamb, positively impacting consumer welfare and contributing to lower inflation.
- Lowering tariffs will also lower the prices and help to being down the general price level in the economy.
- The exposure to international competition can encourage innovation and efficiency in the domestic agriculture sector, supporting economic growth by fostering competitiveness. This may lead to an improvement in the trade balance in the longer term.
- The removal of import tariffs allows consumers access to a broader range of lamb products, contributing to increased consumer choice and satisfaction.
- A reduction in import tariffs fosters global economic integration, promoting international cooperation and potentially attracting foreign direct investment (FDI) in the long run

**AO1**




© WJEC CBAC Ltd.

| Question | ASSESSMENT OBJECTIVES | | | | | Quantitative skills marks |
|---|---|---|---|---|---|---|
| | AO1 marks | AO2 marks | AO3 marks | AO4 marks | **Total marks** | |
| **AS UNIT 2** | | | | | | |
| 1(a) | - | 2 | - | - | **2** | 2 |
| 1(b) | 2 | 2 | - | - | **4** | |
| 1(c) | | 2 | 4 | 4 | **10** | |
| 1(d) | 4 | - | - | - | **4** | 4 |
| 1(e) | 2 | 2 | 2 | 4 | **10** | 2 |
| 1(f) | 2 | - | 4 | 4 | **10** | 2 |
| **Question 1 totals** | **10** | **8** | **10** | **12** | **40** | **10** |
| 2(a) | - | 2 | - | - | **2** | 2 |
| 2(b) | 2 | - | 2 | - | **4** | |
| 2(c) | 4 | 2 | - | | **6** | |
| 2(d) | - | - | 4 | 4 | **8** | |
| 2(e) | 2 | 2 | 2 | 4 | **10** | |
| 2(f) | 2 | 2 | 2 | 4 | **10** | 2 |
| **Question 2 totals** | **10** | **8** | **10** | **12** | **40** | **14** |
| **Total** | **20** | **16** | **20** | **24** | **80** | **14** |



© WJEC CBAC Ltd.