IV Semester M.B.A. Degree Examination, July 2017
(CBCS Scheme)
Management
4.1 : INTERNATIONAL BUSINESS DYNAMICS

Time : 3 Hours Max. Marks : 70

***Instruction** : Answer **all** Sections.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. What do you mean by a Tariff Barriers in International Trade ? How these are different from the Non-Tariff barriers ?
2. Explain "Comparative Advantage" with the support of an example.
3. Discuss the scope of WTO. How it is different from GATT ?
4. Define Foreign Direct Investment (FDI). Differentiate between FDI and Foreign Portfolio Investment (FPI).
5. What are Multi-National Enterprises (MNEs) ? Explain the advantages and disadvantages of MNEs from the point of view of host country.
6. What are the causes of globalization ? Explain.
7. What is cross cultural training ? Discuss its importance.

SECTION – B

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

8. Explain the factors influencing the International business environment.
9. Elucidate the Export – Import procedure and the documents that are important during this process.
10. What do you mean by conflicts ? Discuss the role of negotiations in International business.
11. Explain Raymond Vernon's Product Life Cycle theory in International Trade.

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SECTION – C

12. **Compulsory** Section. **(1×15=15)**

Case Study : Unfair Protection or valid defence.

"Mexico Widens Anti-Dumping measures .... Steel at the core of US Japan Trade Tensions .... Competitors in other countries are destroying an American success story .... It must be stopped", scream headlines around the world.

International trade theories argue that nations should open their doors to trade Conventional free trade wisdom says that by trading with others, a country can offer its citizens a greater volume and selection of goods at cheaper prices than it could in the absence of it. Nevertheless, truly free trade still does not exist because national governments intervene. Despite the efforts of WTO and smaller groups of nations, government seems to be crying foul in the trade game now more than ever before.

We see efforts at protectionism in the rising trends in governments charging foreign producers for "dumping" their goods on the world market. Worldwide, the number of anti-dumping cases that were initiated stood at about 150 in 2014, 225 in 2015, 230 in 2016, and 300 in 2017.

There is no shortage of similar examples. The US charges Brazil, Japan, and Russia with dumping their products in the US market as a way out of tough economic times. The US steel industry wants the government to slap a 200 percent tariff on certain types of steel. But car makers in US are not complaining, and General Motors even spoke out against the anti-dumping charges – as it is enjoying the benefits of low cost steel for the use in its autoproduction. Canadian steel makers followed the lead of the US and are pushing for anti-dumpig actions against four nations.

Emerging markets too, are jumping into the fray. Mexico recently expanded coverage of its Automatic Import Advice System. The system requires importers (from a selected list of countries) to notify Mexican officials of the amount and price of the shipment 10 days prior to its expected arrivals in Mexico. The ten day notice gives domestic producers advance warning of incoming low priced products so they can complain of dumping before the product clear customs and enter the market place. India is also getting onboard by setting up a new government agency to handle anti-dumping cases.

Why dumping is on the rise for the first place ? The WTO has made major inroads on the use of tariffs, slashing them across every product category in recent years. But the WTO does not have the authority to punish companies, but only governments. Thus the WTO does not have the authority to punish companies, but only governments. Thus the WTO cannot pass judgments against individual companies that are dumping their products in other markets. It can only pass the rulings against the governments of the country that imposes anti-dumping duty. But the WTO allows countries to retaliate against nations whose producers are suspected of dumping when it can be shown that :

i) The alleged offenders are significantly hurting the domestic producers.

ii) The export price is lower than the cost of production or lower than the home-market price.

Supporters of anti-dumping tariff claim that they prevent dumpers from undercutting the price charged by the producers in a target market and driving them about of business. Another claim in support of anti-dumping is that it is an excellent way of retaining some protection against the potential dangers of totally free trade. Detractors of anti-dumping tariffs charge that once the tariffs are imposed they are rarely removed. They also claim that they cost companies and governments a great deal of time and money to file and argue their cases. It is argued that the fear of being charged with dumping causes international competitors to keep their price higher in the target market than would have otherwise be the case. This would allow domestic companies to charge higher prices and not loose market shares forcing consumers to pay more for their goods.

Case Questions :

i) Explain the concept of Dumping with suitable examples.

ii) What are the major drawbacks of anti-dumping measure for the consumers ?

iii) As we have seen WTO cannot currently get involved in punishing individual companies for dumping. Its action can be only directed towards governments of countries. Do you think this is a wise policy ? Why or why not ? Justify.