

## Chapter 3 Business in a Borderless World

### True/False Questions

1) International business involves the buying, selling, and trading of goods and services across national boundaries.

True False

2) Nations trade with other nations to obtain resources that would otherwise be unavailable to them.

True False

3) Most of the world's population and two-thirds of its total purchasing power are outside the United States.

True False

4) Mario owns a company that manufactures bicycle parts. He sells his goods to foreign markets. This is called importing.

True False

5) The United States imports more from China than it exports; it has a positive balance of trade with China.

True False

6) Trade deficits can help businesses succeed, create more jobs, and improve the standard of living.

True False

7) The country of Brachindi is very poor and not economically advanced. This is considered an LDC.

True False

8) Kankakee's airport was aging and in dire need of repair, or it would not be able to continue to operate. It needed a new source of income for infrastructure.

True False

9) Monica and Chandler went to Europe for their honeymoon. When they returned, they had purchased a lot of souvenirs, so they had to pay a tariff based on the value of the items. This is a fixed tariff.

True False

10) A common reason for establishing quotas or tariffs is to encourage dumping.

True False

11) Political unrest in countries often creates a hostile environment for foreign businesses and can act as a barrier to international trade.

True False

12) Cultural differences, such as variations in body language and personal space, usually have an almost negligible impact on international business.

True False

13) The General Agreement on Tariffs and Trade provided a forum for tariff negotiations and a place where international trade problems could be resolved.

True False

14) The World Trade Organization agreements were rejected by most of the world's trading nations.

True False

15) Many U.S. companies have taken advantage of Mexico's low labor costs and proximity to the United States to set up maquiladoras.

True False

16) The Association of Southeast Asian Nations (ASEAN) effectively united Singapore, Britain, and Japan into one market.

True False

17) The International Monetary Fund promotes trade among member nations by eliminating trade barriers and fostering financial cooperation.

True False

18) Marbles is a toy company that wants to enter the international marketplace without spending large amounts of money abroad. A good option for Marbles is licensing.

True False

19) Basecamp is a company that has a tool for web-project development. It uses developers in India to supplement its U.S. staff because it was less expensive than hiring in the U.S. This is an

example of outsourcing.

True False

20) A strategic alliance is a partnership formed to create competitive advantage on a worldwide basis.

True False

21) Direct investment gives lesser control and is the least expensive way to participate in foreign trade.

True False

22) Multinational corporations (MNCs) rarely get targeted by activists because they provide so many benefits to the countries in which they do business.

True False

23) Companies doing business internationally have traditionally used a globalization strategy.

True False

24) A global strategy involves standardizing products for the whole world.

True False

25) Even when products are standardized, advertising often has to be modified to adapt to local cultures.

True False

### **Multiple Choice Questions**

26) \_\_\_\_\_ exists when a country is the most efficient producer of an item.

- A) A comparative advantage
- B) A comparative disadvantage
- C) An absolute advantage
- D) An absolute disadvantage
- E) A domestic advantage

27) A mining company in Malaya that possesses the only mine where a specialty ruby can be found has

- A) a comparative advantage.
- B) a comparative disadvantage.
- C) an absolute advantage.
- D) an absolute disadvantage.
- E) a domestic advantage.

28) The country of Malyia can produce sugar more efficiently than it can produce other items, giving it \_\_\_\_\_ advantage.

- A) an absolute
- B) a competitive
- C) a domestic
- D) a marginal
- E) a comparative

29) \_\_\_\_\_ is the transferring of manufacturing or other tasks—such as data processing—to countries where labor and supplies are less expensive.

- A) Importing
- B) Exporting
- C) Outsourcing
- D) Dumping
- E) Insourcing

30) Why has outsourcing become a controversial practice in the United States?

- A) Many jobs have moved overseas where certain tasks can be accomplished for lower costs.
- B) Outsourcing empowers the outsourcing company with more managerial control.
- C) The losses incurred out of the hidden costs of outsourcing are making companies go bankrupt.
- D) Delegation of several processes leaves the outsourcing company with much less time to concentrate on its core business process.
- E) The outsourced products end up having sub-standard quality because their producers lack expertise.

31) \_\_\_\_\_ is best described as the sale of goods and services to foreign markets.

- A) Franchising
- B) Offshoring
- C) Outsourcing
- D) Exporting
- E) Importing

32) Sarah bought a new shirt at a U.S. boutique. When she checked the tag, she saw that her shirt was made in China. This means her shirt is a(n) \_\_\_\_\_ good.

