

**Pearson Edexcel**  
International Advanced Level

# **Business**

**International Advanced Level**  
**Unit 4: Global business**

Sample assessment material for first teaching  
September 2018  
**Source Booklet**

Paper Reference

**WBS14/01**

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## Sources for use with Section A

### Extract A - *Apple, GM, Boeing* are China's Top Hostages in a Trump Trade War

The new Trump administration has called China "the most protectionist country" among major US trading partners. In January 2017 it announced plans to increase tariffs on Chinese steel and aluminium industries that sell their products in the US at artificially low prices.

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China, has already warned that it could retaliate and target *Apple, Boeing* and *Starbucks* if the US increases tariffs on imports from China.

Deteriorating trade relations with China would also risk future growth plans. *Starbucks*, for example, now has about 2,400 stores in China but plans on having 5,000 by 2021. *Boeing* says China needs 6,840 airplanes valued at \$1 trillion by 2035.

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No American company has more at stake in China than *Apple*, which accounted for \$46.4bn in sales in its latest financial year, or 22% of total revenue. And China is where most of its iPhones are assembled.

Trip Chowdhry is one of the few analysts who thinks Trump will persuade *Apple* to significantly increase iPhone production in the US for the domestic market. "Companies which support the idea of 'America First, Made in the USA by USA workers' will outperform the rest," Chowdhry wrote. Yet Chowdhry also recognises that domestic production would increase costs and probably lower profit margins.

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### Extract B - Sugarcane, ethanol and Brazil

Brazil is the world's biggest producer of sugar. The Brazilian sugarcane industry is expanding at approximately 10% annually and represents an increasingly important segment of the Brazilian economy.

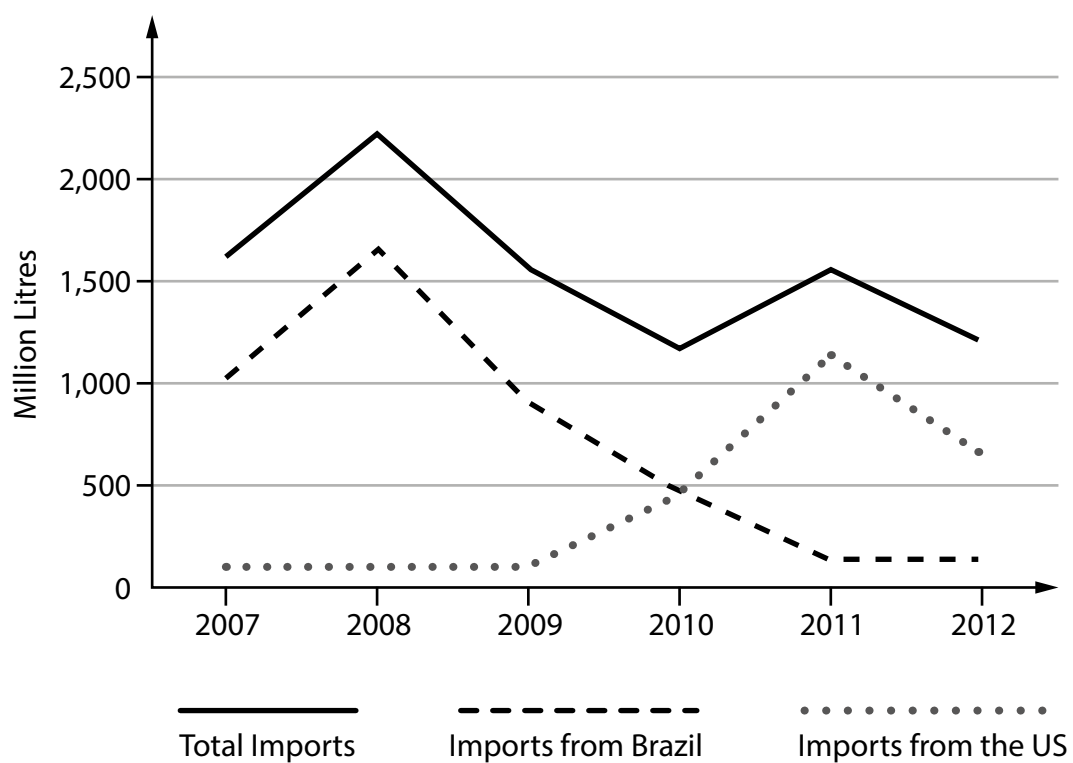
- Sugarcane is used to produce ethanol.
- Brazil is the world's largest sugarcane ethanol producer and a pioneer in using ethanol as a motor fuel.
- In 2012/13, Brazilian ethanol production reached 23.2bn litres
- In 2012, the sugarcane sector contributed \$36bn to Brazil's gross domestic product (GDP) and employs 1.1 million workers
- Including all the various suppliers and stakeholders who depend on it, the entire Brazilian sugarcane industry generates gross revenues of more than \$86bn annually.
- *Cosan* is one of Brazil's largest businesses and is also the largest sugar company, with branches in sugar production and ethanol production.
- *Cosan* also operates fuel, logistics services, lubricants, and piped natural gas businesses.
- *Cosan* operates a network of approximately 5,356 *Shell* petrol stations and 944 convenience stores.

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### Extract C – European Union (EU) total ethanol imports



## Source for use with Section B

### Extract D - The UK family business that loves trees

*Bettys & Taylors of Harrogate (Bettys)* is a UK tea and coffee company. It has six cafes, a bakery, a cookery school, an online shop and is one of the UK's most respected tea and coffee merchants. It is the third best-selling brand of tea in the UK, and one of the UK's leading ground coffee suppliers.

