

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Pearson Edexcel
International
Advanced Level

Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--	--

Monday 1 June 2020

Afternoon (Time: 2 hours)

Paper Reference **WBS04/01**

Business Studies
International Advanced Level
Unit 4: Business in a Global Context

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.*

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.*
- You should take care in your responses with your punctuation and grammar, as well as the clarity of expression.
- Calculators may be used.

Advice

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

Turn over ►

P64000A

©2020 Pearson Education Ltd.

1/1/1



Pearson

SECTION A

Answer ALL the questions in this section.

You should spend 60 minutes on this section.

Evidence A

How free trade could unlock Africa's potential

Free trade is not exactly popular. The US and China are placing tariffs on some of each other's goods including steel, oil and shoes. Free trade agreements, such as NAFTA, are being reconsidered. Trade barriers are increasing and the idea of completing the WTO Doha round of global trade talks is becoming increasingly unlikely. But one region of the world is reversing the trend: Africa. 5

In 2018, 44 African nations signed up to a continent-wide free trade agreement that will cut tariffs to zero on 90% of imports, bring in lower tariffs on 'sensitive items' and liberalise trade in services.

Africa needs free trade for many reasons. Few African countries have the scale to attract sufficient investment or increase manufacturing. The whole of Africa has a gross domestic product (GDP) of about \$2.5 trillion, roughly the same as the UK. Also 16 African countries are landlocked. 10

Many African governments are unable to break the basic pattern of trade: ship out raw materials and bring in manufactured goods. Diversification and economic complexity are the foundations of development. Yet, with the exception of South Africa, Egypt and a few others, most African economies are stuck as suppliers of basic commodities. 15

Most African countries are missing out on the classic benefits of trade: economies of scale, specialisation, access to cheaper inputs and, for consumers, more affordable products. As an example, *Firestone* has supplied the world with Liberian rubber since 1926. In all that time, not a single tyre has been produced in the west African country of 4.6m people. If Liberia were part of a genuine free trade area spanning the African continent of 1.2bn people, the mathematics of manufacturing might change. 20

(Source: adapted from How free trade could unlock Africa's potential
by David Pilling © Financial Times, 4 April 2018)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



Evidence B

Equatorial Guinea overview

Equatorial Guinea has been one of the fastest growing economies in Africa in the past decade. After the discovery of large oil reserves in the 1990s, Equatorial Guinea became the third largest producer of oil in Sub-Saharan Africa, after Nigeria and Angola. More recently, substantial gas reserves have also been discovered. In 2017 the oil sector accounted for 85% of Equatorial Guinea's GDP and 94% of exports.

5

However, the country's economic situation has deteriorated following the recent fall in oil prices. The economy remains in severe recession, with a decline of 8% in its GDP in 2017 and a cumulative decline of over 25% since 2014.

(Source: adapted from <https://www.worldbank.org/en/country/equatorialguinea/overview>)

Evidence C

Africa: Foreign Domestic Investment (FDI) Flows to Africa Falls By 21%

According to the World Investment Report by the United Nations Conference on Trade and Development (UNCTAD), FDI flows from multinational companies to Africa fell by a significant 21% to \$42bn in 2017.

According to this report, the decline was concentrated in the larger commodity exporters. This was mainly due to weak oil prices and the recent fall in commodity prices.

5

However, FDI inflows to diversified exporters, were better.

- Morocco had a large increase in FDI of 23% to \$2.7bn, mainly into the automotive sector.
- Zambia's FDI increased by 64% to \$1.1bn, supported by more investment in copper production.
- Kenya had an increase of 71% to \$672m, due to strong domestic demand and inflows into information and communication technology (ICT) sectors.

10

(Source: adapted from <https://allafrica.com/stories/201806070038.html>)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

1 (a) What is meant by the term investment? (Evidence A, line 11)

(2)

.....

.....

.....

.....

.....

.....

(b) What is meant by the term diversification? (Evidence A, line 15)

(2)

.....

.....

.....

.....

.....

.....

(Total for Question 1 = 4 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

2 Using your own examples, explain **two** other forms of trade barriers **apart** from tariffs.

Dotted lines for writing.

(Total for Question 2 = 6 marks)



3 Analyse **one** advantage and **one** disadvantage for an African business when operating in the new free trade area.

A series of horizontal dotted lines for writing the answer.

(Total for Question 3 = 8 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



4 Assess the impact of increasing specialisation on a country such as Equatorial Guinea.

(10)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Area with horizontal dotted lines for writing.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 4 = 10 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

5 Assess the impact of increased FDI flows from multinational corporations on countries such as Morocco, Zambia and Kenya.

(12)

Area with horizontal dotted lines for writing the answer.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 5 = 12 marks)

TOTAL FOR SECTION A = 40 MARKS



SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence D

The growth of mobile subscribers in Sub-Saharan Africa slowing down

The growth in mobile phone subscribers in Sub-Saharan Africa has slowed in recent years as the industry confronts the challenges of low disposable incomes and a youthful population. World Bank data indicates around 40% of the population in Sub-Saharan Africa is under the age of 16. This demographic segment has lower incomes and significantly lower levels of mobile ownership compared to the population as a whole.

According to a recent Global System for Mobile Communications Association (GSMA) report, it is the countries in Sub-Saharan Africa where the cost of owning a mobile phone takes the highest proportion of income worldwide. This is particularly pronounced for those at the bottom of the income pyramid.

Apart from problems of affordability, the report notes other challenges facing mobile phone companies in the region. These include economic volatility, political instability and the difficulty of establishing networks in rural and remote regions.

(Source: adapted from <https://www.itweb.co.za/content/xA9PO7NYJVvvo4J8>)

Evidence E

Welcome to the age of 'multi-localism'

If food companies are to survive today's increasing use of tariffs in the global economy, they need to radically rethink their supply chains and start offering consumers personalised products that are locally sourced.

According to a report published by *A.T. Kearney*, a global management consulting business, consumption patterns are now shifting towards local and personalised products to a much greater extent. 5

International manufacturers often match products to local markets. The term 'glocalisation' became a catchword in the early 1990s, and fast food giant *McDonald's* is just one example of a company adapting its menu to suit local taste preferences. 10

In order to thrive locally in each market, *A.T. Kearney* says, companies must become locally integrated enterprises. One company that has been adapting its product portfolio to meet local tastes is *Coca-Cola* in India. It has developed more fruit-based drinks and moved away from carbonated drinks. It has introduced various local flavours, including ingredients that are only grown in certain Indian regions. 15

(Source: adapted from <https://www.foodnavigator.com/Article/2018/09/06/Welcome-to-the-age-of-multi-localism-How-to-survive-and-thrive-with-personalisation-hyper-local-sourcing-tailored-flavours>)



6 Evaluate the importance of the levels and growth of disposable income for a global business when entering a market.

(20)

Area with horizontal dotted lines for writing the answer.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 6 = 20 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

7 Evaluate the extent to which glocalisation is necessary for a modern global business to succeed.

(20)

Area with horizontal dotted lines for writing.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 15 horizontal dotted lines.

(Total for Question 7 = 20 marks)

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



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

