IGCSE ECONOMICS · 2.2 THE GLOBAL ECONOMY · CHAPTER 40 · PAPER 2

The WTO and World Trade Patterns

Topic question sheet L40 | **Total: 30 marks** | **Time: 35 minutes** | **Student Book pp. 325–332**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 Which of the following is an activity of the WTO? **(1)**

A Helping MNCs develop overseas
B Settling trade disputes between members
C Raising money for developing countries
D Creating new trade barriers

2 A country is commodity dependent if commodities make up at least what share of its exports? **(1)**

A 20%
B 40%
C 60%
D 90%

3 Which is a criticism of the WTO? **(1)**

A It reduces tariffs
B It favours wealthy nations
C It settles disputes
D It publishes trade data

4 Which is a reason for the growth of world trade? **(1)**

A Higher transport costs
B More trade barriers
C Better communications
D Fewer multinationals

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define **trade liberalisation**. **(1)**

6 Calculate the percentage fall in the world price of copper. You are advised to show your working. **(2)**

7 State **two** functions of the WTO. **(2)**

8 Explain why Zemba is described as commodity dependent. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Copper in Zemba

Copper makes up 74% of the exports of the fictional country of Zemba. When the world copper price fell from US$9000 to US$5400 a tonne, Zemba's export earnings fell sharply and 8000 mining jobs were lost.

Zemba has complained to the WTO that a richer country is subsidising its copper refiners. Zemba's government is also planning to use future mining revenue to develop farming and tourism.

Fictional case, written for this sheet.

9 With reference to the extract, analyse the impact of the fall in copper prices on Zemba's economy. **(6)**

10 With reference to the extract, evaluate whether diversifying into farming and tourism is the best way for Zemba to reduce its economic risks. **(12)**

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Mark scheme: The WTO and World Trade Patterns

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *Which of the following is an activity of the WTO? (1 mark)*

Answer: B (Settling trade disputes between members). It judges disputes.

2 *A country is commodity dependent if commodities make up at least what share of its exports? (1 mark)*

Answer: C (60%). 60% or more.

3 *Which is a criticism of the WTO? (1 mark)*

Answer: B (It favours wealthy nations). Poor countries lack representation.

4 *Which is a reason for the growth of world trade? (1 mark)*

Answer: C (Better communications). The internet and ICT.

Section B

5 *Define trade liberalisation. (1 mark)*

A move towards greater free trade through the removal of trade barriers (1).

6 *Calculate the percentage fall in the world price of copper. You are advised to show your working. (2 marks)*

Working: (5400 − 9000) ÷ 9000 × 100 (1).

Answer: −40% / a 40% fall (1).

7 *State two functions of the WTO. (2 marks)*

Any two (1 each): trade negotiations; implementing and monitoring rules; settling disputes; building membership.

8 *Explain why Zemba is described as commodity dependent. (3 marks)*

Point: copper is 74% of exports (1).

Development: above the 60% threshold (1), so its earnings depend on one commodity's world price (1).

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Section C

9 *With reference to the extract, analyse the impact of the fall in copper prices on Zemba's economy. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): export revenue, current account, employment.

Application (2): price down 40%; copper 74% of exports; 8000 jobs lost.

Analysis (2): lower export earnings worsen the current account; job losses cut incomes and spending; lower tax revenue hits the budget and growth.

Knowledge 2 · Application 2 · Analysis 2.

10 *With reference to the extract, evaluate whether diversifying into farming and tourism is the best way for Zemba to reduce its economic risks. (12 marks · levels)*

For: less reliance on copper prices; tourism and farming are labour intensive; invisible exports.

Against: takes time and investment; farming also faces price and weather risks; mining revenue already falling; WTO case may restore copper earnings sooner.

Judgement: diversification is the best long-run strategy, combined with the WTO complaint; depends on investment and planning (like Uganda's).

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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