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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Monday 12 June 2023

Afternoon (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.

Turn over ▶

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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) Explain **one** advantage of using tariffs for a country such as Peru.

(4)

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According to the World Bank, the number of people in Peru's labour force in 2021 was 18,566,813.

(b) Using Extract A, calculate to two decimal places the percentage of the Peruvian labour force working in the clothing industry in 2021.

(4)

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(c) Discuss the importance of different tastes and preferences for a global business.

(8)

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(d) Assess the importance of the level and growth of disposable income for a business when considering entering a market such as Peru.

(12)

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(e) Assess the role of migration in increased globalisation.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

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

Write your answer in the space provided.

2 Evaluate the benefits of entering a joint venture for a global business such as *Mercedes*.

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Read Extracts F and G in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the impact of protectionism on global businesses.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 40 MARKS
TOTAL FOR PAPER = 80 MARKS

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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

Peru clothing industry welcomes tariff barrier to block large increase in clothing imports

A report by the Peruvian competition authority said that imports of clothing into Peru rose by 254% between 2016 and 2020. As a result, imports have increased their share of the Peruvian clothing market to 13.4%. The report warns that there is a danger of damage to the domestic clothing industry and urges the government to increase tariffs on imports. The clothing industry employs over 420,000 people and is 8% of Peru's manufacturing output.

Extract B

Branding lessons from Inca Kola, the Peruvian fizzy drink that beat *Coca-Cola*

Anyone who has visited Peru is aware of the passion that Peruvians have for Inca Kola. With its yellow-gold colour, sweet flavour and secret formula, this fizzy drink is one of the few soft drink brands more popular than *Coca-Cola* in their home market. Currently, Inca Kola is the market leader in Peru with 26% of soft drink sales, closely followed by *Coca-Cola*, with 25.5%.

Coca-Cola now owns Inca Kola but has found it difficult to sell the Peruvian cola into global markets. One of the challenges for *Coca-Cola* is the distinctive smell, taste and colour of Inca Kola. Although very popular in Peru, it has not become popular with foreign buyers who seem to prefer black colas to yellow colas.

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Extract C

How Peru became one of the biggest markets for Foreign Direct Investment (FDI) in South America

Peru has a stable economy with strong growth. In the first quarter of 2021, Peru attracted $3.47bn of FDI, more than all of Peru's FDI in 2020. The World Bank predicts its GDP will grow by 3.9% in 2022 and that it will be the second-fastest growing economy in South America.

Peru has 21 Free Trade Agreements (FTAs) in force. In addition, it has 28 investment agreements with countries including Canada, Brazil, Chile, Japan and Switzerland.

Peru has a low public debt to GDP ratio and is predicted to have the second-lowest inflation rate in South America. It has a good infrastructure and a supportive government with a stable legal framework.

All this has made Peru a prime location for FDI, particularly in renewable energy, manufacturing, food, tourism, retail and technology. The average salary for an employee in Peru increases by 9% every 17 months. The global average is 3%.

Extract D

Remittances*: the hidden engine of globalisation

According to the World Bank, the number of people in the world who live outside the country where they were born has risen from 153 million in 1990 to 270 million in 2020. It is estimated that these migrants from around the world will send a combined $689bn back home. For the first time these remittances will overtake foreign direct investment (FDI) as the biggest inflow of funds to developing countries.

The large difference in income between developed and low-income countries means that job opportunities abroad will continue to be attractive. The World Bank expects another 550 million people to become migrant workers by 2030. The global trend is towards more migration, not less and the push from poor countries will be met by a pull from the rich ones.

**A remittance is the term used for money that migrants send back to their home country*

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Source for use with Section B

Extract E

Inside Thailand's electric vehicle revolution

Thailand is the world's tenth largest vehicle manufacturer. The government has a range of policies to encourage investment in this industry. These include tax breaks, grants, subsidies and other incentives.

Toyota of Japan, *Great Wall Motor* and *SAIC Motor* of China have all recently taken advantage of these incentives to expand production in Thailand.

Mercedes, the German carmaker, has chosen Thailand as the location to manufacture its new electric car, the EQS. The batteries will come from its joint venture with local partner *Thonburi Automotive Assembly Plant* (*TAAP*).

Foxconn has set up a joint venture with Thailand's state-owned oil and gas giant *PTT*. It plans to invest between $1bn and $2bn to build electric vehicles for other manufacturers.

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Sources for use with Section C

Extract F

European Union (EU) steps up pressure to remove trade barriers

According to a report by the European Commission, 66 countries, including many having trade deals with the EU, have introduced unjustified trade barriers. These barriers include health controls, customs administration fees and limits on the foreign ownership of companies. Most countries have steadily reduced import tariffs but often replaced them with non-tariff barriers that exclude foreign goods and services.

