

Pearson Edexcel International Advanced Level

Time 2 hours

Paper
reference

WBS14/01

Business

International Advanced Level

UNIT 4: Global business

Source Booklet

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Sources for use with Section A

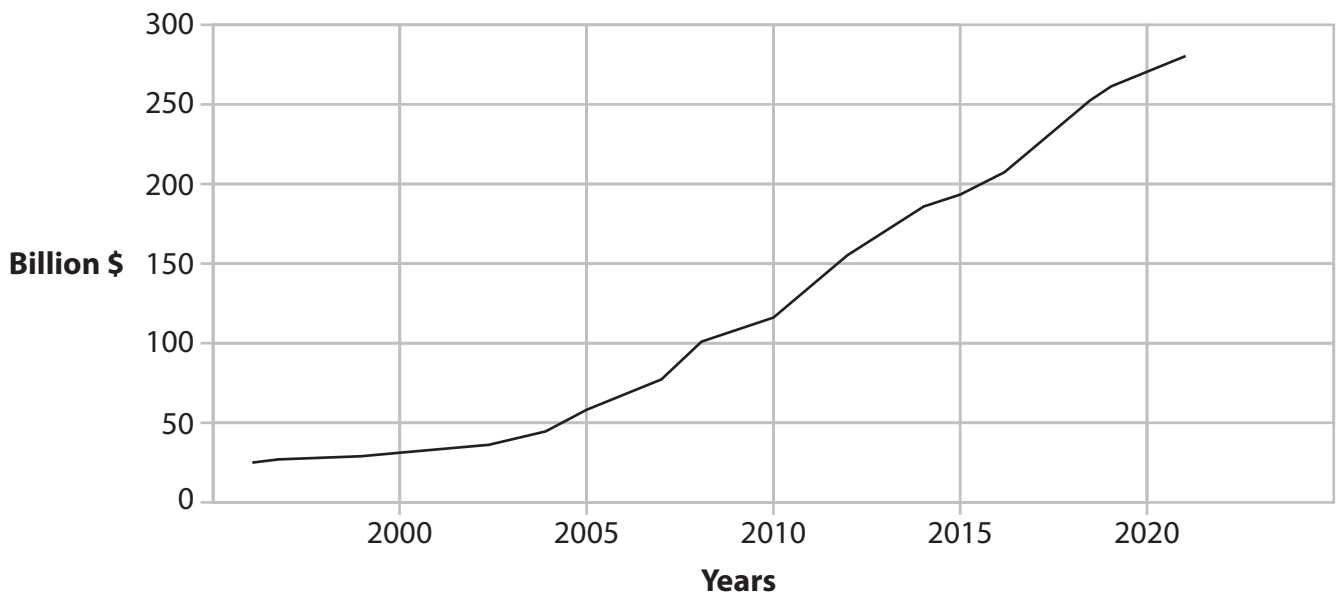
Extract A

Thailand's economy – 2021

- Thailand is the 22nd largest exporting country in the world
- It has a positive trade balance of \$34.3bn
- The gross domestic product (GDP) of Thailand is \$546bn with a population of 69,410,000
- Thailand is the largest exporter of natural rubber in the world
- It has a 33.3% share of the global export market for rubber that is worth \$4.63bn annually
- Almost half of Thailand's rubber (42.4%) is exported to China.

Extract B

Vietnam's GDP between 2000 and 2020 in billion \$



Extract C

International trade in developing economies

Over the last two decades, developing economies have made a big increase in their share of world trade. By 2019, the value of goods exported from developing countries had increased to 44.3% of the global total and the value of services exported increased to 30% of the global total.

Several growing countries doubled their share of global trade from 2010 to 2019.

- Vietnam tripled its share of world exports of goods from 0.47% in 2010 to 1.4% in 2019 and its share of world exports of services grew from 0.19% to 0.45%
- Thailand almost doubled its share of world services exports from 0.87% to 1.34%
- United Arab Emirates quadrupled its share of service exports from 0.3% to 1.2%
- Bangladesh almost doubled its share of total services exports from 0.13% to 0.2% and its total goods exports from 0.06% to 0.1%.

Extract D

Regional Comprehensive Economic Partnership (RCEP) trade deal

In November 2020, the RCEP was signed in Hanoi, Vietnam after eight years of negotiations. Its 15 members are Australia, China, Japan, New Zealand, South Korea, plus 10 members of the Association of Southeast Asian Nations (ASEAN): Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Once agreed by all its members it will form the world's largest trade bloc, covering 30% of global output and almost one third of the global population.

Sources for use with Section B

Extract E

New global but local retail format for *Nike*

Sportswear brand *Nike* has launched a new store/shop format called Nike Unite. It seeks to connect local communities more closely with sport. Five branches of Nike Unite have opened, in the UK, US and South Korea. More are planned in the US and China.

Each Nike Unite store will seek to reflect its local community, with products that reflect local sporting interests. The brand will use an ambassador programme to train local sports coaches and intends to support local projects.

Extract F

***Aldi* expands to the United States (US)**

Aldi is a German supermarket company that has expanded into the United States and become one of the fastest growing grocery stores in the country. *Aldi* has not adapted its supermarkets to take account of US tastes and preferences. Instead it has used its successful style from Europe to create an entirely new shopping experience for consumers in the United States.

American consumers expect big stores with a large range of items. *Aldi*'s stores are much smaller with a limited range of items. In the United States, consumers are accustomed to attendants bagging their groceries and even sometimes helping them take their bags to the car. At *Aldi*, the cashiers will scan the items and put them right back into the trolley. The customers must then take their trolley to a bagging station to bag it themselves.

Despite ignoring traditional consumer behaviour in the United States, *Aldi* continues to be successful and to grow both in America and worldwide.

Extract G

Push and pull factors

A survey of 260 leading global businesses in February and March 2020 found that 33% had moved sourcing and manufacturing activities out of China or planned to do so by 2023. This has been caused by a combination of push and pull factors.

The main push factor is the increase in tariff costs. Tariffs imposed by the US and Chinese Governments during the past years have increased supply chain costs by up to 10% for more than 40% of businesses. For just over 25% of respondents, the impact has been even higher. Other push factors include cost, problems with quality, supply chain resilience, responsiveness and flexibility.

The biggest pull factors from countries hoping to attract these businesses include cheap rents for land, subsidised power and water, tax breaks and improved transport times, which are often the longest component of the entire logistics journey of goods. Popular alternative countries are Vietnam, India and Mexico.