

Paper Reference 9EB0/03
Pearson Edexcel
Level 3 GCE

Economics B
Advanced
PAPER 3: The economic environment and business

Friday 7 June 2024 – Morning

Data Booklet

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Extract A

Tesla

In early **2022**, **Tesla** upgraded its Shanghai factory in China. This increased the factory's output capacity to **88,000** electric vehicles (EVs) per month.

- 5** In September **2022**, **Tesla** produced **83,135** EVs, the highest monthly output for the factory since production began there in December **2019**.

Extract B

Risk of Global Recession in 2023

According to a study by the World Bank, the world may be moving toward a global recession in **2023**. Central banks around the world have been simultaneously raising interest rates this year, a trend that is likely to continue into **2023**, according to the report.

The global economy is now in its steepest slowdown since **1970**. Global consumer confidence has already suffered a much quicker decline than in the run-up to previous global recessions. The world's three largest economies – the United States, China and the euro area – have all been slowing sharply.

Extract C

Starbucks invests \$1 billion in enhancing employee experience, training and pay

Starbucks is to spend \$1 billion on improving conditions for its employees. This will include increased pay, benefits and training. From June 2022, there will be increased wages and further increases for long-service employees. All new baristas and new shift supervisors will have their training time doubled and training programmes will be enhanced. Other planned benefits include opportunities to increase sick leave and advice on student loans and finance.

Starbucks' Chief Financial Officer, Rachel Ruggeri said: "We are confident the investments we are making in our employees, will deliver significant returns, resulting in accelerated long-term growth."

Extract D

Super Mario and the return of supply-side economics

- When Mario Draghi, the previous Prime Minister of Italy, took office in **2021** he made clear that supply-side
- 5** policies were his priority for Italy. Closing the growth gap between Italy and the euro area was to be achieved through a combination of structural reforms – taxation, public administration and justice – and a broad public investment plan focused on education, digitisation and infrastructure.
- 10** These supply-side policies were very different from the demand-side policies that had been launched in the previous year to keep economies afloat during the global health crisis.

Extract E

Furniture firm Moko raises 786·6 million Kenyan shillings (KES) to expand

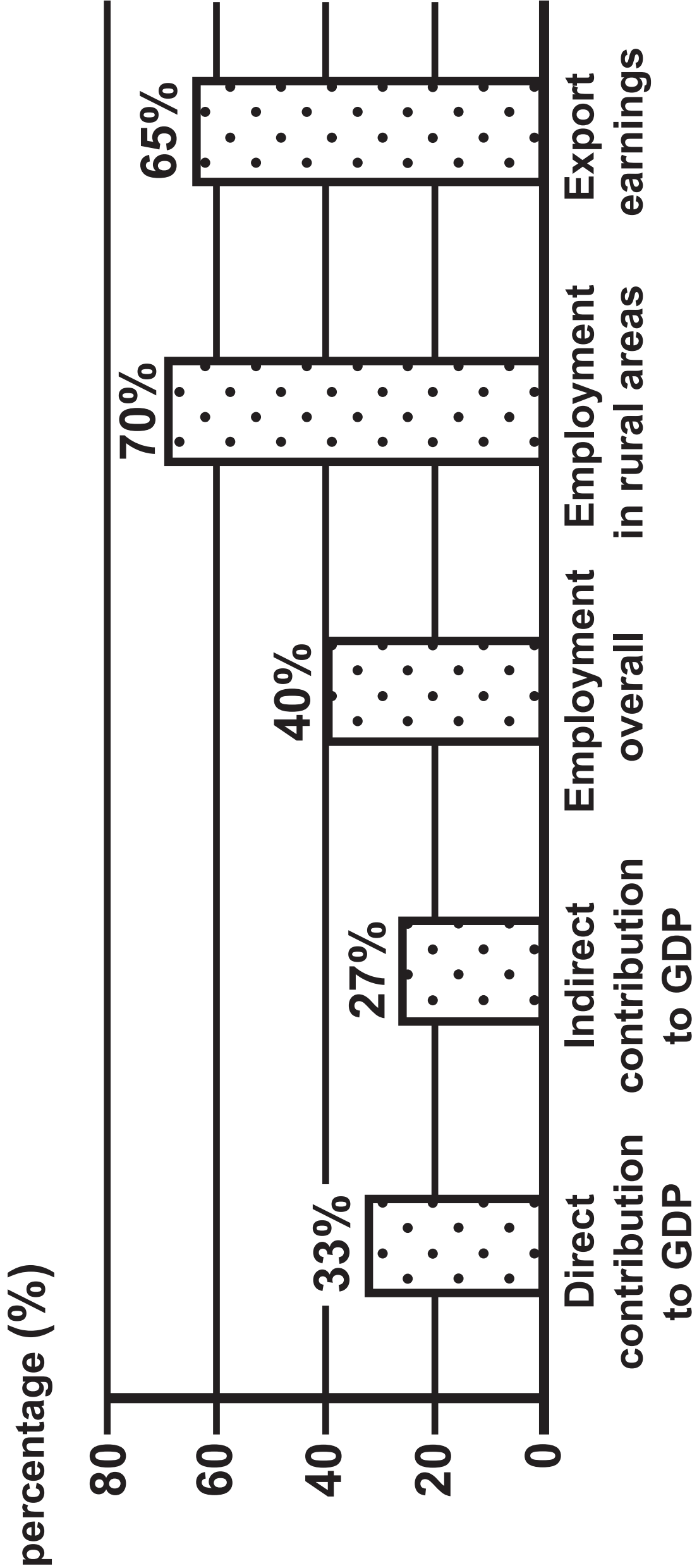
Moko, a Kenyan furniture company, sells home furnishings, sofas, beds and mattresses. It has raised
5 **KES 786·6 million (\$6·5 million)** in venture capital to expand.

