

Examiners' Report

June 2025

Int GCSE Economics 4EC1 01

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Introduction

Candidates who sat this International GCSE Economics paper demonstrated a solid grasp and awareness of fundamental economic principles and a range of economic vocabulary.

Overall, the candidates showed familiarity with content and appeared well-prepared for the subject matter assessed in Paper 1.

In the levels-based questions, the stronger candidates stood out by clearly connecting their knowledge and understanding to the evidence provided. By contrast, those less confident in these areas often defaulted to more general explanations, missing the opportunity to anchor their points in specific evidence.

The extended response questions required candidates to build on their knowledge and link it directly to the given information to answer the question. While many candidates achieved this effectively, some responses were less confident and reflected a more basic and superficial understanding, which limited their ability to reach the higher mark bands.

Question 1(c)

'What is meant by' questions have two marks and require two parts in the explanation of the term. No marks are given for examples.

As per the mark scheme, reference to the amount of output was needed for one mark. The second mark came from indicating the relationship the input has with the output. Any other appropriate responses were also credited.

(c) What is meant by the term productivity?

(2)

The total amount of output a firm can produce in a given time period.



This response scored 2 marks for 'total amount of output' and 'in a given time period', as this showed a full understanding of the term.



A two mark question will need two parts to the response.

Question 1(d)

There is only one mark available for 'state' questions. Examiners do not expect candidates to write extensively.

(d) State the formula for social costs.

(1)

social costs = private cost + external cost



This is an accurate answer, as per the mark scheme, so scores 1 mark.



1 mark answers only need a short response.

Question 1(e)

'Define' questions are only looking for a definition of the term. No further explanation is needed. Any appropriate response defining a producer was accepted for one mark.

(e) Define the term producer.

(1)

producer is a person who turns raw materials into finished goods.



This gains 1 mark for a correct definition.



The response does not need to be detailed.

Question 1(f)

Many candidates were able to correctly calculate the total cost with € as the correct unit and therefore, score both marks. It was pleasing to see that many candidates showed full workings, as recommended in the question.

A firm has total fixed costs of €37 000 per month and variable costs of €170 per unit. It produces 650 units per month.

(f) Calculate the **total costs per month** for the firm. You are advised to show your working.

(2)

$$\begin{aligned} & \text{€37 000} + (170 \times 650) \\ & = \text{€147 500} \end{aligned}$$



€147500 is the correct answer so scores 2 marks.



Always make sure you have the correct units.

Question 1(g)

Many candidates scored all three marks for a correctly labelled diagram. However, some candidates did not label either the shift in supply or the new equilibrium price/quantity and therefore did not achieve full marks. Examiners were looking for a leftward shift in supply, correctly labelled.

Figure 1 shows the market for cars.

- (g) Using the diagram below, draw the likely effect on the market for cars following a rise in the costs of raw materials. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

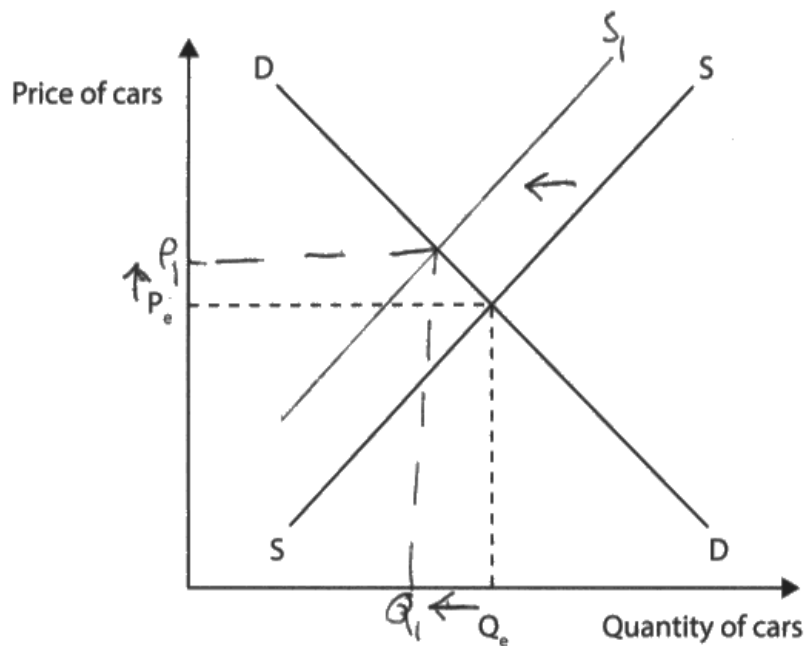


Figure 1



Marks were awarded for: a labelled leftward shift of the supply curve (1), a labelled higher equilibrium price (1), a labelled lower equilibrium quantity (1).



