Enseignant responsable : Jean-Toussaint PINDI   Date : Vendredi 21 juin 2019
Sujet rédigé par Raphaëlle CIMATTI   Durée : 2 heures

No documents allowed. Please write your answers on the official answer sheets provided. ***Good luck!***

PARTS I & II: **Read the text below and address the ensuing comprehension and vocabulary exercises.**

Renault Considering Fiat's Offer to Merge Into a New Auto Giant

The French carmaker Renault said on Monday that it was considering a proposal by Fiat Chrysler to merge and form a global partnership aimed at improving their chances of surviving the coming perilous and costly shift to electric and self-driving cars. If the proposal goes forward, the new company would displace General Motors as the third-largest car company in the world, behind Volkswagen and Toyota, and significantly change the balance of power in the global auto industry. Under Fiat's proposal, **shareholders** of both companies would receive 50 percent of the new company. The combination would have a total value on the **stock market** of $39 billion.

There is a consensus among industry executives and analysts that carmakers must link up to share the cost of a transition from internal combustion engines to avoid being run over by fast-moving tech industry **challengers** like Tesla or Uber. A Fiat-Renault deal would put pressure on rivals to find partners or be left behind as competitors unite in new mega-alliances.

But a union of Fiat Chrysler and Renault could also destabilize the French company's longtime alliance with Nissan of Japan, which is already troubled. The merger could also create tensions with Nissan in the United States, where there is fierce **competition** between the Japanese and Fiat Chrysler in the all-important market for S.U.V.s and pickups. Fiat's proposal is certain to be a topic when the alliance's **board of directors** meets in Tokyo on Wednesday.

Renault said Monday that it "decided to study with interest the opportunity of such a business combination, comforting Groupe Renault's manufacturing footprint and creating additional value for the alliance," the company said. A spokesman for Fiat Chrysler said there had been no decision on a name for the merged company, nor a decision on a chief executive.

Investors cheered the merger proposal. Renault shares soared almost 14 percent in Paris trading while Fiat Chrysler shares rose more than 10 percent in Milan. By purchasing parts together, combining their manufacturing operations and sharing the cost of research and development, the partnership would eventually save 5 billion euros, or $5.6 billion, per year, Fiat said. At the same time, Fiat said, the deal would not result in any plant closings.

However, it is hard to see how Fiat and Renault would be able to avoid job cuts, though, when their factories are operating below capacity and the European auto industry is suffering from a downturn. Fiat Chrysler and Renault each have things to offer to partly address each other's weaknesses. Renault and Nissan were among the first car companies to build electric vehicles for mass production. Fiat Chrysler also offers Renault access to the United States market, where the French have no presence.

Neither company is strong in China, which has become the world's largest car market. And neither is particularly strong in the high end of the car market, the most profitable segment. Fiat's Alfa Romeo and Maserati brands are well regarded but are minor players in a market dominated by Mercedes-Benz, BMW and Audi.

The lesson from past auto mergers is that they often founder on clashing corporate cultures or turf battles, and that predictions of the possible benefits prove overly optimistic. That was the case with Chrysler's ill-fated merger with Daimler in the late 1990s.

Adapted from J.Ewing, L.Alderman, A R.Sorkin and N E. Boudette*, The New York Times* May 27th 2019

I. COMPREHENSION (5 POINTS)

Say whether the statements below are TRUE or FALSE. Justify your answer with a quote from the text and its line number

1. Renault recently announced that it has merged with Fiat Chrysler to form a global partnership.   **T / F**

2. The new entity would be the leading car manufacturer in the world with a total market value of nearly 40 billion dollars.   **T / F**

3. Vehicle companies that use renewable energy and innovative technology are a threat to firms whose cars rely on fossil fuel.   **T / F**

4. The merger would strengthen the existing partnership between Renault and Nissan.   **T / F**

5. Like any other merger, the name of the new entity reflects the identity of both Renault Nissan and

    Fiat Chrysler.   **T / F**

6. Stock markets reacted positively to the merger announcement.   **T / F**

7. The alliance would enable both companies to reduce operating costs.   **T / F**

8. At the same time, layoffs would be inevitable.   **T / F**

9. With the merger, Renault-Nissan would benefit from Fiat Chrysler's experience in the production of electric vehicles.   **T / F**

10. The Renault Fiat merger, like other past mergers in the car industry, will undoubtedly be beneficial to both companies.   **T / F**

II. VOCABULARY (5 POINTS)

1. Provide a definition for each of the following terms from the text (**2.5 pts**)

a)   shareholders:
b)   stock market:
c)   challengers:
d)   competition:
e)   board of directors:

2. Find the terms in the text which correspond to the definitions below. Give the line number (2.5 pts)

f)   combination of the assets of two or more companies in order to form a new business entity:

g)   person with the ultimate responsibility for a firm's overall operations and performance:

h)   part or portion of the equity capital of a company:

i)   unique designs, signs, symbols, words or combination of these, employed in creating images that identify

    products and differentiate them from the competition:

j)   values and behaviours that contribute to the unique social and psychological environment of an organization:

III. GRAMMAR (5 POINTS)

a)   Rewrite these sentences in the passive voice (2.5 points)

1. The HR manager said that they would promote me next year.
2. Her boss used to bully her, that's why she left.
3. When did they receive the complaint?
4. Jenna has asked them to send a copy of the report.

