GradeMax

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS14/01**

Business

International Advanced Level
UNIT 4: Global business

Source Booklet

Do not return this Booklet with the question paper.

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P70715A

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Sources for use with Section A

Extract A

Selected history of *Maxion Wheels*

Maxion Wheels, based in Brazil, was started in 1908 and is now the world's largest wheel manufacturer. It has grown through a series of takeovers including *Hayes Lemmerz* and *Fumagalli*, both major manufacturers of wheels and automotive components.

Since designing the first wooden-spoke wheels for the Model T *Ford* car, *Maxion Wheels* has been responsible for nearly every major wheel innovation in automotive history. Over the course of the last 100 years, it has grown to supply vehicle manufacturers with a wide range of products.

Extract B

Maxion Wheels Opens New Aluminium Wheel Plant in Brazil

In 2016, *Maxion Wheels* opened a new light vehicle aluminium wheel plant in Limeira, Brazil. The new plant, next to the company's existing steel wheel plant, will create an additional 500 new jobs by 2020.

Brazilian motorists are following the global trend for more sophisticated and stylish vehicles. This includes a growing demand for aluminium wheels on new cars and the new factory will enable *Maxion Wheels* to meet this increasing consumer demand.

The new *Maxion Wheels* Limeira aluminium plant will open in two phases. In the first phase, production will reach 800,000 wheels per year. Phase two will complete the project, bringing production to two million wheels per year by 2020.

Extract C

Selected financial data for *Maxion Wheels* – third quarter 2021 (Brazilian Reals)

	R$ thousand
Revenue	2 514 756
Cost of goods sold	2 259 081
Operating expenses	135 117
Income tax	34 932

Extract D

***Dongfeng* and *Maxion Wheels* form joint venture**

In 2019, *Maxion Wheels* announced an agreement to form a new joint venture with *Dongfeng*, one of China's largest automotive parts companies. The new joint venture will build a plant in Hubei Province, China, with a capacity to produce 2,000,000 wheels a year. Construction of the plant started in 2020. 5

The joint venture operation is expected to initially bring more than 450 new jobs to the region. It will produce low pressure die cast aluminium wheels, including high-end wheel finishes, as well as other innovative wheel features.

Extract E

Extracts from *Maxion Wheels*' Code of Conduct – suppliers

- *Maxion Wheels* requires ethics, integrity and transparency in its supply chain and its relationship with suppliers
- *Maxion Wheels*' employees, directors and officers must act ethically when selecting, contracting and maintaining suppliers
- *Maxion Wheels*' suppliers must not allow child labour or any type of slave or forced labour or compulsory labour
- The relationship between *Maxion Wheels* and its suppliers must be formalised by means of the proper documentation, containing specific details regarding each suppliers' obligation to comply with this Code
- *Maxion Wheels* is committed to sourcing the materials used in the manufacture of its products in a manner that does not support, contribute to, aid or facilitate armed conflicts or human rights violations.

Source for use with Section B

Extract F

Nearly 14,000 Companies in China Violate Pollution Rules

Environmental inspectors in northern China have found that nearly 14,000 businesses, or 70% of the businesses they examined, failed to meet environmental standards for controlling air pollution, according to Xinhua, the state news agency.

The inspectors from the Chinese Ministry of Environmental Protection gathered these results after two months of work across 28 cities in northern China. The businesses and industries varied widely, including many multinational corporations.

More than 4,700 businesses were in unauthorised locations, lacked the proper certificates and failed to meet emissions standards, said the report, which was published in 2017. Even though Chinese leaders have vowed to crack down on polluters, the factories continue to contribute to severe levels of air, water and soil pollution. Chinese citizens say the country's widespread pollution is one of the issues of greatest concern to them.

Source for use with Section C

Extract G

Trade protectionism and the global outlook

For most of the past 50 years, there has been a general trend across the world towards trade liberalisation. Tariffs on goods have fallen steadily; the average global tariff rate fell from 8.5% in 1994 to 2.5% in 2017.