- A) exported
- B) outsourced
- C) absolute
- D) imported
- E) domestic

33) A nation's \_\_\_\_\_ can be best defined as the difference in value between its exports and imports.

- A) balance of import
- B) balance of export
- C) balance of trade
- D) trade surplus
- E) trade deficit

- 34) U.S. exports to China have been rapidly increasing but not fast enough to offset the imports from China. This means that the United States has
- A) a domestic gain.
  - B) a trade surplus.
  - C) a trade deficit.
  - D) an absolute advantage.
  - E) a comparative advantage.
- 35) Which of the following is one of the possible results of trade deficits?
- A) the success of businesses
  - B) the import of more products
  - C) the loss of jobs
  - D) the export of more services
  - E) a higher standard of living
- 36) A favorable balance of trade exists when a country
- A) imports more than it exports.
  - B) exports more than it imports.
  - C) has more debt liabilities than assets.
  - D) spends more than it saves.
  - E) saves more than it spends.
- 37) Which of the following is most likely to cause a trade surplus?
- A) inefficient manufacturing systems
  - B) plentiful imports from other countries
  - C) insufficient natural resources
  - D) an abundance of natural resources
  - E) healthy economies in other countries
- 38) The difference between the flow of money into and out of a country is called its
- A) balance of trade.
  - B) domestic gain.
  - C) balance of payments.
  - D) credit balance.
  - E) exchange rate.
- 39) Which of the following statements is true about less-developed countries (LDCs)?
- A) Many countries in Europe are LDCs.
  - B) In LDCs, consumers tend to purchase more nonessential products.
  - C) Many businesses avoid doing business in LDCs.
  - D) LDCs represent a potentially huge and profitable market for many businesses.
  - E) LDCs are characterized by high per-capita income.

- 40) A certain country has low per-capita income and is not economically advanced. This country would be considered \_\_\_\_\_.
- A) an agrarian economy
  - B) a manufacturing nation
  - C) an industrialized nation
  - D) an underdeveloped country
  - E) a less-developed country
- 41) Thelisia has abundant railroads, highways, ports, airfields, utilities and power plants, schools, hospitals, communication systems, and commercial distribution systems to support its economic activities. This means Thelisia has a strong
- A) business structure.
  - B) economic structure.
  - C) infrastructure.
  - D) exchange rate.
  - E) consumer base.
- 42) \_\_\_\_\_ can be best defined as the ratio at which one nation's currency can be exchanged for another nation's currency.
- A) Exchange rate
  - B) National rate
  - C) Exchange ratio
  - D) Value ratio
  - E) Currency ratio
- 43) If the United States were to devalue its currency, the *most likely* result would be
- A) an increase in its imports.
  - B) an increase in its exports.
  - C) a decrease in the number of foreign tourists to the United States.
  - D) a decrease in the sale of domestic goods abroad.
  - E) an increase in the cost of American goods abroad.
- 44) Rarely, a country will decide to increase the value of its currency in relation to other currencies. This is called
- A) a negative exchange.
  - B) a positive exchange.
  - C) dumping.
  - D) devaluation.
  - E) revaluation.
- 45) Which of the following is a true statement about about laws and regulations in international business?
- A) The U.S. does not participate in treaties with other nations.
  - B) Currency flows freely between borders everywhere.
  - C) Legal and ethical requirements for successful business are decreasing globally.
  - D) Many of the legal rights that Americans take for granted do not exist in other countries.
  - E) The United States' copyright laws are the most lenient in the world.

46) A specific amount of money levied on each unit of a product brought into a country is \_\_\_\_\_ tariff.

- A) an ad valorem
- B) a value-added
- C) a fixed
- D) a prohibitive
- E) a zero

47) A fixed tariff differs from an ad valorem tariff because an ad valorem tariff

- A) is a specific amount of money levied on each unit of a product sold by a country.
- B) is a specific amount of money levied on each unit of a product brought into a country.
- C) is based on the value of an item.
- D) prohibits trade in a particular product.
- E) limits the number of units of a particular product that can be imported into a country.

48) A U.S. citizen may bring \$200 worth of merchandise into the United States duty free. After that, U.S. citizens must pay a(n) \_\_\_\_\_ based on the cost of the item and the country of origin.

- A) sales tax
- B) transactional tax
- C) ad valorem tariff
- D) fixed tariff
- E) export tariff

49) Which of the following statements is true about tariffs and trade restrictions?