5. Our team can improve the system in a few days.

b) Complete the sentences below using the right tense (simple past or present perfect) in the right form (positive or negative statement). Write the sentences in full (2.5 points)

1. I am a bit concerned; I ____ (not-see) the managing director since Monday.
2. They ____ (not-choose) the chief executive yet.
3. I ____ (study) at the Sorbonne for three years, then I went to Harvard.
4. Their shares ____ (rise) by 15% last month, which looks very promising for the future.
5. The film was released two years ago and so far it ____ (take) $45m.

IV. ESSAY WRITING (5 POINTS)

<u>In a minimum of 200 words</u>, discuss the type of merger the announced Renault-Fiat alliance illustrates and assess its strengths and weaknesses.

Grading will be based on the substance and clarity of your response. You are expected to incorporate key terms and concepts you have learned in this course. Points will be deducted for grammar and spelling errors as well as failure to provide an accurate word count.

<p align="center">**Key to answers and guidelines for marking**</p>

I. COMPREHENSION (5 POINTS)

Answers:

1. *False:* "It was considering a proposal by Fiat Chrysler to merge and from a global partnership. (lines1- 2)
2. *False:* "The new company would displace General Motors as the third-largest car company in the world, behind Volkswagen and Toyota. (line 3 - 4)
3. *True:* "carmakers must link up to share the cost of a transition from internal combustion engines to avoid being run over by fast-moving tech industry challengers like Tesla or Uber" (line 8)
4. *False:* "a union of Fiat Chrysler and Renault could also destabilize the French company's longtime alliance with Nissan of Japan, which is already troubled." (lines 10 - 11)
5. *False:* "there had been no decision on a name for the merged company." (line 16)
6. *True:* "Renault shares soared almost 14 percent in Paris trading while Fiat Chrysler shares rose more than 10 percent in Milan." (lines 18 – 19)
7. *True:* "the partnership would eventually save 5 billion euros, or $5.6 billion, per year, Fiat said. (lines 20 – 21)
8. *True:* "it is hard to see how Fiat and Renault would be able to avoid job cuts." (line 22)
9. *False:* "Renault and Nissan were among the first car companies to build electric vehicles for mass production. (line 24 – 25)
10. *False:* "predictions of the possible benefits prove overly optimistic." (line 30)

Marking:

0.5 point for a correct answer coupled with accurate quote and line number. 0.25 point if the line reference is omitted but everything else is correct. Nothing to be awarded if a) there is no quote to justify the answer or b) the answer is inaccurate or c) there is a blank.

II. VOCABULARY (5 POINTS)
Answers:
a) owners of stock in a company.
b) The financial market where securities (shares and bonds) are traded.
c) companies actively trying to obtain the market shares of their competitors with the purpose of taking up the leadership in their industry.
d) rivalry between two or more business enterprises to secure a market share or to win new markets at each other's expense.
e) governing body of a company elected by the shareholders and which represents their interests by monitoring management decisions.
f) merger, line 12
g) chief executive, line 18
h) shares, line 20
i) brands, line 30
j) corporate cultures, line 31

Marking

- *definitions:* 0.25 point for a definition nearing then above. Nothing to be awarded if otrherwise.
- *Reverse definitions:* 0.25 point for a correct answer coupled with a correct line number. Nothing to be awarded if otherwise.

III. GRAMMAR (5 POINTS)

a) Passive voice (2.5 points)

Answers

1. The HR manager said that I would be promoted next year.

2. She used to be bullied by her boss, that's why she left.
3. When was the complaint received?
4. They have been asked (by Jenna) to send a copy of the report.
5. The system can be improved (by our team) in a few days.

Marking
0.5 point for a correctly written sentence. Nothing to be awarded if otherwise.

b) Tenses (2.5 points)

Answers

1. I am a bit concerned; I **haven't seen** the managing director since Monday.

2. They **haven't chosen** the chief executive yet.

3. I **studied** at the Sorbonne for three years, then I went to Harvard.

4. Their shares **rose** by 15% last month, which looks very promising for the future.

5. The film was released two years ago and so far it **has taken** (take) $45m.

Marking
0.25 point for a correct answer. Nothing to be awarded if otherwise.

IV. Essay writing (5 points)

- 0.5 point = very little substance. Incongruous discussion rendered in poor English
- 1 point= attempt to address the essay topic. Constant spelling / grammar mistakes. No fluency of expression.
- 2 points = the essay topic is addressed to some extent. Regular spelling / grammar mistakes. Problems with the use of specialist vocabulary and link words. Difficult writing style on the whole.
- 2.5 points= the essay meets the minimum word requirement (200) and is rendered in intelligible English.
- 3 points= good substance or discussion on the whole. The essay topic is satisfactorily addressed. Occasional spelling / grammar mistakes. Good use of connetors.
- 4 points= coherent discussion. High level English including fluency of expression and a very good writing style. Good spelling, good lexical and grammatical choices. Few mistakes.
- 4.5 points= cogent discussion. Near-native English fluency and scholarly writing style. No grammar mistakes at all.
- 5 points= excellent discussion written in perfect English