

Paper Reference 9EB0/02
Pearson Edexcel
Level 3 GCE

Economics B
Advanced
Paper 2: Competing in the global economy

Thursday 23 May 2019 – Morning

Data Book

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

THIS DATA BOOK *MUST* BE RETURNED WITH THE QUESTION PAPER AT THE END OF THE EXAMINATION.

Contents

Page

SECTION A

- 4 Extract A for Question 1
- 5 Extract B for Question 1
- 6 Extract C for Question 1
- 7 Extract D for Question 1
- 8 Extract E for Question 1

SECTION B

- 9–10 Extract F for Question 2

SECTION C

- 11–12 Extract G for Question 3
- 13–14 Extract H for Question 3

Question 1

Extract A**Food bank use in UK reaches highest rate on record**

The UK's national food bank provider has warned that food bank use has soared at a higher rate than ever in the past year, as welfare benefits fail to cover basic living costs. Figures from the Trussell Trust show that in the year to March 2018 1.3 million, three-day emergency food supplies were delivered to people in crisis across the UK – a 13% increase on 2017. This marks a considerably higher increase than the previous financial year, when it rose by 6%.

Low income is the biggest single – and fastest growing – reason for referral to food banks, accounting for 28% of referrals in 2018, compared to 26% in 2017. The Trussell Trust is calling for benefit levels to be increased in line with inflation, particularly for disabled people and families with dependent children who are more at risk of needing a food bank.

(Source adapted from: Food bank use in UK reaches highest rate on record as benefits fail to cover basic costs, by May Bulman © Independent – April 2018)

Question 1

Extract B

The gender pay gap in the UK

While women hold **45%** of full-time ‘professional occupations’ – including scientists, engineers and health professionals – their hourly earnings are still **11%** lower than men. However, on average, women earn **18%** less per hour than men in all occupation groups. The number of women working part-time is one of the possible reasons for this gender pay gap.

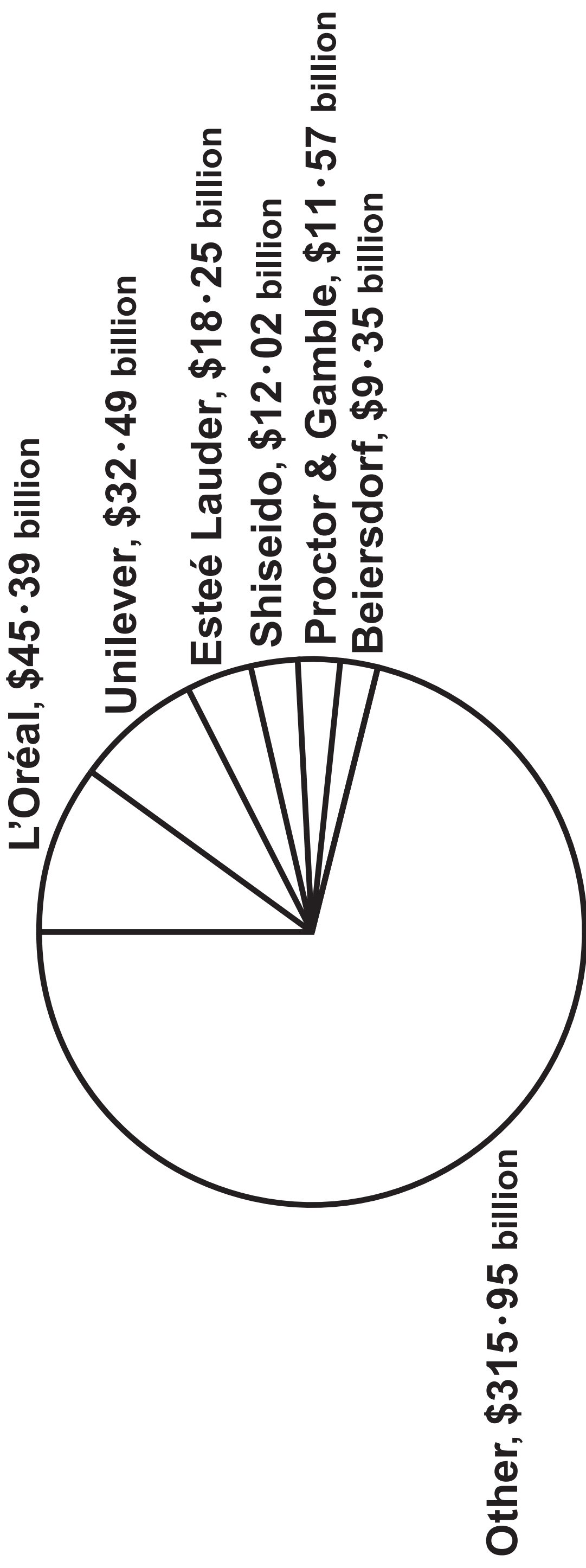
Men are more likely than women to work in highly-paid occupations such as managers, directors and senior officials. Women in these occupations earn, on average, **16%** less than men. In skilled trades, for example farmers, mechanics, electricians and chefs, there is a higher proportion of men than women and they earn **25%** more. However, for full-time primary and nursery school teachers, where five out of six are women, there is still a pay gap.