You must label the new curve and the new equilibrium price/quantity on the axis to gain all 3 marks.

Question 1(h)

The marks were awarded for identifying a relevant reason (1), developing the reason (1), and the response being in context (1). Some candidates did not receive all three marks because they only identified a reason and did not develop it and say why.

In April 2023, the Competition and Markets Authority (CMA), the competition regulator in the UK, prevented the purchase of Activision by Microsoft. Microsoft already controlled about 60–70% of the market for online video gaming.

(h) Explain **one** reason why the CMA may have made this decision.

prevent a monopoly in which Microsoft already owns '60-70%' ⁽³⁾ of the gaming market. Therefore CMA's intervention was in the best interest to prevent one dominant firm which will protect the survival of other businesses in the 'video gaming' industry which also means consumers will have more choice and 'Microsoft' won't have the ability to ~~exploit~~ exploit consumers.



Credit was given for: prevent a monopoly (1), already owns 40-60% of the gaming market therefore the CMA's intervention will protect the survival of other firms (1), Microsoft won't have the ability to exploit consumers (1).



'Explain' questions require a way/advantage/reason/impact/disadvantage/effect (depending on the question) which is in context and developed in order to score all 3 marks – not a definition of the key term.

Question 1(i)

This is the first levels-based question on the paper.

'Analyse' questions require a one-sided argument, there are no marks awarded for evaluation.

As a result of changes in consumer tastes, the demand for furniture made of wood is expected to increase by about 5% in the next five years. Woodcutters are employed to cut down trees to produce the wood required to make furniture.

- (i) With reference to the data above and your knowledge of economics, analyse how an increase in demand for furniture made of wood may affect the demand for woodcutters.

(6)

An increase in demand for furniture would likely increase demand for woodcutters. This is because the demand for wooden furniture is expected to increase by about 5%, meaning that suppliers would need to buy more wood to produce the furniture and meet consumer demand. This would increase demand for woodcutters as the wood is chopped by woodcutters thus the derived demand for woodcutters can increase as a result. This could increase the wages suppliers offer woodcutters as demand for them rises and the demand curve for them shifts right so suppliers can adequately meet demand.

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.....

(Total for Question 1 = 20 marks)



This response fully meets the level descriptors and so gained all 6 marks available. The response showed thorough chains of analysis and clearly shows that the derived demand of workers is from the demand increase.



It is not necessary to write a counter argument on 'analyse' questions, all the marks are awarded for AO2 and AO3. Use your time wisely on these questions and produce a one-sided argument.

Question 2(c)

Most candidates were able to correctly calculate the PES, however some did not fully read the question which required the answer to be to 2 d.p. and therefore only gained one mark for the correct calculation.

A firm increases supply by 5.4% following a price increase of 7.8%.

- (c) Calculate, to two decimal places, the **price elasticity of supply (PES)** for the firm.
You are advised to show your working.

(2)

$$\frac{5.4\%}{7.8\%} = 0.69$$



This gets 2 marks for the correct answer.



Always show your workings.

Question 2(d)

'What is meant by' questions have two marks and require two parts in the explanation of the term. No marks are given for examples.

Reference to new inventions being created (1), and why (1), were needed to score both marks. Other appropriate responses were also credited, as long as understanding of the term was shown.

(d) What is meant by the term innovation?

(2)

The commercial exploitation of a new invention in order to improve efficiency and reduce costs of production for a firm.



This scored 2 marks for: the commercial exploitation (1), of a new invention (1).



Marks cannot be awarded for examples in 'what is meant by' questions, so do not waste time in the exam doing so.

Question 2(e)

In 'describe' questions, only one mark can be given for a way/reason/feature and the second mark is for development of that reason.

(e) Describe **one** reason why a car mechanic is a factor of production.

(2)

it's ~~part~~ labour, one of the 4 factors. A car mechanic manually does labour and work to fix ~~4~~ cars and satisfy customers.



The 2 marks were awarded for: labour (1), fix cars (1).



There must be a correct reason given to be able to access the second mark.