- A) Countries are not allowed to levy tariffs for political reasons.
- B) Protective tariffs allow more expensive domestic goods to compete with foreign ones.
- C) Protective tariffs encourage free trade and competition.
- D) Countries cannot allow citizens traveling abroad to bring home merchandise without paying an import tariff.
- E) Quotas cannot be established by voluntary agreements.

50) Which of the following is a measure that does not yield revenue for the government of Malyia but can effectively limit the quantity of a particular good being imported from Thelisia to Malyia?

- A) quota
- B) value-added tax
- C) tariff
- D) embargo
- E) subsidy

51) A(n) \_\_\_\_\_ is best defined as a prohibition on trade in a particular product.

- A) ad valorem tariff
- B) excise
- C) cartel
- D) quota
- E) embargo

52) Because of an unfavorable political situation between the countries, the country of Thelisia has placed a government order to prohibit the trade of private vehicles with the country of Calibria. Thelisia has maintained a(n) \_\_\_\_\_ with Calibria.

- A) trade tariff
- B) trade embargo
- C) quota limit
- D) fixed tariff
- E) ad valorem tariff

53) \_\_\_\_\_ can be best defined as the act of a country or business selling products at less than what it costs to produce them.

- A) Dumping
- B) Offshoring
- C) Outsourcing
- D) Exporting
- E) Importing

54) All of the following are nations that have been subject to economic sanctions for political reasons in recent years EXCEPT

- A) the United States.
- B) Cuba.
- C) Iran.
- D) Syria.
- E) North Korea.

55) Political concerns may lead a group of nations to form a(n) \_\_\_\_\_, a group of firms or nations that agrees to act as a monopoly and not compete with each other.

- A) embargo
- B) conglomerate
- C) economic sanction
- D) cartel
- E) franchise

56) The Organization of Petroleum Exporting Countries (OPEC) is

- A) an embargo.
- B) a conglomerate.
- C) a multinational corporation (MNC).
- D) a cartel.
- E) a franchise.

57) Which of the following statements is true about dumping?

- A) Dumping occurs when the country of origin has products with the latest technology that are in high demand in overseas markets.
- B) Dumping occurs when a business sells products at much more than what it costs to produce them.
- C) Dumping occurs when the domestic market for a firm's product is too big to match the level of production.



- D) Quotas cannot be imposed based on suspicion of dumping unless proven.
- E) Dumping permits quick entry into a market.

58) Agro Corp., based in the country of Arahonia, is a company that produces agricultural products. The domestic market of Arahonia is not sufficient to support Agro Corp.'s large-scale level of production because Arahonia is a small, but highly industrialized, country. Thus, Agro Corp. decides to sell its products to the agriculture-based country of Petinberg at less than its cost, so it doesn't have to cut production. This process is termed

- A) dumping.
- B) offshoring.
- C) outsourcing.
- D) monopolizing.
- E) franchising.

59) A sudden change in power can result in a regime that is hostile to foreign investment. This is a primary example of a(n) \_\_\_\_\_ barrier.

- A) political
- B) cultural
- C) exchange
- D) language
- E) geographic

60) A catastrophic flood crippled Malyia's government. In an effort to help local businesses rebuild, the government forced foreign businesses out of the country. This is an example of a(n) \_\_\_\_\_ barrier to trade.

- A) political
- B) social
- C) economic
- D) ethical
- E) legal

61) Auto Corp. learned that in order to sell more cars in Thelisia, it needed a bold and strategic advertising plan; while in Malyia, it needed more attentive customer service. These are examples of \_\_\_\_\_ barriers.

- A) technological
- B) political
- C) legal
- D) social
- E) economic

62) Understanding that Arab businessmen tend to stand face-to-face when holding a conversation reveals the importance of understanding another culture's use of

- A) language.
- B) dialect.
- C) religious practices.
- D) ethics.
- E) body language.