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Now a fourth-generation family business, we are committed to being a responsible business that cares about and shares its success with stakeholders. Being a family business, it is no surprise that we think of our business as a legacy to be handed down to future generations of stakeholders.

We have been planting and protecting trees since 1990. With the help of our customers, we have planted 3 million trees worldwide and helped to protect 237,000 hectares of Amazonian rainforest in Peru.

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In 2009 we launched an ambitious project to help save an area of rainforest the size of Yorkshire – that is 1.5 million hectares of forest.

Our other projects have helped to prevent soil erosion and flooding. These projects have improved livelihoods and increased incomes. They have even helped communities to regain knowledge about the ecological and traditional values of their native species.

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## Sources for use with Section C

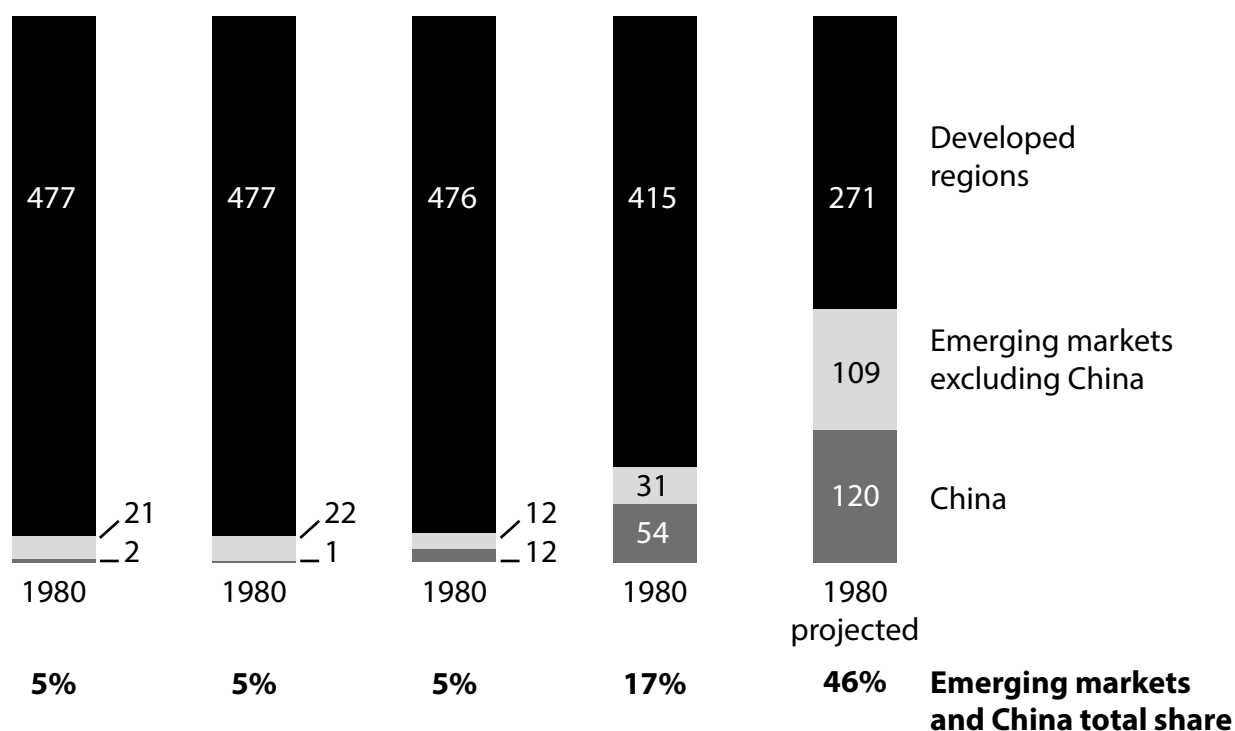
### Extract E – the shifting global business landscape

In 2010 there were some 8,000 distinct large companies worldwide with annual revenues of \$1bn or more, and three out of four were based in developed economies. It is expected that an additional 7,000 companies will grow to this size by 2025 – and seven out of ten of these new entrants are likely to be based in emerging economies.

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By 2025, emerging economies are expected to be home to 229 companies in the Fortune Global 500 (the world's biggest 500 companies), up from 24 in 2010.

Location of the top 500 companies 1980–2025



### Extract F – *Adidas* may shift some production from Asia in quest for speed

*Adidas* has said it was testing automated production units that might allow it to shift manufacturing from Asia closer to its consumers. "We are considering bringing production back to where the main markets are," said Chief Executive Herbert Hainer, adding that the current six weeks it took to ship from Asia to Europe was too long. Such a move would allow *Adidas* to react more quickly to fast changing trends – like floral prints this spring – as it seeks to challenge market leader *Nike* as well as fashion retailers like *H&M* which are moving into sportswear.

*Adidas* said it wanted to extend innovations pioneered by its NEO teen fashion brand which gets products into store in 45 days, compared with a sports industry standard of 12–18 months. It said it was working on innovations in robotics and machines which can 'knit' sports shoes rather than having them sewn by hand, which could allow it to move production away from China, Cambodia, Laos and Vietnam.

*Adidas* used to only sell its products wholesale. It then opened its first retail outlets in 2005. *Adidas* now plans to open another 500–600 retail stores by 2020, which it hopes will account for more than 60% of sales, up from about 50% in 2014.