(Source from: Contains public sector information licensed under the Open Government Licence v3.0)

Question 1

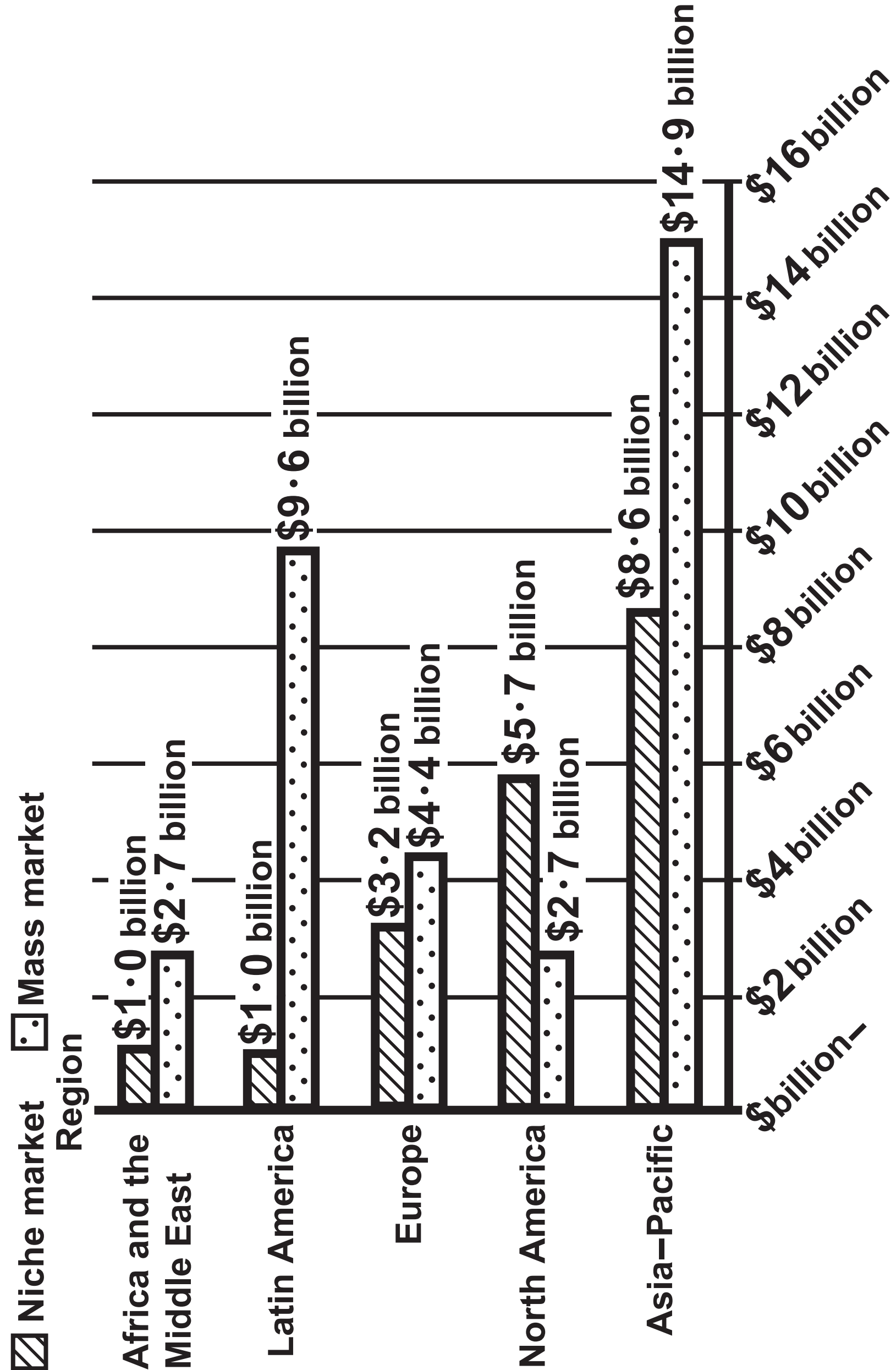
Extract C

Estimated global market share of top 6 cosmetics firms in 2016 (in \$billion)



(Source adapted from: © 2018 Cloundinary)

Extract D – Forecast sales growth between 2016 and 2021 for niche and mass market cosmetic products



Forecast growth in value of sales in \$billion

(Source adapted from: © 2018 Cloundinary)

Question 1

Extract E

Natura buys The Body Shop from L'Oréal for €1 billion (£877 million)

The Body Shop, an ethical British cosmetics firm, operates in **66** countries and has more than **3,000** outlets, **133** of them in Brazil. Its turnover makes it about half the size of **Natura**. Together they would have net sales of about **€3.15** billion with **3,200** stores worldwide.