- 63) All of the following are true about gestures that are viewed as rude or unacceptable in particular countries EXCEPT
- A) summoning with an index finger is unacceptable in Japan, Hong Kong, and the Middle East.
  - B) pointing with the index finger is unacceptable in the Middle and Far East.
  - C) sitting with the soles of the shoes showing is unacceptable in Brazil and Germany.
  - D) patting someone on the head is unacceptable in Buddhist countries.
  - E) forming a circle with the fingers is unacceptable in Brazil and Germany.
- 64) The effective translation of product names can be crucial to success in foreign markets because of
- A) political barriers.
  - B) cultural barriers.
  - C) legal barriers.
  - D) the presence of export quotas.
  - E) the differences in body language.
- 65) Many countries do not allow children to be used in advertising. This is an example of \_\_\_\_\_ barrier.
- A) a political
  - B) a cultural
  - C) an economic
  - D) a geographic
  - E) a religious
- 66) Auto Corp. released an advertisement showing fair-skinned people driving their cars into an indigenous Malyian village while the indigenous people watched in awe. Malyian activists claimed this ad reinforced negative stereotypes of the indigenous people and called for their government to issue sanctions against Auto Corp. This is an example of a(n) \_\_\_\_\_ barrier.
- A) economic
  - B) cultural
  - C) legal
  - D) ethical
  - E) political
- 67) Many countries with poor telephone infrastructure have seen an increase in the use of cell phones, providing opportunities for companies to market their products to more people. This is an example of overcoming \_\_\_\_\_ barriers.
- A) economic
  - B) technological
  - C) legal
  - D) ethical
  - E) political
- 68) Which of the following is true about the General Agreement on Tariffs and Trade (GATT)?
- A) More than 100 nations abided by its rules.
  - B) It was originally signed by 27 nations in 1947.
  - C) It sponsored rounds of negotiations aimed at increasing trade restrictions.

- D) The Uruguay Round promoted dumping.
- E) The most recent round was the Paraguay Round.

69) Which of the following is the international organization based in Geneva, Switzerland, that was created in 1995 by the Uruguay Round of the General Agreement on Tariffs and Trade (GATT)?

- A) the European Union
- B) the World Trade Organization
- C) the World Bank
- D) the Association of Southeast Asian Nations
- E) the Asia-Pacific Economic Cooperation

70) Which of the following were merged into one market by the North American Free Trade Agreement (NAFTA)?

- A) Canada and Alaska
- B) Brazil, Mexico, and the United States
- C) Chile, Brazil, and the United States
- D) Canada, Mexico, and the United States
- E) Canada and the EU

71) \_\_\_\_\_ is the single largest trading partner of the United States.

- A) Mexico
- B) India
- C) China
- D) Japan
- E) Canada

72) Which of the following is a true statement about the European Union?

- A) It is trying to create opportunities to trade with South America.
- B) It is working toward the creation of a standardized currency.
- C) It is striving to impose customs checks within Europe.
- D) It is working toward the abolition of import duties.
- E) It is trying to increase value-added taxes.

73) Which member of the European Union recently decided to leave the trade bloc?

- A) Germany
- B) the United Kingdom
- C) Greece
- D) Spain
- E) the Netherlands

74) Which of the following is an international trade alliance between 21 nations with 57 percent of world GDP that promotes open trade and economic and technical cooperation among its member nations?

- A) the General Agreement on Tariffs and Trade (GATT)
- B) the Asia-Pacific Economic Cooperation (APEC)
- C) the North American Free Trade Agreement (NAFTA)
- D) the European Union (EU)

E) the Association of Southeast Asian Nations (ASEAN)

75) Which of the following countries was a member nation of Asia-Pacific Economic Cooperation (APEC) when it was established in 1989?

- A) Vietnam
- B) Japan
- C) China
- D) Hong Kong
- E) Chile

76) Which of the following is true about the Association of Southeast Asian Nations (ASEAN)?

- A) It will not have fully-free labor flows between member-nations.
- B) In 1993, it began to increase tariffs among countries.
- C) It will have a common currency.
- D) It has a 21-member alliance.
- E) It was established in 1989.

77) Which of the following was established by the industrialized nations in 1946 to loan money to underdeveloped and developing countries?

- A) the Foreign Credit Insurance Association
- B) the Exim Bank
- C) the World Bank
- D) the World Trade Organization
- E) the International Monetary Fund

78) Which of the following is true of the World Bank?

- A) It funds the member nations of the NAFTA and EU.
- B) It provides aid to industrialized nations in times of financial crisis.
- C) It acts as a global police force.
- D) It finances construction projects in underdeveloped and developing countries.
- E) It helps developed nations obtain money to start businesses.

79) The \_\_\_\_\_ is the closest thing the world has to an international central bank.

- A) International Monetary Fund
- B) World Bank
- C) Citicorp Bank
- D) Organization for Economic Cooperation and Development
- E) World Trade Organization

80) The usefulness of the International Monetary Fund (IMF) for developed countries is limited because

- A) these countries rely extensively on the public market.
- B) the IMF does not provide short-term loans.
- C) the IMF does not aid countries with balance-of-payment deficits.
- D) the IMF was forced to decrease its funds to emerging economies.
- E) these countries use private markets as a major source of capital.

