

$$\frac{8.5}{10} + \frac{8}{10} + \frac{6.75}{10} + \frac{9}{10} + \frac{0}{10} = \frac{\quad}{50}$$

A

Hong Kong is a free market economy dependent on mostly international trade. Free market economy is where there is little government control in the country and the market is mostly run off of supply and demand.

~~Now let's go back to the international marketing aspect, that's where you cross trade to other countries found around the globe.~~ *From An International Business Perspective*

There are many advantages to this marketing system but also many disadvantages to having a free market.

An advantage to having a free market economy could be ~~the prices.~~ *is competition* The prices of a free market economy *are more competitive* ~~is way less than having a set price, the reason for this is because of competition,~~

~~competition allows people to change the price depending on how other companies are setting it when there is more competition there is lower prices.~~ *Companies* *Various market factors.* Another advantage of free market trade is *Promotes*

~~that you are allowed to be an entrepreneur and make your own product.~~ This helps with being *Entrepreneurship* able to create new markets for new products. *Additionally* Finally you are free to choose your own work, *Product Development*

Say in presentation

~~imagine after taking a test you find out what the rest of your life is going to be like, it could either be something you love or something you hate there is no telling until after the test is over.~~

When you have a free market you are allowed to choose the job that interests you the most in the world.

Free Market Economies Are Also Susceptible to

~~Next are the disadvantages of a free market economy. One of the main reasons why some countries may not have a free market economy is the fear of a market crash. When the market~~

~~crashes it has a major impact on the economy and society which has a chance of not coming back as strong as it was before.~~ Another disadvantage of having a free market economy is that harmful

omit or justify

~~products may be produced if it sells well. Finally some companies may have a monopoly over some things taking other businesses out of the competition because they are too small compared to the monopoly.~~

Product Failures, and Potential Monopolies

Overall though...

Hong Kong's GDP capita from 2015 is 56,700 which is very good as it is ~~number~~ ^{Ranks} 18 in the world. Hong Kong has no import tariffs which means people can trade without any tax regulations and in the long run can trade easier across borders. The labor force of Hong Kong is 3.883 million which is only ~~number~~ ^{is} 93 in the world ~~but that 3.883 million is hard working and~~

~~makes Hong Kong a great place to trade with. The US is very similar with its GDP/ capita and also its regulation rules making sure that everyone is getting what they want with no scams or people getting ripped off.~~ PROTECTS CONSUMERS. ^{US} ^{is} ^{very} ^{similar} ^{with} ^{its} ^{GDP/} ^{capita} ^{and} ^{also} ^{its} ^{regulation} ^{rules} ^{making} ^{sure} ^{that} ^{everyone} ^{is} ^{getting} ^{what} ^{they} ^{want} ^{with} ^{no} ^{scams} ^{or} ^{people} ^{getting} ^{ripped} ^{off.} ^{Revised}

Hong Kong's foreign direct investment is ~~about~~ 12844.16 billion ~~in HKD~~ ^{in home?} while the US has about 39294 million USD. Hong Kong's direct foreign investment at home is around 1.838 trillion dollars since december 2015 and its foreign direct investment abroad is 1.72 trillion as of december 2015. This is a relatively good number being in the top 5 for both at home and abroad.

What this means is that Hong Kong invests a lot with trading around the world and globalization ^{is Active In} occurs. Globalization is ^{A Growing trend and promoter all over the world.} ~~the way~~ new products ideas and many other things travel across the ~~different countries allowing everywhere to slowly start to advance.~~

Hong Kong doesn't have any quotas or dumping laws making it easy to trade ^{is} cross border. Hong Kong also has many free trade agreements with many countries some of the few are Hong Kong-China free trade agreement, Hong Kong-European free trade agreement, Hong Kong-Chile free trade agreement, New Zealand-Hong Kong free trade agreement, Peoples republic of China-Hong Kong free trade agreement. Hong Kong has a trade freedom ranking of 88.6 which is in 1st place. The US is tailing behind having a score of 75.4 coming in at the 11th spot. Hong Kong has a 0% tariff average tariff rate and is also rated number one when it comes to trading internationally. Hong Kong has a federal presidential limited democracy what this means is that power goes to the people a little but most of it goes to the government officials.

A #3

A #2

What goes into that score

Groups in Hong Kong

Some political pressures are Chinese general chamber of commerce, Chinese manufacturer of Hong Kong, and Federation of Hong Kong Industries. The leader of my ^{Hong Kong} ~~IBP~~ government is Leung Chun-Ying. → Does he support Commerce? Trade?

