

Pearson Edexcel International Advanced Level

**Extra assessment material for first teaching
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Business

International Advanced Level

Unit 4: Global business

Source Booklet

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Sources for use with Section A

Extract A

World Bank Overview – Vietnam

Vietnam's development record over the past 30 years is remarkable. Economic and political reforms launched in 1986, have brought about rapid economic growth and development. It has transformed Vietnam from one of the world's poorest nations to a lower middle-income country. Vietnam is now one of the most dynamic emerging economies in the East Asia region. 5

Vietnam's economy is performing well, driven by the sustained global recovery and continued domestic reforms. Strong growth is boosting job creation and income growth, leading to broad-based welfare gains and poverty reduction. It is estimated that Vietnam's gross domestic product (GDP) will increase by 7.1% in 2018. 10

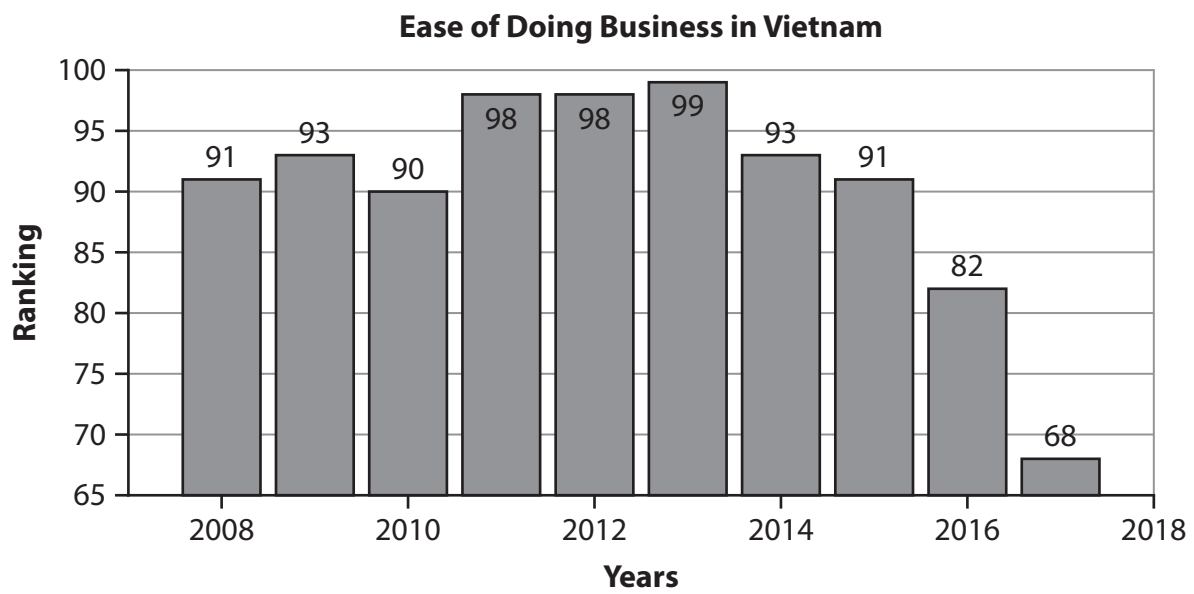
Vietnam is experiencing rapid demographic and social change. After years of growth, Vietnam's population reached about 95 million in 2017 (up from about 60 million in 1986). It is expected to expand to 120 million before 2050. Currently, 70% of the population is under 35 years of age, with a life expectancy of close to 73 years.

Over the last 30 years, the provision of basic services has significantly improved. Vietnam is today a significantly better educated and healthier society than 20 years ago, and these qualities are equitably distributed. 15

Extract B

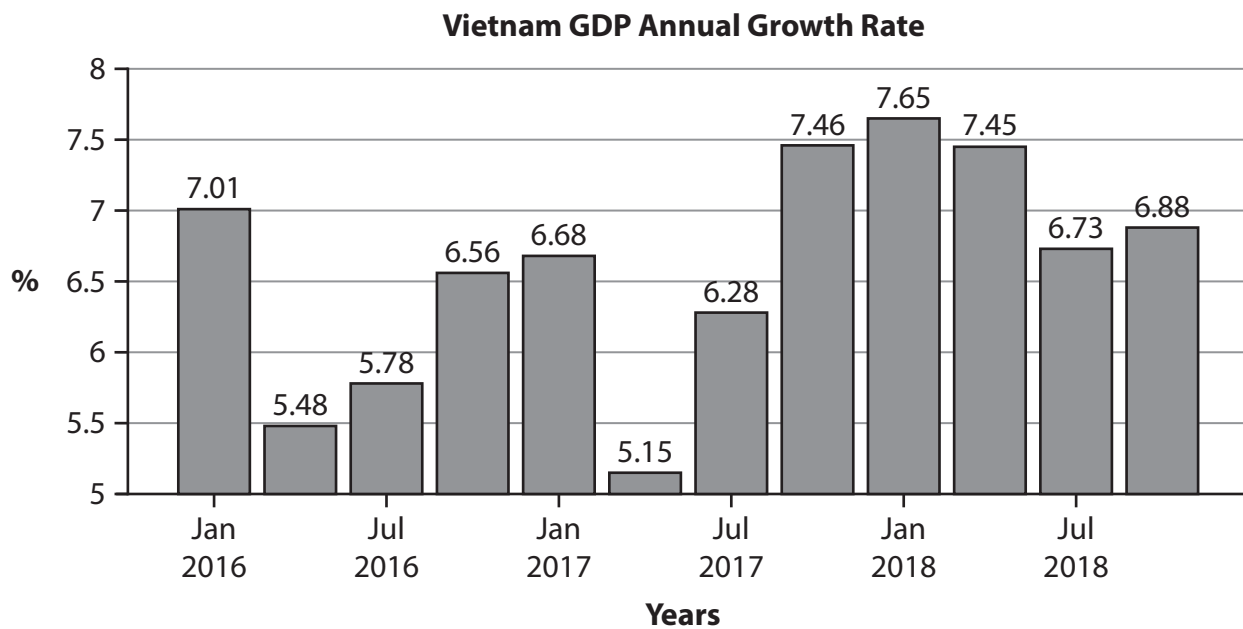
Ease of Doing Business in Vietnam 2008–2018

Vietnam is ranked 68 among 190 economies in the ease of doing business, according to the latest World Bank annual rankings (the lower the figure, the better). The rank of Vietnam improved from 82 in 2016 to 68 in 2017.