- 81) An intermediary who handles international transactions for other firms is acting as
- A) a licensing agent.
  - B) a franchising agent.
  - C) an export agent.
  - D) a contract manufacturer.
  - E) a direct investor.
- 82) Which of the following is an advantage of using an export agent?
- A) The firm does not have to deal with a middleman.
  - B) The firm is not responsible for the procurement and storage of raw materials.
  - C) The firm does not have to deal with paying tariffs and handling paperwork.
  - D) The firm does not need to worry about product pricing.
  - E) The firm does not need to invest in research and development.
- 83) Exporting may occur through \_\_\_\_\_, which involve bartering products for other products rather than currency.
- A) export agencies
  - B) free-trade agreements
  - C) direct selling contracts
  - D) countertrade agreements
  - E) outsourcing agreements
- 84) Approximately what percentage of international trade agreements contain countertrade provisions?
- A) 5%
  - B) 10%
  - C) 40%
  - D) 60%
  - E) 75%
- 85) Auto Corp. buys engines from Malyia and resells them in its stores in Thelisia. This is an example of
- A) exporting.
  - B) countertrading.
  - C) bartering.
  - D) outsourcing.
  - E) importing.
- 86) Which of the following is true regarding trading companies?
- A) They buy and sell goods in only one country.
  - B) They handle all activities required to move products from one country to another.
  - C) They rarely offer warehousing facilities.
  - D) They are very different from export agents.
  - E) They refrain from handling consulting activities.
- 87) Which of the following can be best defined as a trade agreement in which one company allows another company to use its company name, products, patents, brands, trademarks, raw materials, and/or production processes in exchange for a fee or royalty?

- A) direct investment
- B) strategic alliance
- C) joint venture
- D) outsourcing
- E) licensing

88) What type of company benefits the most from licensing?

- A) a large manufacturer that wants to launch a new brand internationally
- B) a small manufacturer that wants to launch a well-known brand internationally
- C) a small manufacturer that wants to launch a new brand internationally
- D) a large manufacturer that wants to transform a less-known brand into a well-known brand internationally
- E) a small manufacturer that wants to launch a well-known brand locally

89) Which of the following can be best defined as a form of licensing in which a company agrees to provide another company with its name, logo, methods of operation, advertising, products, and other elements associated with it in return for a financial commitment and the agreement to conduct business in accordance with its standard of operations?

- A) franchising
- B) outsourcing
- C) joint venture
- D) strategic alliance
- E) direct investment

90) If GloboTron hires a Thelisian company to manufacture many of its stereo components, and these products carry GlobalTron's name, this business arrangement is called

- A) contract manufacturing.
- B) licensing.
- C) direct investment.
- D) exporting.
- E) importing.

91) Offshoring is different from outsourcing because

- A) in offshoring, the company subcontracts to a different company.
- B) in offshoring, the company retains control of the process.
- C) in offshoring, a subsidiary cannot relocate a business process to another country.
- D) in outsourcing, tasks cannot be transferred to countries where supplies are less expensive.
- E) outsourced jobs cannot be brought back for concerns like foreign workers not adding enough value.

92) Which of the following is true of offshoring?

- A) Companies may choose to offshore to take advantage of lower wages, skilled labor, or time zone differences.
- B) Some banks have chosen not to offshore because of concerns about data security in other countries.
- C) Offshoring prevents companies from controlling international operations.
- D) Companies often choose not to offshore to avoid having to pay higher wages and deal with

time zone differences.

E) Offshore offices are subcontracted to different companies.

93) DMC Inc., headquartered in Malaysia, has completely transferred its tax services to Apex Corp in Thailand because there are many well-educated workers and lower labor costs. This is an example of

- A) licensing.
- B) franchising.
- C) offshoring.
- D) insourcing.
- E) outsourcing.

94) Which of the following is likely to be a reason for some U.S. companies to bring their outsourced production processes back to the United States?

- A) increasing labor unionization in the United States
- B) increased government regulation of business in the United States
- C) increasingly strict enforcement of intellectual property rights in Asian countries
- D) high cost of transporting products to the home country
- E) increase in labor turnover rates in the United States

95) \_\_\_\_\_ can be best defined as the sharing of the costs and operations of a business in a foreign country with a local partner.

