

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies/Economics and Business

Advanced

Unit 3: International Business

Tuesday 15 January 2013 – Morning

Time: 1 hour 30 minutes

Paper Reference

6BS03/01

6EB03/01

You do not need any other materials.

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 Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- You may use a calculator.

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.*
- Quality of written communication will be taken into account in the marking of your response to Question 4 in Section A and Question 9 in Section B. These questions are indicated with an **asterisk** (*) – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

SECTION A

Answer ALL the questions in this section.

Evidence A

Thousands march in Chile against Patagonia Dam Project

Thousands of people marched in Santiago to protest against a proposed hydroelectric project in southern Chile. The project is expected to increase the electrical power supply by 15% when construction is completed in 2020. The \$3.2 billion HidroAysen project is a joint venture, 51% owned by Italy's Enel and 49% owned by the Chilean multinational Colbún. Enel, which operates in 40 countries, is Italy's largest power company and the second largest power company in Europe.

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The project would mean building a series of five dams on two rivers in a remote area of Patagonia, 1,000 miles south of the capital, Santiago. Critics say this will destroy much of the biodiversity of this unspoiled region. Thousands of hectares of native forest and wetlands, including rare wildlife, would be flooded and destroyed if the dams are approved.

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Chileans find themselves having to choose between conserving natural beauty and biodiversity or creating infrastructure to boost economic development.

(Source: adapted from <http://www.guardian.co.uk/environment/2011/may/10/chile-hydroelectric-dam?INTCMP=SRCH>)

Evidence B

Chilean Court Blocks Plan for Patagonia Dam Project

A Chilean appeals court on Monday suspended a plan to build five dams and hydroelectric plants in the country's Patagonia region.

The court ruling came in response to actions filed by environmental pressure groups and legislators arguing that the government commission that approved the \$3.2 billion dam project last month had not taken into account a technical review.

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It was the government's original approval process that set off large scale protests around the country. The court ruling has now temporarily halted the building plans.

(Source: adapted from Guardian News and Media Ltd. 2012)



1 Explain **two** possible reasons why Enel may have formed a joint venture with Colbún for the HidroAysen project.

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(Total for Question 1 = 6 marks)



2 Analyse the impact the HidroAysen project might have on any **two** stakeholder groups.

A series of horizontal dotted lines provided for writing the answer to Question 2.

(Total for Question 2 = 8 marks)



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3 Assess the extent to which the activities of a multinational, such as Enel, can be controlled by pressure groups.

A series of horizontal dotted lines for writing the answer to question 3.



(Total for Question 3 = 9 marks)



***4** Evaluate the likely impact of multinationals on the economic growth of countries such as Chile.

A series of horizontal dotted lines for writing the answer to the question.



(Total for Question 4 = 12 marks)

TOTAL FOR SECTION A = 35 MARKS



SECTION B

Answer ALL the questions in this section.

