

Write your name here

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Other names

Pearson
Edexcel GCE

Centre Number

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Candidate Number

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Business Studies/Economics and Business

Advanced

Unit 3: International Business

Wednesday 10 June 2015 – Morning

Time: 1 hour 30 minutes

Paper Reference

6BS03/01
6EB03/01

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.*
- You may use a calculator.

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.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A

Answer ALL questions in this section.

Evidence A

India joins talks for largest trade bloc

India has joined talks to create the world's largest trade bloc, the Regional Comprehensive Economic Partnership (RCEP). This is a Free Trade Agreement (FTA) involving the 10 Association of Southeast Asian Nations (ASEAN) Member States and its FTA Partners Australia, China, India, Japan, Korea and New Zealand. The RCEP will include more than 3 billion people, with a combined GDP of \$17 trillion, and account for 40% of world trade.



5

The move signals the Indian Government's intent to reduce import tariffs further in the coming years, a proposal that may not get too much support from domestic industry. In return, the Government is hoping to get a better deal for Indian nurses, teachers and auditors who want to work in any of the 16 initial members of the proposed RCEP, including Australia and New Zealand.

10

15

(Source: adapted from <http://timesofindia.indiatimes.com/business/india-business/India-set-to-join-talks-for-largest-trade-bloc/articleshow/17151228.cms> and <http://english.cntv.cn/program/bizasiaamerica/20121121/103742.shtml>)

Evidence B

Australia hosts second round of RCEP negotiations

Delegations from all 16 countries attended the second round of RCEP trade negotiations in Australia, which focused on trade in goods, services and investment. Negotiations involved nine out of Australia's top 12 trading partners, and participating countries account for almost 60% of Australia's two-way trade.

Delegates also discussed economic and technical cooperation, competition, intellectual property, dispute settlement and other issues.

5

RCEP has great potential for Australian businesses, it could also help increase greater specialisation (e.g. in the automotive component and commodities industries) and promote more investment.

(Source: adapted from <http://www.dfat.gov.au/media/releases/department/2013/dfat-release-20131003.html>)



1 Explain **two** possible reasons why India originally introduced import tariffs.

Dotted lines for writing the answer.

(Total for Question 1 = 6 marks)



3 Assess the likely benefits of increasing specialisation for a country such as Australia.

(9)

A series of horizontal dotted lines for writing the answer.



(Total for Question 3 = 9 marks)



***4** Evaluate the likely impact that joining the RCEP will have on India's businesses.

(12)

A series of horizontal dotted lines for writing the answer.



(Total for Question 4 = 12 marks)

TOTAL FOR SECTION A = 35 MARKS



SECTION B

Answer ALL questions in this section.

Evidence C

Chinese investors touch down at Manchester's Airport City

Manchester Airport is set to be the next UK business to get a boost from Chinese investment.

The Industrial and Commercial Bank of China has backed a deal that will mean the £650 million creation of a 160-acre Airport City. This deal, for a 15-year development of offices, hotels, apartments, stores, leisure facilities and high-tech manufacturing plants, is expected to be announced next weekend when a large UK Government-led trade mission visits China.

5

Chinese investors already own or have a large interest in many UK businesses including water and power companies, oil refineries, Heathrow Airport, Port of Felixstowe, Weetabix and Canary Wharf.

10

(Source: adapted from <http://www.thetimes.co.uk/tto/business/industries/transport/article3887273.ece>)

Evidence D

Chinese joint venture with Pinewood Studios

Pinewood Studios, home of the James Bond films, has formed a joint venture with Seven Stars Media, one of China's biggest media groups, in an attempt to break into the world's fastest-growing film market.

The new venture, called Song Lin, which means pine wood in Mandarin, is the latest example of how international film businesses from London to Hollywood are trying to find a way into the fast-growing, but largely closed, Chinese market.

5

The Chinese film and television market was worth \$3.6bn in 2012 and is forecast to double to \$7.2bn by 2016, which would make it the third largest film entertainment market in the world.

While foreign films are hugely popular in China, they are tightly controlled. The Chinese Government protects domestic studios and allows no more than 34 foreign movies to be distributed in China every year.

10

(Source: adapted from [http://www.people-first.co.uk/chinese-joint-venture-with-pinewood-studies/](http://www.people-first.co.uk/chinese-joint-venture-with-pinewood-studios/))



P 4 4 8 7 6 A 0 9 2 0

Evidence E

The shifting global business landscape

Ease of doing business

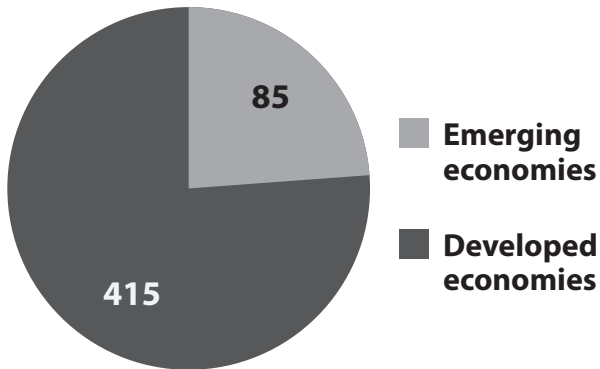
Countries with strong reputations for having attractive business environments tend to attract more foreign investment. Corporate taxes play a role in this, but they are only one of multiple elements. Recent analysis shows that the level of investment correlates with the World Bank's Ease of Doing Business index.

This index includes factors such as the number of procedures, time, fees, and minimum capital investment required to start a business, as well as the tax level and associated administrative burden facing medium-sized companies. Many countries, including the Netherlands, have introduced measures designed to attract global companies.

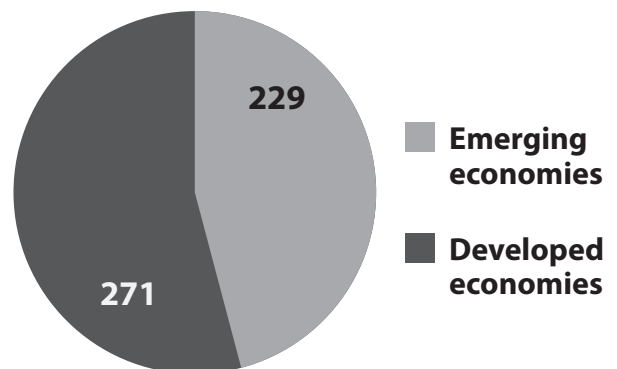
5

Multinationals in emerging economies

Location of the world's 500 biggest companies 2010



Forecast location of the world's 500 biggest companies 2025



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 85 in 2010

(Source: adapted from http://www.mckinsey.com/insights/urbanization/urban_world_the_shifting_global_business_landscape?cid=other-eml-nsl-mip-mck-oth-1310)



5 Explain **two** possible reasons why the Netherlands might be keen to attract foreign businesses. (Evidence E)

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(Total for Question 5 = 6 marks)



7 Assess the benefits to Pinewood Studios of entering into a joint venture with Seven Stars Media.

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(Total for Question 7 = 8 marks)



8 Assess the importance of the 'ease of doing business' to a manufacturing company's decision as to where to locate its production. (Evidence E)

A series of horizontal dotted lines for writing the answer to question 8.



(Total for Question 8 = 10 marks)



P 4 4 8 7 6 A 0 1 5 2 0

***9** Evaluate the likely impact on UK businesses of China's growing economic power.

A series of horizontal dotted lines for writing the answer.



(Total for Question 9 = 15 marks)

TOTAL FOR SECTION B = 45 MARKS
TOTAL FOR PAPER = 80 MARKS



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