~~The only thing that had a real impact over the 50 years is the advancements in technology and becoming a major part of international trading. There is little to no corruption but there are some problems with laws that include the people that live there and their safety, this does not affect our trade though. The political system right now is working out fairly well, which can be shown by the stable GDP.~~ *is stable as indicated by their consistent GDP and overall*

Spell out Hong Kong has a lot of organizational help from differing organizations such as ADB, APEC, BIS, FATF, ICC. *In addition to these, these are only a few of them as many more help out with keeping Hong Kong in shape and moving forward the life there good.* Political Globalization is not very important to Hong Kong as they just want to get their products out there and not their political ideas. As our economic system is free trade the government has little to no impact on trade. *Take out*

B #1 Hong Kong is one of the most densely populated areas in the world, with an overall density of some 6,300 people per square kilometre. At the same time, Hong Kong has one of the world's lowest birth rates—1.11 per woman of childbearing age as of 2012, far below the replacement rate of 2.1. It is estimated that 26.8% of the population will be aged 65 or more in 2033, up from 12.1% in 2005. *spell out* 92.6% of the Hong Kong population is ethnic Chinese and 7.4% are other ethnic groups, including a large number of Filipino and Indonesian foreign domestic helpers, making up approximately 4% of the population. *Great Fact. How Does That Impact you?*

Hong Kong's climate is subtropical and monsoonal with cool dry winters and hot and wet summers. Hong Kong is a small-sized island covering 423 sq. miles. However, there are currently many reclamation projects at hand, thus expanding the land area. Hong Kong never

used to be as big as it is now. From 1851 to 1997, the total area of land reclaimed from the sea measured to 23 sq. miles. In area, the island of Hong Kong is 31 sq. miles, Kowloon peninsular is 18 sq. miles, the New Territories is 306 sq. miles, and the remote islands total 67 sq. miles.

Hong Kong is very sophisticated and cosmopolitan, blending the cultures of Asia and Europe. Its people are highly educated, very motivated and westernized. They are a big business area and they have many business etiquette and customs. In Hong Kong shaking hands is very common. Shaking hands is to be done with everyone including women and children. Other customs include using family names and titles to address them. The business climate in Hong Kong is wide open with a free market and limited government involvement. Hong Kong business activities are competitive, honest and quick. Making money is the main goal. The style of business is similar to that of the United States. Punctuality is expected and respected; be on time for all appointments. (Courtesy time is to be allowed for up to 30 minutes if someone is late for an appointment with you.) Tea is often served at meetings and not to be drunk until your host takes the first sip. A host leaving tea untouched signals the end of the meeting. Gift giving is a tradition in Hong Kong that communicates respect and friendship. Businessmen usually present a small gift at the first meeting, such as high-quality cognac, brandy, candy or pens. Unlike other Asian countries, Scotch whiskey is not special in Hong Kong. Gifts are to be presented and received with both hands. Gifts are to be opened upon receiving. Giving gifts in increments of 4 is perceived as bad luck and giving red or white flowers are not to be given.

and people are expected to

Would take out

Contradicts ?