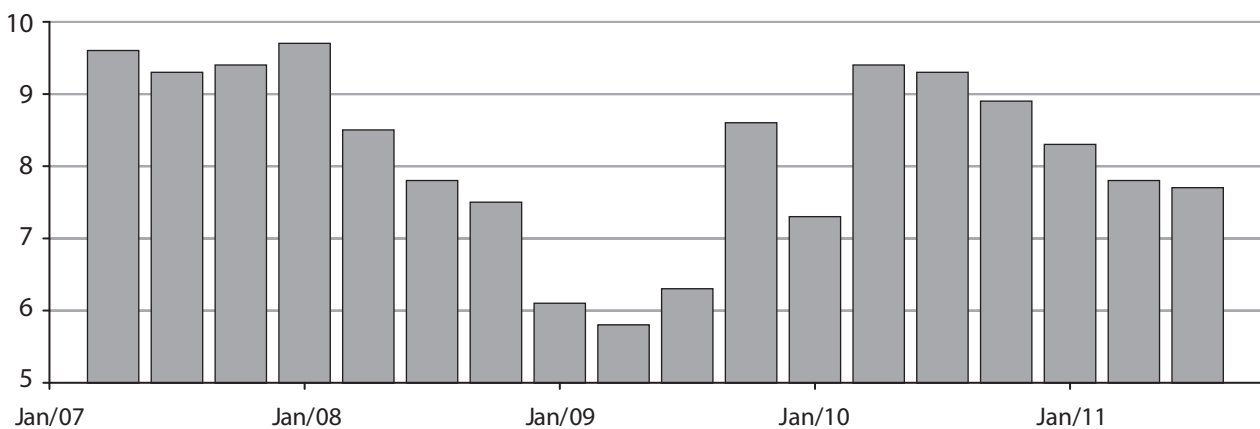
Evidence A

India GDP Growth Rate

The Indian economy has posted an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Services are the major source of economic growth, accounting for more than half of India's GDP, with less than one third of its labour force.

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INDIA GDP GROWTH RATE



(Source: adapted from www.tradingeconomics.com/india/gdp-growth)



Evidence B

Indian consumers

Chinese people are three times richer than Indians. The Chinese market for cars and many other luxury consumer goods is ten times larger than India's.

Yet in 10 to 15 years, India's economy could be as big as China's is today. India's 1.2 billion people are getting richer fast. Unlike China's population, India's will stay young and energetic for years to come, so its growth rate could soon outstrip that of rapidly ageing China.

With 1,500 dialects and a multitude of faiths, India is more culturally diverse than China. India's regions vary widely too, from the richer, more literate areas around Mumbai and Bangalore to the poorer, less well educated states in the east.

One big difference is that Indians do not have the same preference for foreign brands that Chinese consumers show.

When Coca-Cola bought Thums Up, the leading Indian cola, it was planning to kill the brand. But Coke's local managers soon realised Indians preferred Thums Up. The directors at head office in Atlanta, USA, who prefer their products to be the same everywhere, were horrified. But Coke now gives Thums Up plenty of shelf space next to its own bottles and Thums Up is the biggest selling soft drink brand in the country.



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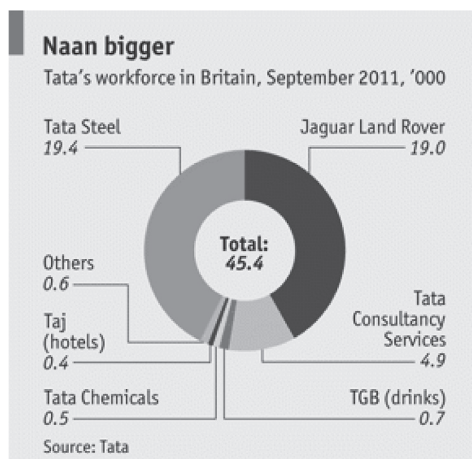
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(Source: adapted from www.economist.com/node/21525427, image from www.coca-colaindia.com/products/thumsup.html)

Evidence C

Emerging market firms and Britain



In the past ten years the Indian-owned Tata group – whose products and services include steel, chemicals, engineering, telecoms and tea – has spent \$15 billion buying up famous British firms. Tetley Tea was followed by Corus (formerly British Steel) and Jaguar Land Rover, maker of two of the most well-known British cars, and Brunner Mond, a founder of what was Imperial Chemical Industries. As a result of these purchases, Tata is now Britain's biggest industrial employer.

In 2010 emerging market firms, such as Brazil's Embraer in aircraft, China's Huawei in telecoms and

India's Tata in just about everything, accounted for a third of the world's \$2.4 trillion total of mergers and acquisitions.

(Source: adapted from www.economist.com/node/21528626, illustration from www.economist.com/node/21528653)

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8 Assess the potential difficulties a UK business might face when entering a foreign market, such as India.

A series of horizontal dotted lines for writing the answer.



(Total for Question 8 = 10 marks)



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(Total for Question 9 = 15 marks)

TOTAL FOR SECTION B = 45 MARKS
TOTAL FOR PAPER = 80 MARKS



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