Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | Candidate Number

Time 2 hours

Paper reference **WBS14/01**

Business

International Advanced Level
UNIT 4: Global business

You must have:
Source Booklet (enclosed)

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, B and 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.
- Try to answer every question.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ▶

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SECTION A

Read Extracts A, B and C in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Construct a supply and demand diagram to show the market for Alaskan seafood in China after the 25% tariff was imposed by China.

(4)

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(b) Using Extract A, calculate to one decimal place, the price elasticity of demand for Alaskan seafood. You are advised to show your working.

(4)

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(c) Discuss the benefits for China of imposing tariffs.

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(d) Assess the implications for Alaska of specialising in seafood.

(12)

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(e) Assess the importance of infrastructure, in an area such as Alaska, when a business is choosing a production location.

(12)

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Read Extract D in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate whether or not a business benefits by operating in a global niche market.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

Read Extract E in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the potential impact of skill shortages on the international competitiveness of businesses in a country such as Hungary.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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GradeMax

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS14/01**

Business

International Advanced Level
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Source Booklet

Do not return this Booklet with the question paper.

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P 6 4 9 4 8 A

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Sources for use with Section A

Extract A

Chinese tariffs force Alaska seafood industry to look beyond China

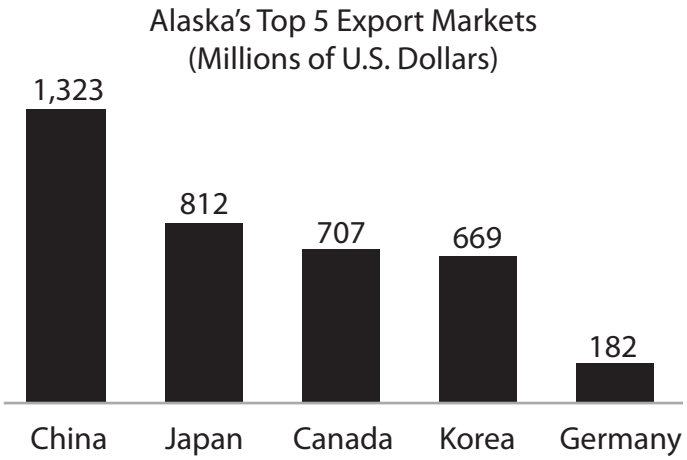
The Alaska Seafood Marketing Institute is looking for ways to expand the Alaska seafood brand in response to a 25% tariff on Alaskan seafood imposed by China in summer 2018. China buys $1bn of Alaskan fish annually, making it Alaska's top seafood export market.

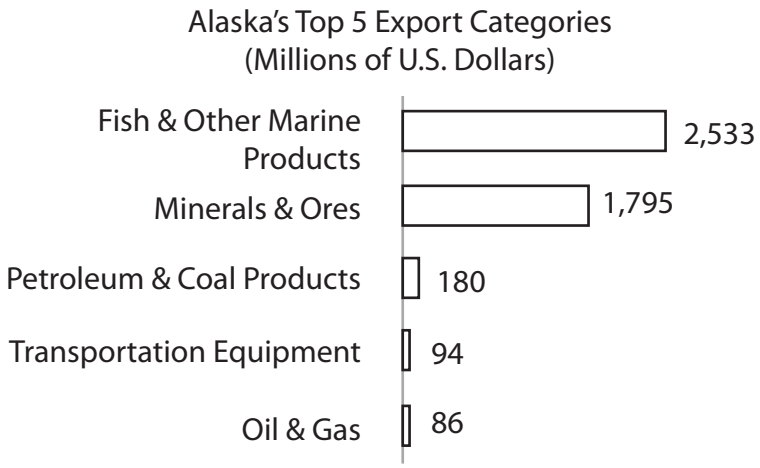
The Institute's director says Alaska's seafood sales are down by more than 20% so far in 2019 in response to the price increase caused by the tariff. He says the three-year federal Agricultural Trade Promotion grant of $5.5m awarded in January will be used to develop new markets such as Japan, Southeast Asia and parts of South America. The Institute will continue to work in China and other established markets such as Germany.

Extract B

The impact of Alaska's seafood industry on the American economy

- The Alaskan seafood industry creates an estimated 99,000 jobs, $5.2bn in annual labour income and $12.8bn in economic output.
- Alaska exports more than one million metric tonnes of seafood each year, bringing over $2.5bn into the US economy.
- The industry catches and processes enough seafood each year to feed everybody in the world at least one serving of Alaskan seafood, or one serving for every American for more than a month (12.9 billion servings in 2015).
- Alaskan seafood was sold in 105 countries around the world in 2016. Export markets typically account for approximately 67% of sales value, while the US market buys the remaining 33%.
- Seafood directly employs more workers than any other industry in Alaska.