Question 2(f)

For 'explain' questions, only one effect/reason/way can be credited. A second mark is available for putting the response in context and a third for developing the response. Many candidates started their answer with a definition of privatisation which was unnecessary.

In 2023, the President of Argentina announced plans to privatise the state-owned broadcaster, Radio Nacional.

(f) Explain **one** possible disadvantage of this privatisation for other broadcasters in Argentina.

(3)

One disadvantage for other firms is that Radio Nacional will become profit orientated, which may lead to them becoming more price competitive. As a result, radio Nacional may start undercutting, and other broadcasting networks will also need to reduce prices, this will lead to decreased profit.



The 3 total marks awarded were for: profit orientated (1), that they are price competitive (1), and undercutting and therefore the decrease in profit (1).



Avoid defining the key term as marks cannot be awarded for it and it uses valuable time that could be used answering another question.

Question 2(g)

More able candidates produced a two-sided argument which had developed chains of reasoning and they used the evidence. However, some candidate responses only repeated the information provided rather than using it to answer the question.

The Ghana Mine Workers' Union (GMWU) has been supporting workers since 1944 and currently has over 16,000 members. It has recently been able to negotiate an increase in the monthly minimum wage to \$500 for mine workers. However, it is still in talks to protect jobs after a reduction in demand for products from the mines. However,

Its 2023 conference was attended by over 200 ^{workers compared to 1600.} members of the union. The GMWU announced its focus was to promote health and safety, saying that continued efforts were needed in an ever-changing working environment.

- (g) With reference to the data above and your knowledge of economics, assess the effectiveness of trade unions in increasing pay and improving working conditions for their members.

(9)

Trade unions exist to ensure that workers' rights are protected. In this case the Ghana Mine Workers' union (GMWU) has been successful in increasing the minimum wage to \$500 for mine workers. As a result of this increase in the workers' pay levels, they can live a better life. It is also said that there are over 16000 members in the GMWU, which are a lot of workers. Due to this, any pay negotiations would have a huge impact for mining firms in Ghana as ~~the~~ majority of their workers would be in this trade union. As a result of this, the GMWU can have frequent protests and negotiations that would force the mining firms to agree to their demands. Furthermore, the GMWU could also provide legal support for workers to fight against their employers, further strengthening their effectiveness as they can support their members. Strike pay could also be given to the workers as a compensation for workers who go on a strike gaining the support of a lot of workers in the GMWU, thus being very strong.

However, this increase in the minimum wages may have

causal costs for firms to increase as the demand for mine products have decreased. Due to this, the firms may respond by laying off workers, and since the OMMU is still in talks over this issue, their impact and effectiveness would not be huge. Furthermore, in its 2023 conference, only 200 out of the 16000 members have attended the conference, which is only about 1.25% of the members in the trade union. This means that although OMMU has 16000 members, most members might fear job losses, which is why they may not protest or argue as much with their employers.

~~the~~ Although the OMMU may struggle in improving the working conditions, it stated in the conference that continued efforts were needed to ensure that safety & health of workers are promoted and that the ever-changing working environment requires collective efforts. As a result, it would focus more on asking its members to improve their productivity and output levels so that the mining firms

(Total for Question 2 = 20 marks)

recognize these workers efforts and reduce layoffs. Thus, the working conditions and the pay of the workers may be improved, proving the OMMU as an effective trade union.



This is a Level 3 response. It demonstrated clear knowledge and understanding, it developed relevant points, showed appropriate application of economic concepts with a thorough analysis, it offered a balanced counter argument and evaluation that demonstrated a full understanding and awareness. It was awarded all 9 marks.



You must use the extract to answer the question, do not just copy it out.

Question 3(c)

Most candidates were able to answer this question accurately and achieve full marks. Full labelling is required on all diagrams to score all the marks available.

- (c) Using the diagram below, draw the effect of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied.

