**NMIMS**

**International Business**

**Internal Assignment for June 2020 Examination**

**1. In the US-China Trade war, what are the trade control measures taken by both the countries. How are the US & Chinese companies getting affected?**

**Answer**: The basic legal environment for conducting business is governed by state law, domestic law or municipal law, and international law. This environment covers a wide variety of topics, for instance, laws regulating business on production and sale of goods, consumer and labour laws, tax and financial laws, settlement of disputes at the national and international level and rules of business ethics. It is important to have knowledge and understanding of the domestic legal environment and the international legal framework. With the increasing globalization, business organizations operate at an international level and need to comply with legal rules from different sources and legal systems in different jurisdictions. It is useful to know the international legal framework and systems pertaining to world trade law for ensuring

**2. Discuss the effects of regional integration in terms of trade creation and trade diversion. Prepare a list of Regional Trade Agreements of India**

**Answer**: Regional economic integration has been justified both economically and legally. Regional economic integration, it is argued, increases economic welfare of the nations in the region through the liberalization of trade and capital movement. Further, increased national incomes mean countries will boost their levels of import. Thus, regional economic integration also enhances global economic welfare. On the other hand, another viewpoint goes thus: member states increasingly import goods and attract investments from fellow member states rather than from outside countries due to lowered intra-regional barriers. Therefore, regional economic integration may have harmful impacts on countries outside the region and may diminish global economic welfare. The logic goes as investment-diversion effects, and then regional economic integration can be justified in purely economic terms.

The pattern of growth of RTAs does not lead to any concrete deductions. While on one hand, this phenomenal extent of trading within the regional agreements could never have been imagined by the founders

**3. Read the passage and answer the questions mentioned below the passage. Coronavirus has put a spotlight on the economic decoupling of China and some developed countries. With factories shuttered and consumption stalled, multinational companies have been forced to shift production elsewhere. Apple has warned investors that its revenues will take a hit as a result of the outbreak. A gradual decoupling of global economies has been under way for a few years. The South Korean electronics group Samsung, for example, has been closing Chinese plants and opening others in Vietnam. Mexico has benefited from some US corporations moving their supply chains closer to home. But decoupling will undoubtedly speed up as Beijing’s opacity in handling the coronavirus epidemic highlights the risks of doing business in China. There are marked similarities between the virus and decoupling itself. There is what you see on the surface (masks and panic or supply chain shifts and profit warnings) and then there is what you can’t know: how many victims the outbreak will claim or what the world will look like economically and politically in five to 10 years, as globalization dissolves and divides deepen. Still, it is the job of a columnist to go out on a limb, so let me make a few predictions about what may lurk around the corner if the decoupling continues. An increased risk of violence in Taiwan, the inability of Europe to defend its own liberal democratic values, and a world in which smart devices can no longer speak to each other across borders are distinct possibilities. And all of these things could fundamentally reshape the global economy and geopolitics. The most pressing issue in the short term is Taiwan, whose firms make most of the world’s semiconductors. The majority are produced by Taiwan Semiconductor Manufacturing Company, a contract chipmaker that supplies US companies, including Apple, and a number of Chinese firms. Semiconductors are a key area in which the Chinese are not yet technologically self-sufficient. In hardware (from routers to switches to handsets), areas of software and high-tech services, the Chinese have already largely decoupled from the US. Consider the success of homegrown firms such as the smartphone maker Xiaomi. Or the telecoms group Huawei’s efforts to build bespoke Chinese operating systems. Or the fact that many of the most innovative new mobile apps are developed in China. But semiconductors require huge amounts of capital investment and research effort. It could be a decade before China can fully develop its own industry. In the meantime, it will be dependent on Taiwan, which not only supplies US companies, but where support for democracy is growing. This begs the question of whether, or perhaps when, Taiwan’s semiconductor industry might become a political hot potato, as both China and the US try to build their own independent high-tech sectors. It is hard to imagine that Taiwan will be able to operate in both orbits indefinitely. As one telecoms analyst put it to me recently, “What’s happened in Hong Kong is fascinating and disturbing in part because it raises the question, what happens if the same thing occurs in Taiwan?” Imagine a world in which cross-border banking, online shopping and data sharing becomes bifurcated between two systems. That is a reality we may be heading towards. Apple and other tech companies would certainly take a valuation hit in such a future. But so would many others in industries beyond technology. As with coronavirus, the effects of decoupling will be both unpredictable and exponential. (accessed from https://www.ft.com/ on 27th February,2020)**

**a. Do you think that globalization is under threat? Are transnational firms going to become extinct? Give your comments with reference to the passage.**

**b. With your knowledge of International Business, explain how different political systems across nations may create risks for the conduct of business.**

**Answer**: a) The trend of globalization has gained substantial importance in today’s highly integrated world. Globalization has become a need rather than a choice. Nowadays, organizations face a highly dynamic market with huge requirements of R&D and innovations in order to stay ahead of their competitors. The costs involved in such innovation and R&D can only be borne by multinational organizations. Thus, companies prefer to opt for global operations in order to take advantage of the economies of scale and avail various benefits. Globalization can be defined as the process of international integration that arises due to increasing human connectivity as well as the interchange of products, ideas and other aspects of culture. It includes the spread and connectedness of communication, technologies and production across the world and involves the interlacing of cultural and economic activity.

In coming years, the coronavirus outbreak may be remembered as a milestone moment on the road toward the end of the first

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