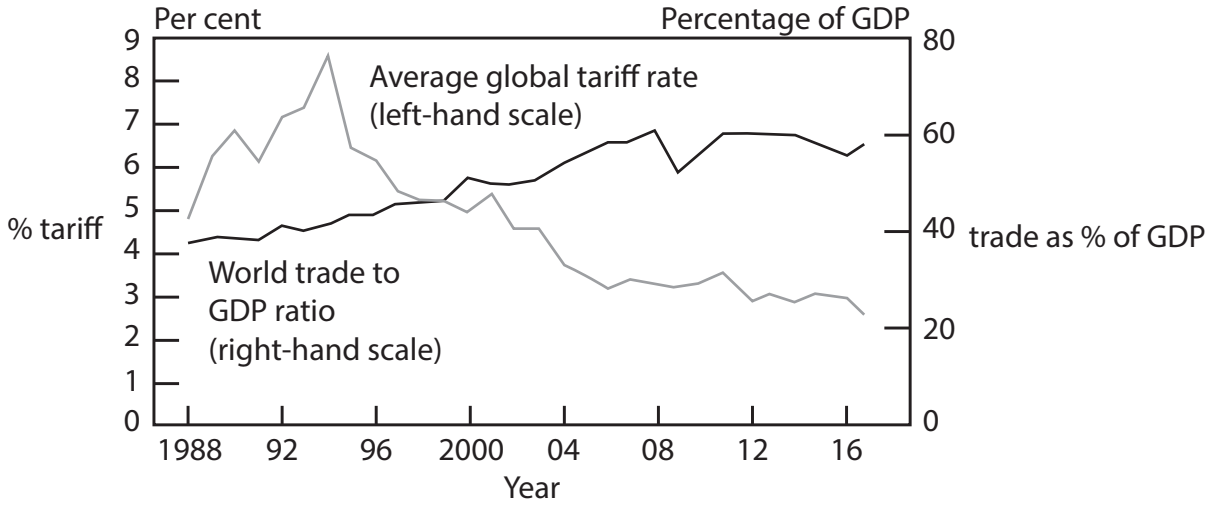

Chart 1 - Global tariffs have been falling steadily, while trade has been increasing as a share of world GDP

However, that trend has begun to reverse. Since 2018, a number of trade barriers have been introduced, the most significant of which have been higher tariffs on trade between the US and China. This increase in protectionism has contributed to the slowdown in global growth.

While there are some recent examples of liberalising measures that reduce trade barriers – for example the EU and Japan agreed a trade deal which came into force in February 2019 – the number of protectionist measures introduced around the world has been much larger.

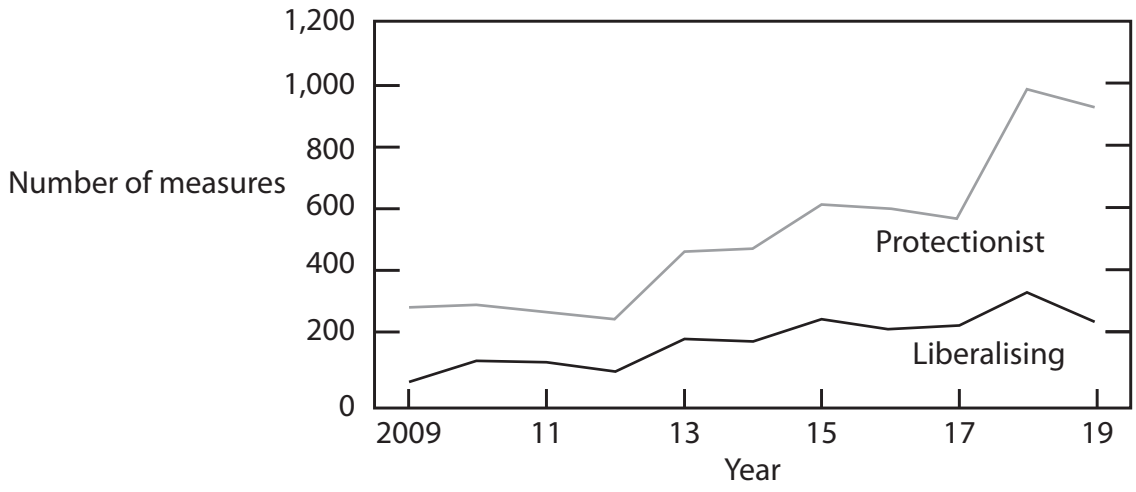

Chart 2 - The number of protectionist trade measures introduced has increased significantly since 2017

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Acknowledgements

Extract A adapted from: http://www.maxionwheels.com/en/about-us/history.aspx

Extract B adapted from: https://www.prnewswire.com/news-releases/maxion-wheels-opens-new-aluminum-wheel-plant-in-brazil-300289332.html

Extract C adapted from: https://www.iochpe.com.br/Download.aspx?Arquivo=mbDdH8QAXV5uHDtl/80hLw==

Extract D adapted from: https://www.globalbankingandfinance.com/dongfeng-and-maxion-wheels-form-aluminum-wheel-joint-venture/

Extract E adapted from: https://www.maxionwheels.com/company/profile

Extract F adapted from: https://www.nytimes.com/2017/06/13/world/asia/china-companies-air-pollution-paris-agreement.html

Extract G adapted from: https://www.bankofengland.co.uk/monetary-policy-report/2019/november-2019/in-focus-trade-protectionism-and-the-global-outlook

GradeMax

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, D and E in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** advantage of inorganic growth for a global business such as *Maxion Wheels*.

(4)

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(b) Using Extract C, calculate to two decimal places the gross profit margin of *Maxion Wheels*.

(4)

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(c) Discuss the likely benefits to *Maxion Wheels* of a joint venture with *Dongfeng*.

(8)

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(d) Assess the possible impact on the local economy from *Maxion Wheels* opening a new plant in a location such as Limeira, Brazil.

(12)

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(e) Assess the importance of supply chain considerations for a global business such as *Maxion Wheels*.

(12)

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

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

Write your answer in the space provided.

2 Evaluate the extent to which the actions of multinational corporations (MNCs) can be controlled.

(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 impact on global businesses from increased protectionism.

(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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