(3)

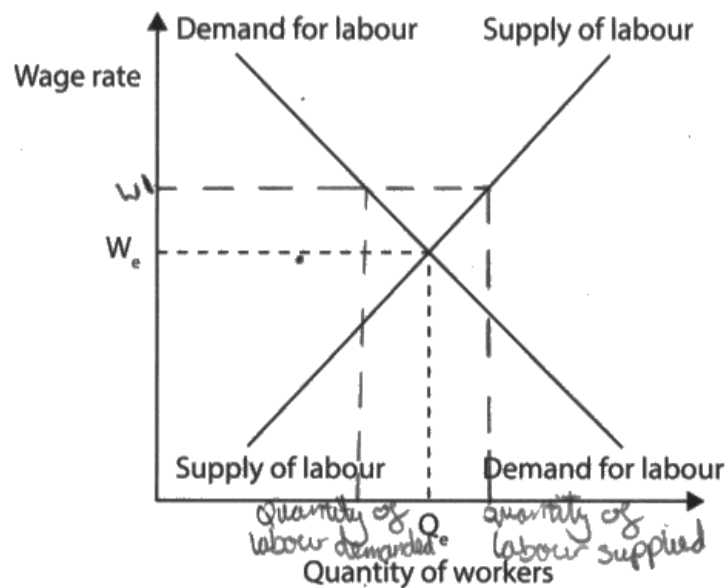


Figure 3



This was awarded all 3 marks: 1 mark for drawing the new wage rate and labelling it, 1 mark for labelling the new quantity of labour demanded, 1 mark for labelling the new quantity of labour supplied.



You will only gain full marks if you correctly label your diagrams.

Question 3(d)

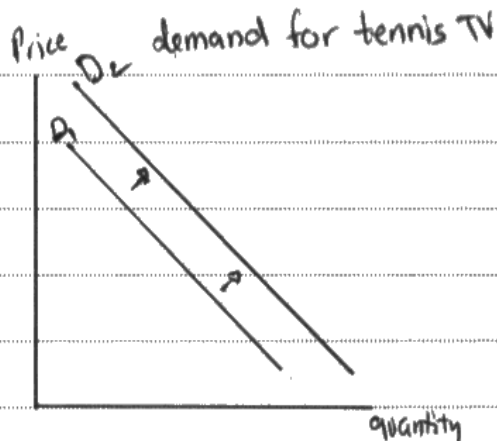
More able candidates achieved Level 3 on this question by using the evidence appropriately. Some candidates did not read the question carefully enough and failed to discuss Tennis TV's demand curve.

At the end of 2023, Amazon Prime ended its streaming service of live tennis coverage in the UK after a period of five years. Sky took over the service at the start of 2024 but at a much higher price to customers.

Subscribing to Tennis TV is the only alternative to Sky for customers in the UK wanting to stream the majority of live tennis. On 28th December 2023, Tennis TV increased the price of its subscription.

- (d) With reference to the data above and your knowledge of economics, analyse how the demand curve for Tennis TV subscriptions might have been affected by Amazon Prime ending its streaming service.

(6)



When Amazon prime ended their tennis streaming coverage. A company called Sky took over the service. However, they charged much higher prices to their consumers, obliging them to find a substitute. Tennis TV was the only substitute to sky and was cheaper than sky so consumers wanting to maximise their benefit and went to Tennis TV, increasing the demand for subscriptions, creating a ~~upward~~ right shift from D_1 to D_2 making Tennis TV increase their demand, since they were no other cheaper

substitutes Tennis TV decided to increase their prices, making them able to furthermore maximize their profits.



This response showed clear knowledge, developed points and appropriate application to achieve Level 3. It was awarded 6 marks.



One-sided arguments only are required for 'analyse' questions. Avoid listing several points and instead focus on developing applied points to present a strong analysis of the situation to gain Level 3 marks.

Question 3(e)

Top level responses provided a balanced assessment of the effectiveness of subsidies in dealing with externalities, using appropriate evidence (from the data provided).

Sri Lanka Railways (SLR) has made a loss of Rs 331bn over the last 10 years. The Sri Lankan Government provides a subsidy so that ticket prices can be reduced. This is to encourage passengers to use trains rather than further increase congestion on the roads.

A spokesperson for SLR said that it needs to upgrade existing railway tracks to make services more comfortable for passengers as well as increase the number of trains to reduce overcrowding. This will require a larger subsidy.

(e) With reference to the data above and your knowledge of economics, assess the effectiveness of subsidies in dealing with externalities, such as road congestion.

(9)

A subsidy is a grant or payment ~~paid~~ given to a firm by the government to decrease costs of production and increase output. The Sri Lankan Government provides a ~~subsidy~~ subsidy for Sri Lanka Railways to reduce congestion on roads. External costs are the negative impact of an economic transaction on third parties.

