Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

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.

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SECTION A

Read Extracts A, B, C and D 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 likely impact of increased coal use on the market for Australian coal.

(4)

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Australia is a developed economy.

(b) Explain **one** characteristic of a developed economy.

(4)

(c) Discuss the possible impact of increased FDI flows on the national economy of a country such as Vietnam.

(8)

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(d) Assess the importance of the ease of doing business in a country, such as Vietnam, when choosing a production location.

(12)

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(e) Assess the importance of trade liberalisation in increased globalisation.

(12)

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Read Extracts E and F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate whether promotion or product is the most important element in the marketing mix for a global business.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

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

Write your answer in the space provided.

3 Evaluate the potential for stakeholder conflict from *IKEA*'s commitment to environmental considerations.

(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

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International Advanced Level
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Source Booklet

Do not return this Booklet with the question paper.

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Sources for use with Section A

Extract A

Asia's need for coal to lift Australian coal exports in 2019

The increasing import of coal by India and Southeast Asia has been driven by the greater use of electricity. This will lead to a strong increase in Australian coal exports over the next five years. The International Energy Agency (IEA) predicts a 4.6% rise in coal-powered generation in India. Strong economic growth in Indonesia and Vietnam will increase the need for coal by 5%.

The Australian economy is dominated by its service sector, even though it produces a lot of coal and other minerals. The service sector makes up 62.7% of Australian GDP and employs 78.8% of the labour force. Australian GDP in 2019 was estimated at A$1.9 trillion.

Extract B

Vietnam's rising Foreign Direct Investment (FDI) inflow

Up to the year 2019 there have been 10 consecutive years of increase in FDI inflow into Vietnam. There is a significant increase in both the volume and the value of FDI projects. In 2019, there were 3,478 new projects, a 28.2% increase on the previous year. These new projects brought in an extra US$31.8bn, a 3.1% increase on the previous year.

South Korea was the top investor in Vietnam in 2019 investing US$7.9bn, followed by Hong Kong at US$7.8bn. Vietnam has benefitted from the US-China trade war, and the political tension in Hong Kong. Vietnam is being chosen by investors among other ASEAN countries because of its cultural similarity to China, low labour costs and pro-investment policies.

The Vietnamese processing and manufacturing sector attracted 68% of Vietnam's total FDI in 2019. In June 2019, *Apple* announced its plan to start trial production of the wireless earphones, AirPods, in Vietnam to avoid the cost of tariffs imposed on China by the US.

The World Bank expects FDI to continue to rise in 2020. Manufacturers are showing interest in the Central Region where land available for industrial use is vast. However, it is critical for the Vietnamese government to better integrate into the global supply chain and improve the skills of the labour force.

Extract C

Vietnam ranked 70th in World Bank's 2020 Ease of Doing Business Ranking

Vietnam was placed 70th out of 190 economies in the World Bank's 2020 Ease of Doing Business ranking. The ranking was down one place from the previous year, despite a higher score of 69.8 points out of 100.

In the report, the World Bank marked and ranked economies in ten areas including starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, employing workers, and dealing with the government.

Vietnam was said to have made significant improvements in getting credit and paying taxes, resulting in increases of 5% to 7% annually. Other areas witnessed minor improvements or remained unchanged.

The ranking of other Southeast Asian countries were Malaysia (12th), Thailand (21st), Indonesia (73rd), the Philippines (95th), Brunei (66th), Cambodia (144th) and Laos (154th).

Elsewhere, New Zealand came first in the 2020 ranking, followed by Singapore, Hong Kong (China), Denmark, the South Korea and the US.

Extract D

European Parliament approves EU-Vietnam free trade and investment deal

The EU-Vietnam trade agreement, described as the most modern and ambitious agreement ever concluded between the EU and a developing country, received the European Parliament's backing on the 20 February 2020.

The agreement will remove virtually all customs duties between the EU and Vietnam over the next ten years, including on Europe's main export products to Vietnam. European businesses will also be able to bid on public tenders put out by the Vietnamese government and several cities, including Hanoi.

The main EU imports from Vietnam include telecommunications equipment, clothing and food products. The EU mainly exports goods such as machinery and transport equipment, chemicals and agricultural products to Vietnam.

Vietnam is the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN) after Singapore, its trade in goods is worth €47.6bn a year and €3.6bn when it comes to services. EU exports to the country have grown between 5% and 7% annually. The EU's trade deficit with Vietnam was €27bn in 2018.