Would Focus on Factors That lead to Competitive Advantages

Rubric Grading Scale for Each Section

Group: Alynn Ryan

IBP: Hong Kong

| Section II, Part A A. Economic, political and legal analysis of the trading country Sources: CIA World Factbook: Economy The Global Economy Heritage Foundation Doing Business In: http://www.doingbusiness.org/ Export.gov http://export.gov/worldwide_us/index.asp | Examples of Economic Impactors: GDP Labor Force Human Development Public Debt Taxes & Other Revenue Exports Imports Industrial Production GDP/Per Capita Labor Force by Occupation Population below poverty line Inflation Rate Exchange Rates Exports – Commodities Imports – Commodities Growth Rate (For manufacturing businesses) | A Grade (Formal: 13.5 - 15 pts) | B/C Grade (Formal: 10.5 – 13.49 pts) | D/F Point Grade (Formal: Below 10.5 pts) |
|--|---|--|--|--|
| Economic System | <ul style="list-style-type: none"> Type of Economic System Used in IBP Country is Stated An understanding of what that type of economic system means is displayed Advantages / disadvantages of operating in this type of economic system are given | <ul style="list-style-type: none"> Type of economic system is stated but not explained. Limited amount of advantages & Disadvantages given | <ul style="list-style-type: none"> Type of economic system is copied from internet with no understanding of what it means given No advantages / disadvantages of system provided | <ul style="list-style-type: none"> Minimal to no economic impactors are provided. Paper does not explain economic factors that affect a foreign company expanding to their IBP market Facts are given to fill space with no understanding of their impact |
| Economic Impactors | <ul style="list-style-type: none"> Multiple Economic Impactors are stated with supporting evidence as to why those impactors matter given. GDP/capita is included Comparisons to IBP Country & USA are given so that reader understands context better. | <ul style="list-style-type: none"> FDI – Home is stated Limited explanation is given as to what that level means Paper doesn't make comparisons between IBP country & other major markets | <ul style="list-style-type: none"> FDI is either unstated, inaccurate, or unexplained. Student displays minimal to no understanding of FDI concept. | |
| Level of Foreign Direct Investment | <ul style="list-style-type: none"> Level of FDI is given (Market Overview: Export.gov) Stock of FDI at home & abroad is stated & explained Comparison to the USA is given Reasons as to why your FDI Level are important are given/explained Economic Globalization | | | |
| Total Grade | | | | |
| Rough Draft Turned in on Time | Due Date: <u>October 25, 2016</u> | Yes | No | Turned in late on: _____/10 pts |
| *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late. | | | | |

4.2 Key Terms / Concepts from Textbook:

- You are responsible for taking notes on the four economic systems stated (Market, Mixed, Planned, & Traditional)
- Key Terms: Political Economy, Concept of Economic Integration, Customs Union, Common Market, FTA
- Need to know Free Trade Agreements: NAFTA (Pros/Cons), COMESA, CACM, ASEAN, CARICOM, CAFTA, FTA (Pros / Cons)

Section II Part A

2. Describe the trading country's governmental structure and stability, how the government controls trade and private business

| Sources: | A Grade (Formal: 18 – 20 pts) | B/C Grade (Formal: 14 – 17.9 pts) | D/F Point Grade (Formal: Below 14 pts) |
|--|---|--|--|
| <p>CIA World Factbook: Government The Global Economy (GE) http://www.theglobaleconomy.com/ The Heritage Foundation (HF) http://www.heritage.org/index/</p> | <p>Type of Government that controls country is stated & explained Example: The USA is a Federal Republic with a strong Democratic tradition.</p> | <ul style="list-style-type: none"> Type of Government that controls country is stated but not explained Current political regime is not listed No background information into how your IBP country structures its political process is explained. | <ul style="list-style-type: none"> Type of political system is only listed, no detail No current or background information relating to the current type of government is given |
| <p>Government Structure <i>Fed. Pres. limited</i></p> | <ul style="list-style-type: none"> Political Pressure Groups & Leaders Who is the head of your IBP government Elections / Appointment Process is explained | <ul style="list-style-type: none"> Government stability is hinted at but not explained. Example would be stating that presidents are elected every 4 years in the USA but no timeframe for how long that system has existed is given. No examples or acknowledgement of recent history is provided Corruption stats are given but no supporting evidence or world rankings given to add clarity Level of Political risk is only stated | <ul style="list-style-type: none"> Government stability is not provided No examples of former political process or systems are given Level of Corruption is either not provided or incorrect No level of political risk is given |
| <p>Government Stability <i>Democracy</i></p> | <ul style="list-style-type: none"> Example: Presidents in the United States are elected to 4 year terms with a max of 8 years in which they can serve. An overview of the last 50 years is given. Any major changes to how that country operates (Russia switching from Communist to Level of corruption is documented / explained Level of Political Risk is given & a comparison to previous years; as well as, other countries is documented Level of Political Stability (GE) | <ul style="list-style-type: none"> How active & supportive the government is in regards to free trade is stated but no evidence is provided to prove statement Level of globalization is not mentioned or explained Level of Business Freedom is not discussed A vague understanding of how government regulates private business is given with little understanding of how it impacts their product/company specifically | <ul style="list-style-type: none"> No stats or evidence is given explaining how controlling the government is in regards to how that country conducts trade Paper displays a very limited or inconclusive portrayal of government when it comes to its stance on trade Paper only briefly discusses governments role in business Paper lacks statistical evidence & analysis No supportive evidence is given to prove how that government regulates private business. |
| <p>Government control over trade</p> | <ul style="list-style-type: none"> International organization participation (CIA) Political Globalization (GE) Level of government involvement relating to free trade is given (HF) Trade Balance (Export) | <ul style="list-style-type: none"> Level of Business Freedom (Taxes & Process to start a business) From reading this section the viewer has a clear understanding of how your IBP country views privatization of business. Research State Owned Enterprise for ideas. Ex: Are privately owned industries, companies, corporations encouraged or are they state owned. | |
| <p>Governments control over private business</p> | | | |
| <p>Total Grade</p> | | | |
| <p>Rough Draft Turned in on Time</p> | <p>Due Date: <u>October 25, 2016</u> Yes No</p> | <p>Turned in late on: _____ / 10 pts</p> | <p>_____ / 10 pts</p> |
| <p><i>*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.</i></p> | | | |

