

Leave
blank

Evidence A to F was pre-issued before the date of the examination.

Read the additional Evidences G and H and then answer ALL the questions below.

1. Briefly explain the benefits for firms such as Toyota of collaborating with Chinese car firms.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(Total 8 marks)

Q1





2. Examine the reasons behind the decision of Japanese car firms such as Honda to build factories in the United Kingdom.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(Total 10 marks)

Q2	
-----------	--

Leave blank



5. Evaluate **two** reasons for government intervention in the car industry.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Leave
blank



7
Turn over



Leave
blank

A large rectangular area containing 30 horizontal dotted lines, intended for writing or drawing.



Leave
blank

Area with horizontal dotted lines for writing.





Leave blank

Main body of the page containing a large rectangular area with horizontal dotted lines for writing, and a vertical margin on the right side.





<p>Dotted lines for handwriting practice, arranged in 20 horizontal rows.</p>	<p>Leave blank</p>
---	--------------------



Leave
blank





Leave
blank

Area with horizontal dashed lines for writing.



Additional Evidence G

Growing demand in China

When Kevin Wales was in charge of Vauxhall in the UK he had 4,200 employees, building 200,000 cars a year. As President of General Motors China, Kevin Wales has a workforce of 20,000 and is on target to produce one million cars a year.

China's booming car business is on a different scale from that of the UK. General Motors has six plants in China and two more under construction. Kevin Wales said that in order to cope with the growing demand General Motors is building a new assembly plant every two years. 'The total Chinese car market was for eight million cars this year. Next year it will be ten million,' said Kevin Wales. The UK has a population of roughly 60 million, of whom about half have a driving licence that buys just two million new cars a year. China with a population of 1.3 billion has just 30 million cars on the road. The potential for growth is enormous.

Kevin Wales said there are about 20 cars per 1,000 people in China compared with 500 per 1,000 in the UK and more than 800 per 1,000 in the United States.

According to Kevin Wales, the potential demand in China is massive and is growing by 25% a year. Kevin Wales also notes that this unprecedented growth is creating externalities and that congestion and pollution in major cities is a problem. In response to this, General Motors has announced plans for a £125 million alternative fuel research centre in Shanghai.

(Source: adapted from *Motoring* by Ray Massey, *The Daily Mail*, 24 November 2007)

Additional Evidence H

Drivers pay too much

Car warranties are a guarantee to buyers of new cars that the manufacturer will put right any problems free of charge with their cars. In 2003 the Office of Fair Trading (OFT) carried out a market study of new car warranties. The study identified restrictions in some warranties which required owners to have their cars serviced at the garage of franchised dealers approved by the manufacturer in order for the warranty to remain valid. Servicing by franchised dealers was significantly more expensive than at independent garages.

The study concluded that the servicing restriction in the warranties operated to the disadvantage of consumers. Following publication of the report the OFT called for an end to the warranty restrictions. The benefits to car owners of using independent garages is estimated at £91 million per year. The 2003 OFT survey revealed that the typical cost of servicing a car by a franchised dealer was £199 compared to £116 for an independent garage.

(Source: adapted from *Evaluating the Impact of the Car Warranties Market Study* Prepared for the Office of Fair Trading by Europe Economics, June 2006)



BLANK PAGE