Sources for use with Section B

Extract E

Inside the Art of Launching a New Product in America's 2019 Super Bowl

PepsiCo's Cheetos Popcorn, *Kellogg's* pretzel Pop-Tarts and *Coca-Cola*'s energy drink have two things in common. They are all new additions to the brand's product portfolio and they are all being advertised during the Super Bowl.

The Super Bowl is the final game of the American football season. It has a global audience of over 100 million and will charge $5.6m for a 30-second advertisement. The Super Bowl offers businesses their biggest opportunity in the year to promote their products.

Extract F

Powerade is launching 2 new products as consumer exercise habits change

Powerade has developed two new products as consumers' exercise habits change. The *Coca-Cola* brand announced the addition of Powerade Power Water and Powerade Ultra to its portfolio. The last time it introduced a new sports drink was in 2007, when it released Powerade Zero.

Powerade Power Water and Powerade Ultra are intended to more closely match the changing needs of consumers. The water-based Power Water targets those who walk or jog and might wear leisure clothing, while Ultra is for exercisers who are more focused on endurance running.

Sources for use with Section C

Extract G

Selected data from *IKEA* sustainability report 2018

Torbjörn Lööf, CEO of *IKEA* said, "We want to enable more people to live sustainable lives within the limits of the planet. We want to reduce greenhouse gas emissions in the atmosphere."

TOTAL EMISSIONS (TONNES CO2) FROM MAIN *IKEA* OPERATIONS

	2016	2017	2018
***IKEA* Industry**	473,211	564,572	396,977
***IKEA* Components**	1,596	1,009	1,138
Retail & Other Own Operations (Offices, Buildings & Stores)	15,133	19,273	19,248
Total	**489,940**	**584,854**	**417,363**
(% change from 2016)	–	+19%	–15%

Figure 1

COTTON FROM MORE SUSTAINABLE SOURCES (% COTTON SOURCED)

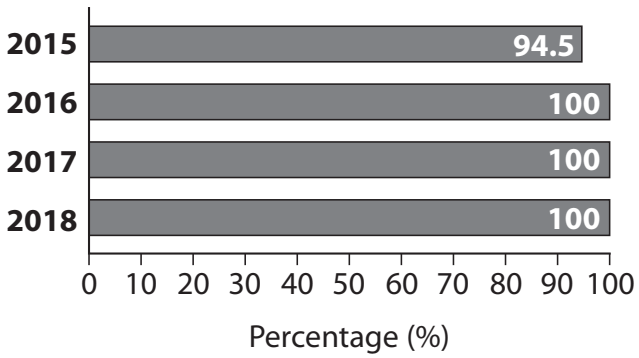

Figure 2

WOOD FROM MORE SUSTAINABLE SOURCES (% WOOD SOURCED)

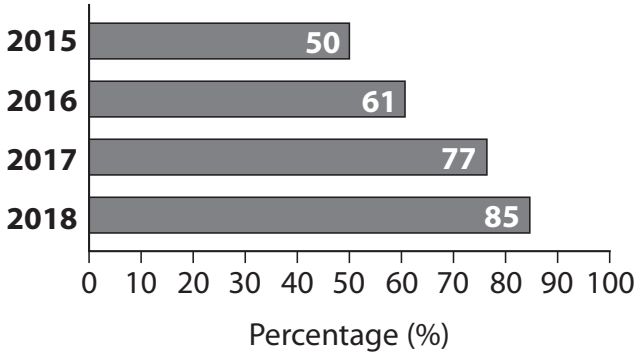

Figure 3

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Acknowledgements

Extract A adapted from: The Australian newspaper, December 18th, 2019

Extract B adapted from: https://www.vietnam-briefing.com/news/vietnams-year-in-review-outlook-2020.html/

Extract C adapted from: https://en.vietnamplus.vn/vietnam-ranked-70th-in-wbs-2020-doing-business-ranking/162576.vnp

Extract D adapted from: https://www.europarl.europa.eu/news/en/press-room/20200206IPR72012/parliament-approves-eu-vietnam-free-trade-and-investment-protection-deals

Extract E adapted from: https://212adv.com/2020/02/02/cheetos-popcorn-coke-energy-inside-the-art-of-launching-a-new-product-in-the-super-bowl/

Extract F adapted from: https://www.cnbc.com/2020/01/16/powerade-is-launching-2-new-product-lines-as-exercise-habits-change.html

Extract G adapted from: https://preview.thenewsmarket.com/Previews/IKEA/DocumentAssets/535135.pdf