- Key Concepts from book:** Be able to compare & contrast the four main types of political systems: Democracy, Republic One-Party States, & Theocracy.
- Be able to compare & contrast Statutory & Case Law. Understand the importance of Contract Law when conducting business overseas.
 - Political Systems, Political Risk, Political Economic Movement, Corruption & Which Countries have high/low levels of it, Sustainability, & Kyoto Protocol

| Section II Part A | | | |
|---|---|--|--|
| 3. Describe laws and/or governmental agencies that affect your business/product/service [i.e., labor laws, trade laws (U.S.A. and/or Canada and foreign)] | | | |
| Sources: | A Grade (Formal: 13.5 – 15 pts) | B/C Grade (Formal: 10.5 - 13.49) | D/F Point Grade (Formal: Below 10.5) |
| <p><u>http://www.heritage.org/index/</u> List of FTA's Asia: <u>https://aic.adb.org/fta-country</u> USA: <u>https://ustr.gov/trade-agreements/free-trade-agreements</u> Agencies: <u>https://en.wikipedia.org/wiki/State-owned_enterprise</u></p> <p>Laws &/or Govt. Agencies that Impact your product <i>Spelled out</i></p> | <ul style="list-style-type: none"> • Paper provides an overview of agencies that impact a company / product in their IBP Country. At least two agencies are referenced. Example: Federal Trade Commission in the USA | <ul style="list-style-type: none"> • Paper provides a very limited scope of agencies that impact a product traveling overseas • Only agencies are mentioned with no real detail has to how they operate given. | <ul style="list-style-type: none"> • No government agencies impacting your IBP country are stated • An overview of laws that limit or restrict businesses in your IBP country are not provided |
| <p>Labor Laws</p> | <ul style="list-style-type: none"> • Labor Freedom (Heritage & Global) • Regulatory Efficiency (Heritage) | <ul style="list-style-type: none"> • Labor laws that impact the workforce are stated but not explained. A vague understanding of how that law impacts a business is provided. | <ul style="list-style-type: none"> • Labor laws are listed but only minimally explained or not listed at all |
| <p>Trade Laws</p> | <ul style="list-style-type: none"> • Trade Freedom: Actual score, world ranking, & Comparison to the United States • Open Market Description (Heritage) • Free Trade Agreements (ABD) | <ul style="list-style-type: none"> • Only trade agreements are listed. • Limited understanding of how trade laws impact imports & exports | <ul style="list-style-type: none"> • No trade laws or agreements are referenced • Paper does not provide a basic understanding of how trade impacts your IBP Proposition |
| Total Grade | | | |
| Rough Draft Turned in on Time | Due Date: <u>October 25, 2016</u> Yes | No | Turned in late on: _____ /10 pts |
| <i>*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.</i> | | | |

Key Terms from 4.1

- Compare & Contrast Developed Countries (First World), Newly Industrialized Countries (Second World), & Developing Countries (Third World)
- Income Distribution Terms & Concepts: Lorenz Curve, Line of Absolute Equality, & Education (2 things education suggests)
- Population Concepts: Population Pyramid, Social Class, & Class Mobility

