6. Explain the advantages of Cross Border Transactions.

5. What is Technology Transfer? How it will develop?

4. What is Cross National Product?

3. What are the functions of WTO?

2. What is TRIPS? Explain the new amendments.

1. Explain the nature of International Business.

All questions carry equal marks.

Answer any FIVE questions.

PART A — (5 × 6 = 30 marks)
7. What is FEMA? Explain the recent amendments.
8. How tax will be levied on Foreign Income?

   PART B — (5 × 10 = 50 marks)

   Answer any FIVE questions.

   All questions carry equal marks.

9. Explain the Rights and Duties of Agents and Distributors in International Trade.
10. Describe the similarities and differences between a Free Trade Area, a Customs Union, and a Common Market.
11. How India has benefited by becoming a member of WTO?
12. What are the advantages and disadvantages of using licensing as a Market Entry Tool?
13. What key issues must be addressed by global companies that engage in E-commerce?
14. How Joint Ventures will helpful in the Foreign-Market Entry?
15. Discuss the impact of Multilateral and Bi-lateral Treaties in International Trade.
16. What are the restrictions on trade in endangered spices and other commodities?
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3

Some products are shipped from the United States, a country with a population of about 300 million, to other Latin American countries, however, to the local markets. In six countries, however, the USP compound acts as the local mixing, manufacturing, and packaging operation. USP's international business is conducted in some $800 million sales.

USP's production of pharmaceuticals, cosmetics, and some patent medicines in the United States. USP contributes about 30 percent of its sales outside the United States is a U.S. firm with


Questions:

(a) Defend the alternatives that were brought up at the meeting.

(b) Are there any other possible courses of action?

(c) Propose and defend a course of action.

Case Study:

Part C — (1 x 20 = 20 marks)
plant employs 330 people, of whom only two are North Americans - the general manager, Tom Hawley and the director of quality control, Frixos Massialas.

USP's cosmetics and toiletries business accounts for $150 million in sales and is handled by a separate division - USP's 70 foreign markets. One of the division's better foreign markets is Latinia, where it has sales of over $8 million and an acceptable market position. Cosmetics and Toiletries has a marketing subsidiary in Latinia to handle its business there. Jim Richardson, an American, heads the subsidiary. The rest of the staff are Latinians.

Jim Richardson was very disturbed by the latest news received from the Latinian Ministry of International Trade. Tariffs were being increased on many "nonessential products" because of the balance-of-payments pressures the country had been experiencing for the past year and a half. For USP's Cosmetics and Toiletries, specifically this meant a rise in the tariffs it pays from 20 percent to 50 percent ad valorem. The 20 percent duty had posed no particular problem for Cosmetics and Toiletries because of the prestige of the imported product and the consumer franchise it had established. Richardson explained. He believed, however that the 5 percent duty was probably an insurmountable barrier.

Cosmetics and Toiletries competition in Latinia was about evenly divided between local firms and other international companies from Europe and North America. Jim believed that local firms, which had about 40% of the market, stood to benefit greatly from the tariff increase unless the international firms could find a satisfactory response. When Jim received the news of the tariff increase, which was to be imposed the first of October - one week away - he called a meeting to consider what Cosmetics and Toiletries could do. Deborah Neale, manager, Cosmetics marketing, and Emilio Illanes, manager, Toiletries marketing, met with Jim to discuss the situation.

Several different courses of action were proposed at the hastily called meeting. Deborah suggested, "We could continue importing, pay the high duty and change the positioning strategy to appeal to high-price, premium market." Another idea was to import the primary ingredients and assemble and package them in Latinia. (duties on the imported ingredients ranged between 10% and 35% ad valorem). Emilio suggested asking cosmetics and toiletries in the U.S for a lower price on the products shipped to Latinia so that the duty would have a lesser impact on the final price in the