Firstly, this subsidy from the Sri Lankan Government would increase the demand for tickets, decreasing congestion on the roads. This is because subsidies decrease costs of production resulting in ~~for~~ in the SLR being able to reduce ticket prices. As consumers aim to maximise their benefit the demand for train tickets will increase, decreasing external costs in Sri Lanka such as congestion and pollution. Secondly, this subsidy would deal with the externality of congestion as it ~~will~~ ~~decrease~~ ~~congestion~~ decreased the number of cars on the road. This is because ~~as~~ after the

Subsidy firms will experience more comfortable services and less overcrowding, therefore they will have an increased incentive to ~~use the~~ use the SLR, thus decreasing externalities.

However, a subsidy is an opportunity cost for the Sri Lankan government. This is because as the sum will be 'larger', it is a great expense which may be more effectively spent. ~~At~~ This 'larger' sum could more effectively be invested by the Sri Lankan government into things such as solar or wind power as these may be more effective in reducing pollution externalities or even the improvement of roads in Sri Lanka to decrease congestion. Therefore subsidies may not be effective. Secondly, the Sri Lankan Railways is already in much debt, therefore a

(Total for Question 3 = 20 marks)

subsidy may not have much effect on the firm. In the last 10 years the SLR has made a loss of Rs 331 billion, therefore no matter how large the subsidy is, it may not be enough to effectively decrease prices for consumers, therefore decreasing externalities such as congestion in Sri Lanka.



The total marks awarded for the response was 9. It is at the top of Level 3 because it fully matches the Level 3 descriptors. It demonstrates selectivity, uses terms effectively, it is analytical and evaluative and also uses the context well.



'Assess' questions require a balanced, two-sided argument which is applied to the data. Do not waste time in the exam writing a conclusion or judgement, however your analysis and evaluation should be developed, thorough and applied throughout the response.

Question 4(a)

When the percentage change in profit was correctly calculated as 1.18%, 2 marks were awarded. It is recommended that the full workings are written out, as when candidates did not correctly answer to 2 d.p. the workings were needed to gain 1 mark for the correct calculation.

4 Figure 4 shows profit for a firm between 2021 and 2023.

Year	Profit (\$)
2021	211 600
2022	213 700
2023	214 100

Figure 4

- (a) Calculate, to two decimal places, the **percentage change in profit** for the firm between 2021 and 2023. You are advised to show your working.

(2)

$$\frac{214100 - 211600}{211600} \times 100 = 1.18\%$$



This scores 2 marks for the correct answer.



Always make sure you have the correct units and follow the instructions in regard to decimal places.

Question 4(b)

Knowledge and understanding of oligopolies was demonstrated in many responses but some candidates copied chunks of the extract rather than applying it to the question to analyse why the petrol market in Uganda could be described as an oligopoly.

The market for petrol in Uganda has five main companies, each with a distinctive logo and colours representing its brand. These companies benefit considerably from barriers to entry, due to very high set-up costs.

Each company offers something different to stand out from its competitors. Vivo Energy offers excellent customer service. Total Energies aims to improve its impact on the environment. Nile Energy has a reputation for modern facilities. Hass Petroleum uses a loyalty card to retain customers and Stabex International focuses on having motivated employees.

(b) With reference to the data above and your knowledge of economics, analyse why the market for petrol in Uganda could be described as an oligopoly.

(6)

An oligopoly is when a few firms dominate one market. Products in an oligopoly tend to be similar yet differentiated in some way in order to attract customers. For example Vivo Energy who offer excellent consumer service, or Total Energies which aim to improve its impact to the environment. In an oligopoly, each company tries to stand out from its competitors because their aim is for consumers to establish brand loyalty and buy their products over the competitors. An example of this is Hass Petroleum, using a loyalty card to retain customers. Petroleum is a product which is sold in the same market, and is difficult to change its quality as it is a natural resource, so therefore firms competing with each other will improve marketing, customer service etc. in order to attract ~~costs~~ consumers. Finally, the market ~~of~~ for petrol in Uganda can be described as an oligopoly because 5 main companies compete in the same market to win over customers selling the same product.

Firms in an oligopoly benefit from barriers to entry because if more ~~ma~~ firms were able to enter the market, they would lose control and could end up with a price war.

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This response matches all the Level 3 descriptors because it demonstrates clear knowledge, appropriate application of economic terms, excellent selectivity and interpretation of economic information as well as a thorough analysis of the issues. It therefore received top of Level 3, gaining 6 marks.



Rather than just copying points from the extract make sure you are applying and developing each chain of reasoning.