Natura, founded in **1969** in São Paulo, is the largest Brazilian cosmetics company. In **2014**, it became the first publicly traded company to be certified as meeting certain standards of social and environmental performance and transparency.

The co-chair of **Natura's** board said, "**Natura and The Body Shop** have always walked in parallel, and today their paths meet. The sustainable use of biodiversity in our products, a belief in ethics in management and fair relations with communities and a high degree of innovation constitute the pillars of the journey on which we are now embarking."

(Source adapted from: L'Oréal to sell Body Shop to Brazil's Natura in €1bn deal, by Sarah Butler © The Guardian 2017)

Question 2

Extract F

Call for 'latte tax' of 25 pence to cut disposable coffee cup waste

5 The UK throws away **2·5** billion paper cups every year, with many consumers believing they are being recycled when less than **1%** actually are. The rest are incinerated or buried in landfill sites because they have an inner–lining made of plastic which paper mills struggle to remove.

10 Estimated at **22,845** outlets, the total UK coffee shop market grew by **6%** in outlets and **12%** in turnover to reach **£8·9** billion in **2016**. For example, between **2008** and **2017**, the multinational **Starbucks** went from operating a total of **666** company–operated stores in the UK to **606** company–operated and **345** franchised stores.

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Extract F continued.

- 15** However, according to a committee of MPs, a **25** pence ‘latte tax’ should be introduced on disposable coffee cups to cut waste. The plan is being considered by ministers amid calls for a complete ban on all disposable cups by **2023**, unless manufacturers can make them recyclable.
- 20** The Environmental Audit Committee is calling on the Government to introduce a minimum **25** pence charge to cut waste in the same way as the plastic bag tax has done in supermarkets. The money raised should be spent on improving “binfrastructure”, MPs said, including better
- 25** recycling points around the country and in workplaces.

(Sources adapted from: <http://www.telegraph.co.uk/news/2018/01/05/call-latte-levy-cut-disposable-coffee-cup-waste/> and <http://www.ukcoffeeleadersummit.com/yet-growth-uk-coffee-shop-market-coffee-shops-become-new-local/> and <https://www.statista.com/statistics/266465/number-of-starbucks-stores-worldwide/>)

Question 3

Extract G

Production at Toyota

The fourth-generation **Toyota Prius** has two large production lines that stretch away into the distance. Some buildings house the trim workshop. In other
5 buildings, completed body shells roll in, have their doors removed (which make their way in pairs along a separate line) and the interior, hybrid system, dashboard and seats are installed. The factory, which has been making the Prius since **2003**, produces **430,000** cars a year. From
10 **6.30 am to 1 am**, it can turn out a Prius every minute.

This is the Toyota Production System (TPS) at work, turning the immense complexity of car-making into a series of simple stages. Each step is serviced using the just-in-time manufacturing process by the relevant
15 parts supplier. The system is controlled by the workers themselves, who have autonomy over stopping and starting the line to resolve issues.

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Extract G continued.

The system is about efficiency in all its forms. The process utilises the Kaizen system. Toyota has this
20 down to a fine art, employing teams to roam the factory and scout for potential problems and possible efficiencies. On posters and shirts the plant's official mascot preaches health and safety.

(Source adapted from: © Condé Nast Britain 2018)

Question 3

Extract H

Problems with production at Tesla

In 2010, Tesla acquired a large factory, previously owned jointly by **General Motors (GM)** and **Toyota**, for the low price of **\$42** million. What it did not get as
5 part of the deal was knowledge of and experience in lean production.

Increasing output of a car manufacturing line is difficult. For a new firm, reaching efficient and lean operation at the level of **Toyota** and **GM** is extremely challenging.
10 Consumer blogs reveal an increasing number of faults, many having to do with quality control of interior fit and finish. **Tesla** appears to be struggling with fundamental quality control issues and manufacturing tolerances that are not as strict as consumers expect from luxury cars.

15 A recent report from California-based ‘**Worksafe**’, claims **Tesla’s** employee injury and illness rates are significantly higher than the average for the car industry. There are long-standing, carefully-followed practices at any

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Extract H continued.

established assembly manufacturing plant but they
20 were not purchased with the factory. Indeed, becoming
a world–class volume car manufacturer is not easy.
Decades of perfecting supply chains and manufacturing
methods, monitoring the smallest details, all those
intangible assets that **Tesla** did not purchase with the
25 factory, are critical.

(Source adapted from: **Tesla Will Have a Tough Time Ramping up Production. Here's Why**, © Joe Barkai Jun 28, 2017, Industry Week)