

POKHARA UNIVERSITY

Level: Bachelor

Semester: Fall

Programme: BBA

Course: Introduction to International Business

Year: 2021

Full Marks: 100

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section "A"

Very Short Answer Questions

Attempt all the questions. [10×2]

1. Define Globalization of market.
2. What is Leontiff's Paradox?
3. What is countervailing duty?
4. Distinguish between Licensing and franchising.
5. Define repatriation.
6. Define the concept of economic blocs.
7. Outline the four types of political risks in international business.
8. What is Geocentric MNC?
9. Explain the concept of Dumping?
10. Outline the risk in outsourcing?

Section "B"

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. Explain the impacts of globalization on the national economy and socio-cultural status of country like Nepal.
12. Elucidate, managing diversity as an issue in international human resource management. Describe the methods for managing diversity in an organization.
13. There are many classical theories which we have studied in International Business. These theories have own assumptions and applications. Express your views regarding the applicability of comparative cost advantages theory in the context of Nepal with suitable example.
14. What are the reasons for the poor growth and development of Foreign Direct Investment in Nepal? What factors should the government consider to attract the FDI? Explain.
15. The culture has significant impact in business process. The cultural diversification might be the strength as well as weakness of the organization. In this context, you are requested to choose two different countries which are culturally diverse. Explain how the cultural differences influences the cost of doing business, and business practices.

16. What do you understand by global branding? Explain its advantages and challenges.
17. Distinguish between fixed exchange rate and floating exchange rate system.

Section "C"

Case Analysis

18. *Read the case situation given below and answer the questions that follow:*
[20]

Trump, who campaigned in 2016 on cracking down on what he called Chinese trade abuses, comes into the meeting with a specific set of demands. He wants to address alleged Chinese theft of intellectual property, forced technology transfers, ownership of American companies in China, and tariffs and nontariff barriers, among other issues. The White House has shown optimism about making progress, but Trump has threatened even more tariffs if the sides cannot reach a deal. Washington and Beijing appeared to have a difficult task in striking concrete trade agreement even as Trump seeks a political win on one of his signature issues

In May 1, 2016 in US President Trump had declared that "China can no more rape our country After a year, in May 2017 two countries strike deal on meat and poultry. But the issues on steel, aluminum and others remained unresolved.

In Jan 2018 US Administration announced tariff imposition on solar cell and washing machine. The US financial market endorsed the move indicating Trade war as easy to win During March tariffs were imposed on steel and aluminum by 25% and 10% respectively considering vital to national industrial security. On April 1, 2018 China retaliated by announcing tariffs imposition on US\$3 Billion on various imports from the USA. In May talks in Beijing failed to end the trade war. In June, 2018 once again the US announced 25% tariff on goods worth US\$ 50 billion from China and also accused China for theft of intellectual properties and uses of unfair trading practices. Immediately China announced retaliation of tariff on US\$50 billion worth of goods from the USA.

In September 2018 Trump announced 10% tariffs on US\$ 200 billion Chinese goods with a plan to hike the rate by 25% during early 2019 and threatened an additional tariff on US\$ 269 Billion if China retaliates. Immediately China announced tariff on US\$ 60 billion worth of US goods imports. In November Trump threatened to impose 10 tariffs on Apple iPhone and laptops imported from China.

In December 1, 2018 Trump and Xi strike truce during G-20 Summit Argentina US agreeing postpone the plan to impose tariff on \$200 billion and from 25 to 10% and set out the deal within 90 days. On Dec 29 Trump

informed Xi over a telephone call "moving along very well". Trade talk of 7-9 January continued with second round in Feb 24, 2019 with substantial progress.

Note:

1. Tariffs or Customs duties are fiscal and trade policy instrument to control while non tariff measures involve other non-fiscal trade regulatory instruments trade policy management like licencing, prohibition, quantitative restrictions, health and safety regulations, etc. Tariffs are normally imposed by almost all countries on importation for foreign goods for various purposes like protection to domestic industries, health, safety and security reasons, revenue purposes. Tariffs can be applied on value or on unit of both. Normally there are three types of tariff schedules: general tariff, Most Favoured Nations Tariff (tariff applicable and committed under the WTO system) and preferential tariff.

2. In 2017 the United States of America exported goods worth US\$ 130 Billion (8.4% of its total export) to China and imported goods of US \$ 526 Billion (21.6% of its total imports) from China. Thus the USA has total trade deficits of 396 billion US dollar with China only.

Questions:

- a) Why Trump is so furious about the trade relations with China?
- b) What have you understood by tariffs? Normally what are the purposes of imposition of tariffs?
- c) What do you understand by Trade War?
- d) Do you think the trade war through tariff retaliation will support trade and economic development in the world? Give reason to your answer.