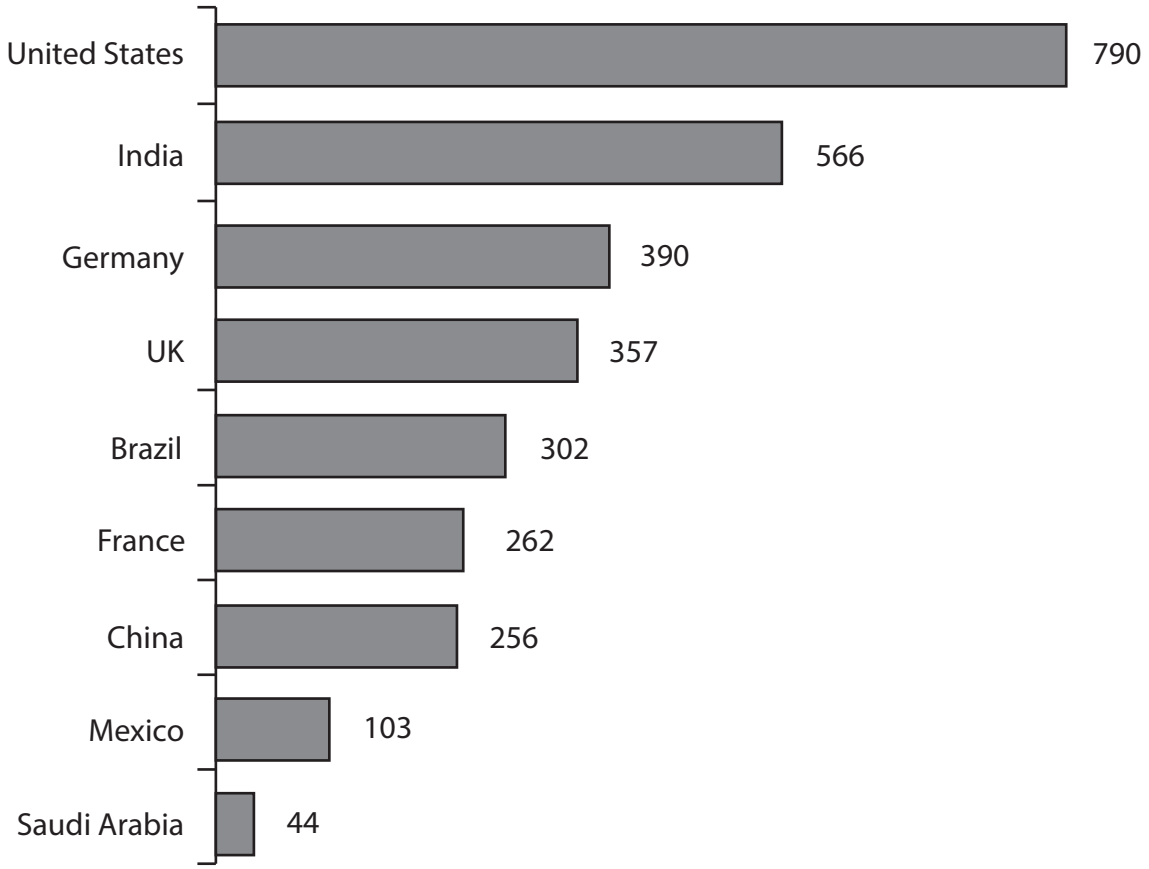
The EU found 462 barriers among 66 countries at the end of 2020. China had the largest number with 40, followed by Indonesia and the US. But there are problems even with longstanding partners. Norway, which is in the EU single market for goods, maintains high tariffs on processed foods.

Extract G

United States (US) Has Passed Far More Trade Restrictions Than Its Peers

The number of US trade barriers has surged past those of other advanced economies. Since 2008, the US has passed almost 800 protectionist measures, compared to 357 passed in the United Kingdom and 390 passed in Germany. Other advanced economies, like Canada (199) and Australia (174) passed fewer of these restrictions.

Number of protectionist measures passed in selected countries between 2008 and 2019



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Acknowledgements

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Extract C adapted from: https://gulfbusiness.com/how-peru-became-one-of-the-biggest-markets-for-fdi-in-south-america/

Extract D adapted from: https://gulfbusiness.com/how-peru-became-one-of-the-biggest-markets-for-fdi-in-south-america/

Extract E adapted from: https://www.bangkokpost.com/business/2321562/inside-thailands-ev-revolution

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