Vietnam GDP Annual Growth Rate 2000–2018

Vietnam's gross domestic product grew by 6.88% year-on-year in the third quarter of 2018. The growth was driven by the services sector industry, construction and agriculture, forestry and fisheries. GDP Annual Growth Rate in Vietnam averaged 6.51% from 2000 until 2018, reaching an all time high of 8.48% in the fourth quarter of 2007 and a record low of 3.12% in the first quarter of 2009.



Extract C

***Samsung* and *LG* Lead Vietnamese Economy**

South Korean electronics companies, such as *Samsung* and *LG*, are leading the Vietnamese economy with large-scale investment and recruitment. *Samsung* now has 160,000 employees in Vietnam, more than it employs in South Korea.

In 2017, Vietnam's overseas exports were \$193.8 bn. *Samsung*, which produces home appliances and cellphones in Vietnam, exported \$44bn of products over the same period, which is 22.7% of Vietnam's total exports. 5

LG, which produces televisions, cellphones, washing machines, vacuums and air conditioners in Vietnam, recently announced it would be investing another \$1.5bn by 2028. 10

South Korean electronics companies have been moving into Vietnam for multiple reasons, such as production competitiveness, labour costs, and support from the Vietnamese government. The Vietnamese government provides various benefits to foreign companies that invest over \$300m, including exemption from corporation taxes for four years. According to the Vietnam Chamber of Commerce and Industry (VCCI), the average yearly income of local employees is \$3 518. 15

Source for use with Section B

Extract D

***Coca-Cola* to increase the amount of recycled plastic in its bottles**

Coca-Cola is to increase the amount of recycled plastic used in its bottles to 50% after pressure from environmentalists. The world's biggest drinks brand says it will achieve its new recycling target – up from 40% – by 2020 but environmentalists said this did not go far enough. 5

John Sauven, head of the pressure group Greenpeace UK, said smaller drinks companies were already going much further. "Other companies are already at 50% and are aiming to be at 100% by 2020. *Coca-Cola* is huge in scale and this is not an ambitious target."

Coca-Cola has repeatedly refused to release data to Greenpeace about its global plastic usage. The environmental pressure group estimates that *Coca-Cola* produces more than 100 billion plastic bottles every year – or 3,400 a second. 10

The top six drinks companies in the world use a combined average of just 6.6% of recycled plastic (PET) in their products, according to Greenpeace. A third have no targets to increase their use of recycled plastic and none are aiming to use 100% across their global production. 15

Sources within the recycling industry said *Coca-Cola* was competing with other brands to be the first to announce that it was making dramatic changes to its packaging to use more recycled plastic and recycle more of its bottles. One source said: "This is because of a combination of consumer pressure and pressure from environmental groups. There is a feeling that no one wants to be the brand which is littering beaches with plastic and there is a race among brands to get their green message out first." 20

Source for use with Section C

Extract E

Global coffee wars come to Italy

Two of the best-known names in Italian coffee, *Lavazza* and *Illy*, are expanding and strengthening their businesses. They are hoping to secure their future survival in the face of increased competition from global coffee businesses *Starbucks* and *Nestlé*, both of which have recently expanded into Italy. 5

Lavazza and *Illy* are still controlled by the families who founded the businesses but are taking different paths. *Lavazza* has turned to acquisitions as it increases its number one position among Italian coffee producers, while *Illy*, has preferred distribution deals to increase its sales.

Over the last three years, *Lavazza* has been increasing its international presence by buying coffee businesses in France, Denmark, Canada and Australia. In October 2018, *Lavazza* acquired *Mars Inc's* coffee business for \$650m. 10

At the same time, *Illy* announced a distribution deal with *JAB Holding*, the company behind Peet's, Krispy Kreme and other American brands. Andrea Illy, the company's chairman and grandson of the founder, said that while *Illy's* independence remains crucial, other distribution deals could be signed in the future. *Illy* has avoided acquisitions, but has invested aggressively in opening cafes and now has almost 250 in 43 countries. 15

The coffee business is expanding rapidly. The \$83bn global market for fresh and instant coffee has grown by 25% between 2013 and 2018 and is expected to expand another 16% by 2023. 20

Acknowledgements

Extract A adapted from: <https://www.worldbank.org/en/country/vietnam/overview>

Extract B adapted from: <https://tradingeconomics.com/vietnam/ease-of-doing-business>
and <https://tradingeconomics.com/vietnam/gdp-growth-annual>

Extract C adapted from: <http://www.businesskorea.co.kr/news/articleView.html?idxno=20066>

Extract D adapted from <https://www.theguardian.com/world/2018/jun/25/tobacco-companies-child-labour-pressure>

Extract E adapted from: <https://www.wsj.com/articles/lavazza-and-illy-say-basta-as-global-coffee-wars-come-to-italy-1539432052>

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