Extract C



Weaknesses: Challenges to economic development

Geography and distance: Alaska's remoteness, its huge size, limited infrastructure, extreme weather, and varied landscape present challenges to economic development. This increases the cost of finished goods and exports.

Development obstacles: The cost of doing business in the state, complex logistics, and state land ownership present enormous barriers to the development of mining, oil, gas and timber.

Infrastructure limitations: Of Alaska's 29 regions, 17 lack a highway connection to the rest of the continent. Broadband access is severely limited (or nonexistent) in many rural areas. There are few ports and harbours in Western and Arctic Alaska in particular, which limits the flow of goods and increases costs.

Strengths: Assets to support economic development

Established industry sectors: Oil, gas, mining, seafood, and tourism, are all creating economic growth.

Emerging industry sectors: Outside of the state's established industries there are a number of other sectors with high growth potential in Alaska. These include maritime industries, renewable energy, aviation, agriculture and healthcare.

Natural resource endowment: Alaska has plentiful natural resources, including oil, gas and minerals. It also has timber and an abundance of seafood.

Source for use with Section B

Extract D

Australian farmers turn to global niche markets

From banana flour to organic milk, innovative Australian farmers are taking advantage of the rise of valuable global niche markets due to more health-conscious shoppers.

In the north of Australia, banana grower Krista Watkins was concerned with the 500 tonnes of wasted green bananas being dumped from local farms every week. Then came the idea to establish the world's first green banana processing facility which has now grown to three factories producing 50 different products.

"We're the first people in the world to commercialise banana flour," Krista said. "We are gluten-free, vegan and Australian-made." Other farmers' waste products including sweet potatoes and broccoli are also being converted to powder as the processing operation grows.

More than 3,000km further south, dairy farmers Graham and Melissa Clay have recently secured organic certification. The family farm has undergone a major change in the past three years as it gets rid of pesticides and herbicides once thought essential to dairy production.

Australian Consolidated Milk general manager, Peter Jones, said that while organic dairy was once thought to be unprofitable, farmers could convert and take advantage of premium prices. "It is a niche market, but it is a niche market that's growing not just in Australia, but globally," he said.

Converting to organic production can be expensive but organic milk offers a more stable price, with consumers happy to pay extra. About 0.7% (80,000,000 litres) of Australia's milk is organic.

Source for use with Section C

Extract E

Hungary ranked fifth from the bottom in European Union (EU) for competitiveness

The World Economic Forum's Global Competiveness Report 2018 ranked Hungary as the 48th most competitive country in the world (140 countries), with a score of 64.3 points (on a scale from 0 to 100). The most competitive is the USA with a score of 85.6.

Although Hungary's performance in 48th place looks reasonable at first sight, it places the country in only 24th place within the EU, just in front of Bulgaria, Romania, Greece and Croatia.

The Global Competitiveness Index tries to include the main determinants of long-term growth in a mostly digitised world. The index is based on 12 categories which include levels of ICT, economic stability, infrastructure, the labour market, innovation and skills.

Hungary did well in the Infrastructure and Innovation categories, but poorly in Business Dynamism and Economic Stability. According to the report Hungary's tight labour market also reduces the country's competitiveness. Hungary's ranking in the indicator "ease of finding skilled employees" is 138th out of 140. The Health category also paints a gloomy picture, with Hungary in 69th place. Life Expectancy is just 65.8 years.

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Acknowledgements

Extract B adapted from: https://www.alaskaseafood.org/wp-content/uploads/2015/10/AK-Seadfood-Impacts-Sep2017-Final-Digital-Copy.pdf and https://www.trade.gov/mas/ian/statereports/states/ak.pdf

Extract C adapted from: https://www.nationsonline.org/oneworld/map/USA/alaska_map.htm and https://www.commerce.alaska.gov/web/Portals/6/pub/AlaskaCEDSYear1Update.pdf?ver=2018-08-21-073023-487

Extract D adapted from: Australian farmers turn to niche markets © Australian Associated Press, March 2019

Extract E adapted from: https://think.ing.com/articles/hungary-fifth-in-competitiveness-from-the-last-in-eu/