Question 4(c)

Candidates who reached Level 3 on this question typically demonstrated strong use of evidence alongside a well-balanced, two-sided argument. In contrast, some candidates merely restated the evidence without applying it effectively, which limited their chances of achieving the highest level.

Řešení has been a successful accountancy firm in Brno, Czechia, since it began in 2007. The firm employs a small team of highly qualified accountants. They manage the financial needs of its customers, which are both established and new businesses. The accountants are usually very busy due to the excellent reputation the firm has achieved.

The Managing Director, Daniella, is considering expanding the firm. She would like to open another office in Prague, the capital of Czechia. Approximately 12% of Czechia's businesses are located in Prague compared to only 3.5% in Brno, which is over 200 km away.

Even though there would be more competition from other accountancy firms in Prague, the average price of goods and services in the capital is more expensive, enabling Řešení to charge a higher price for its services.

- (c) With reference to the data above and your knowledge of economics, evaluate the likely benefits to Řešení of expanding the firm to Prague.

(12)

Řešení would benefit from moving to Prague as they would be able to expand their customer base from only Brno to Prague which has 12% of all businesses. This expansion will allow them to benefit from economies of scale which is the long run decrease in average costs due to the increase in size of a firm. They would be able to benefit from managerial & marketing economies of scale as they would be able to hire more people to manage their highly qualified accountancy team. They could also ~~also~~ increase marketing as with the larger demand from Prague they can spread out costs keeping the average costs low.

Furthermore, they will be able to benefit from the external economies of scale due to the

Higher competition of firms in Prague. External economies of scale is the gained benefits of the expansion of a firm for other third parties. Kensi will be able to gain from the availability of more skilled labour in the capital.

However, they could also suffer from ~~external economies~~ ~~cost~~ ~~scale~~ diseconomies of scale which is the increase of long run average cost due to the expansion of a firm. The firm would suffer from bureaucratic diseconomies of scale as more regulations will need to be passed as a larger firm especially in accounting. This would lead to a decrease in efficiency as more time will be spent on tasks which are not producing a profit.

Furthermore, they would suffer from ~~external~~ communication and control diseconomies of scale as Prague is 200km away from Brno meaning managers in each office will be unable to efficiently communicate with each other leading to a decrease in the quality of services and therefore less profit.

The firm will also benefit from purchasing economies of scale as they will be able to

spread the cost of new technology and capital over a larger volume of goods/services sold minimizing average cost and therefore increasing profit. The firm will also benefit from financial economies of scale as banks will provide lower

(Total for Question 4 = 20 marks)

Interest rates to firms

TOTAL FOR PAPER = 80 MARKS

with a larger size due to them being more reliable to lend to. This will allow Keresi to lend money cheaply and invest into more capital to increase the firm's efficiency and therefore increase profit.

In conclusion I believe Keresi will benefit from expanding to Prague as they will be able to exploit many economies of scale which will help increase ~~the~~ the size of their customer base. I believe that due to their ~~highly~~ good reputation they will be able to easily expand further and become a more profit maximising firm.



This response meets all the criteria to be top of Level 3. The analysis is strong and applied and the counter argument is balanced. It was awarded 12 marks.



A requirement of Level 3 is a supported judgement or conclusion, so ensure you end your answer with one.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Some questions provide more space than necessary for an answer. This is noted on the front cover of the exam paper.
- Candidates who need more space to answer a question should ask for extra paper and indicate they have done so. They should not use the blank pages in the booklet or use space from another question.
- Understand what each command word (eg 'define', 'explain', 'evaluate') is asking for to respond appropriately.
- The assessment criteria for 'evaluate', 'assess' and 'analyse' questions remain the same regardless of the specific question or exam series. Candidates should practice writing responses with these descriptors in mind.
- Application marks are not awarded for simply copying information from the extracts; the evidence must be integrated meaningfully into the response.
- 'Analyse' questions require a one-sided argument with no evaluation. In contrast, 'assess' and 'evaluate' questions need both sides of the argument to be considered. 'Evaluate' questions must also include a supported judgement or conclusion.
- Only in 'define' questions are marks awarded for definitions; it is unnecessary to start any other questions with a definition.
- Quantitative skills will be assessed throughout the paper using diagrams, calculations and data from the extracts.
- Carefully read the entire question to ensure all requirements are met eg, diagrams must be labelled, or calculations must be to 2 decimal places.
- Candidates must ensure that they use the correct units in a quantitative question eg % or €, or billions.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:
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