- A) Exporting
- B) Licensing
- C) A direct investment
- D) Contract manufacturing
- E) A joint venture

96) In industries where international competition is so fierce and the costs of competing on a global basis are so high that only a few firms have the resources to do it alone, a company may collaborate with other companies to form a

- A) direct investment.
- B) greenfield venture.
- C) franchise.
- D) joint venture.
- E) strategic alliance.

97) The purchase of overseas production and marketing facilities is an example of

- A) licensing.
- B) contract manufacturing.
- C) using an export agent.
- D) direct investment.
- E) exporting.

98) When UPS invested in a foreign tech startup, Ally Commerce Inc., to give it greater access to online sales, it was exemplifying

- A) strategic alliance.

- B) direct investment.
- C) joint venture.
- D) licensing.
- E) exporting.

99) Which of the following can be best defined as a corporation that operates in several countries without significant ties to any of them?

- A) a licensor
- B) an exporter
- C) a monopolist corporation
- D) a multinational corporation
- E) a contract manufacturing corporation

100) Which of the following is true of multinational corporations (MNCs)?

- A) They are the highest level of international business involvement.
- B) They decrease the gap between rich and poor nations.
- C) They have significant ties to specific nations or regions.
- D) They usually have lesser assets than the countries in which they operate.
- E) They are less complicated than corporations.

101) GloboTron is headquartered in Argonia, and it operates over 500 factories around the world. It is one of the world's major producers of home entertainment equipment. GloboTron is an example of a

- A) simple corporation.
- B) multinational corporation.
- C) strategic alliance.
- D) joint venture.
- E) large company.

102) On which of the following grounds are multinational corporations (MNCs) often criticized by antiglobalization activists?

- A) They increase unemployment in the host country.
- B) They bring in technology that is unknown to the host country.
- C) They use the capital-intensive mode of production.
- D) They are liable to pay the taxes levied by the government of the host country.
- E) They misuse and misallocate scarce resources.

103) A \_\_\_\_\_ strategy can be best defined as a plan used by international companies that involves customizing products, promotion, and distribution according to cultural, technological, regional, and national differences.

- A) global
- B) standardization
- C) normalization
- D) multinational
- E) domestic

104) All of the following are examples of multinational strategy EXCEPT

- A) in Vietnam, McDonald's offered its traditional menu items as well as McPork sandwiches



targeted toward Vietnam consumers.

B) soap and detergent manufacturers have adapted their products to local water conditions, washing equipment, and washing habits.

C) Colgate-Palmolive Co. has developed an inexpensive, plastic, hand-powered washing machine for households without electricity.

D) American clothing companies use social media sites to connect with global customers.

E) fast food companies have modified their advertising to adapt to language and cultural differences.

105) More and more companies are moving from the multinational strategy to a global strategy that involves \_\_\_\_\_ products for the whole world.

A) customizing

B) standardizing

C) promoting

D) normalizing

E) generalizing

106) Which of the following is true of the Commercial Service of the U.S. Department of Commerce?

A) It focuses on large businesses.

B) It is a local business solutions unit.

C) It offers U.S. firms a unique global network.

D) It offers U.S. firms practical knowledge of national markets and industries.

E) It doesn't use information technology.

### **Essay Questions**

107) In international trade, what is the difference between an absolute advantage and a comparative advantage?

108) Explain the terms balance of trade, trade deficit, and trade surplus in the context of the United States.

109) What are the different international barriers to trade? Give an example of each barrier.

110) Briefly explain the economic barriers to trade and the important factors involved in them.

111) Describe some of the ethical, legal, and political barriers to international trade. Be sure to include the impact of import tariffs, export tariffs, exchange controls, embargos, and dumping.

112) What social and cultural issues should a manager consider before doing business in a foreign country? Give a few specific examples.

113) Discuss the organizations and agreements, such as the General Agreement on Tariffs and Trade, the World Trade Organization, the World Bank, and the International Monetary Fund, that foster international trade and can help companies succeed in global markets. How do they operate and who do they benefit?

114) Discuss the various regional trade agreements, such as the North American Free Trade Agreement, the European Union, the Asia-Pacific Economic Cooperation, and the Association of Southeast Asian Nations. How do they operate and who benefits from them?

115) Explain the different levels of organizational involvement in international trade, including exporting, importing, licensing, franchising, contract manufacturing, outsourcing, offshoring, direct investment, and joint venture.

116) Explain why a company may opt for a joint venture or a strategic alliance.

117) Why does direct investment have a greater degree of commitment than a countertrade agreement?

118) What is the difference between a multinational and a globalization strategy?

119) Explain the purpose of CIBERs. Who funds them and who do they benefit?