Moko will use the money raised to expand its business across Kenya through its digital platform and by forming partnerships with more retailers. Some of the venture
10 capital will be invested in new machinery and in expanding its product range.

Moko plans to enter new markets in other African countries by **2025**. The demand for furniture across the continent is expected to grow, driven by population growth,
15 urbanisation and increasing purchasing power.

Contribution of agriculture to the Kenyan economy

Importance of Agriculture to Kenyan economy



In 2020, Kenya's total exports were \$6.52 billion. Of these the largest were tea (\$1.2 billion), cut flowers (\$596 million), refined petroleum (\$308 million), gold (\$262 million), coffee (\$229 million) and tropical fruits (\$191 million).

Extract G

Kenyan shilling (KES) drops to a new historic low of 120 against the US Dollar

The Kenyan shilling dropped to a new low in August 2022, at 119.85 shillings to the dollar amid controversies surrounding President William Ruto's victory in the keenly contested Kenyan presidential elections.

This was the 16th month in a row that the shilling has depreciated against the dollar. As one financial analyst puts it, a depreciating shilling means imports, such as petrol, food and raw materials, will become more expensive. This will further push up the household cost of living as importers pass their increased costs onto consumers.

Extract H

Africa's Free Trade Area Has a Slow Take Off

The African Continental Free Trade Area (AfCFTA) started in January **2021** but its impact has been slow due to the global health crisis and an economic downturn in Africa.

- 5** Out of the **55** African countries, **54** have signed the agreement, the exception being Eritrea. It is hoped that these **54** countries will grow together to form a single market.

- 10** Over time, they have pledged to eliminate import tariffs on **97%** of goods traded between African countries. Many hope this will increase trade between the **54** African countries, which will in turn boost economic growth and bring more prosperity and social equality to those on the continent.

- 15** African countries currently trade more internationally than with each other. Intra-African trade accounts for just **17%** of African exports, which is low compared to **59%** for Asia and **68%** for Europe, according to the World Economic Forum.

Sources

Extract A

(Source: adapted from: <https://www.proactiveinvestors.co.uk/companies/news/996196/tesla-cuts-prices-for-its-vehicles-in-china-by-up-to-9-report-996196.html>)

Extract B

(Source: adapted from: <https://www.worldbank.org/en/news/press-release/2022/09/15/risk-of-global-recession-in-2023-rises-amid-simultaneous-rate-hikes>)

Extract C

(Source: adapted from: <https://www.hcamag.com/nz/news/general/starbucks-invests-1-billion-in-enhancing-employee-experience-training-and-pay/404655>)

Extract D

(Source: adapted from <https://www.omfif.org/2021/03/super-mario-and-the-return-of-supply-side-economics/>)

Extract E

(Source : adapted from (<https://www.capitalfm.co.ke/business/2022/10/furniture-firm-moko-raises-sh786-6-million-to-expand-business-line/>)

Extract F

(Source: adapted from: <https://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/> and <https://oec.world/en/profile/country/ken>)

Extract G

(Source: adapted from: <https://africa.businessinsider.com/local/markets/kenyan-shilling-drops-to-a-new-historic-low-of-120-against-the-us-dollar/gt9zsy9>)

Extract H

(Source: adapted from <https://allafrica.com/stories/202201030312.html>)