Source(s): CIA World Factbook: People & Mobility Section

Section II Part B: Trade area and cultural analysis

1. Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service

| | A Grade (Formal: 13.5 – 15 pts) | B/C Grade (Formal: 10.5 – 13.49) | D/F Point Grade (Formal: Below 10.5) |
|---|---|--|--|
| Geographic Information | <ul style="list-style-type: none"> Climate, Terrain, Natural Resources, Natural Hazards that may affect your company, & environment. Information relating to transportation of goods: airport, rail port, & trucking stated & explained <input checked="" type="checkbox"/> Population pyramid is broken down so that the most largely populated groups are identified & targeted (Gender/Age) Median Age Infant Mortality Rate Birth Rate Population growth rate Ethnic groups with corresponding %'s (race) Education Attainment (Education) Social Class with average median income % living below the poverty line <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> Factors associated with geography are listed but their value is not explained Limited to No discussion of how transportation is impacted given Only the largest population groups are identified No method of distinction between gender groups Factors such as median age & birth rate are not provided Growth rate of population is stated as a statistic but its relevance is not explained Levels of income are either not provided or only hinted at Levels of education are not clear | <ul style="list-style-type: none"> Geographical information is limited with factors that have no real value to your IBP country stated Limited discussion of population factors given Example: Reader may see a picture of a population pyramid with no explanation of that pyramid given Factors such as income, age, & education levels are missing or given in estimates No breakdown of gender differentiated given |
| Demographic Information | <ul style="list-style-type: none"> Communication: Verbal & Nonverbal Gift Giving v. Bribery Fashion / Dress Manners, Attitudes, Values Meeting basics / Negotiation Norms Religion | <ul style="list-style-type: none"> Some cultural traditions are given but not enough to provide an in-depth understanding of how that country functions. No customs / traditions are mentioned that related directly to the workplace Breakdown of religion is given but little to no explanation is given. | <ul style="list-style-type: none"> Very little reference to customs & traditions is provided The overall attitude & values of the country are either limited in scope or missing altogether Religion is only mentioned as a factor but not explained |
| Important Customs & Traditions | <ul style="list-style-type: none"> Geert Hofstede's Model High or Low Context Culture | <ul style="list-style-type: none"> Hofstede's model is given in picture format with no explanation provided as to what it means <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> Limited to no added information given relating to your IBP country's culture |
| Pertinent Cultural Information | <ul style="list-style-type: none"> Advantages &/or disadvantages your company will encounter are clearly stated. With supporting evidence given Examples of Advantages: American Made Brand, Lower Costs, Fulfills market need Examples of Disadvantages: Added costs, transportation delays, government influence, etc. | <ul style="list-style-type: none"> Advantages &/or disadvantages your company will encounter are clearly stated. Limited supportive evidence provided | <ul style="list-style-type: none"> Competitive advantages & disadvantages are hinted at but not clearly stated as such. No evidence or statistical data is given explaining advantages that exist. <input checked="" type="checkbox"/> |
| Competitive Advantages & Disadvantages | | | |
| Total Grade | | | |
| Rough Draft Turned in on Time | Due Date: <u>October 25, 2016</u> | Yes | No |
| | | | Turned in late on: <u> </u> /10 pts |
| | | | <i>*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.</i> |

Section II Part B: Trade area and cultural analysis

Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice (Export & Import Documentation (GE))

| Helpful Sites: http://www.theglobaleconomy.com/ (Other Indicators Sections) | A Grade (Formal: 13.5 – 15 pts) | B/C Grade (Formal: 10.5 - 13.49) | D/F Point Grade (Formal: Below 10.5) |
|--|--|---|---|
| <p>Analysis of the Potential Location: http://www.doingbusiness.org/rankings</p> <p>Doing Business in IBP Name Example: Germany: Country Commercial Guide http://www.export.gov/ccg/index.asp</p> | <ul style="list-style-type: none"> The selection of your IBP country is proven effective based on statements made in this section Examples of information that could be presented in this section include: Country is geographically in a good region for transportation (airport or seaport nearby), climate assists with need/production of product, there is an adequate level of capable employees available, etc.. Trade between your IBP country and the United States is easy & encouraged Paperwork required for trade is minimal or easy to complete. | <ul style="list-style-type: none"> The selection of your IBP country is proven effective Factors associated with the potential of your IBP Country's location are stated and explained but only 1 or 2 reasons are given to support. | <ul style="list-style-type: none"> The selection of your IBP country seems viable but a clear rationale for how the actual location of your country is beneficial is not given. Supporting evidence of location selection is minimal to none. |
| <p>Required Trade Documentation between IBP Country & United States</p> <p>Common Trade Documents: http://www.export.gov/logistics/eg_main_018121.asp Bill of Lading (B/L), Airway Bill (AWB), Certificate of Origin, Certificate of Content, Letter of Credit (LC), & Insurance Policy Certificate</p> <p>American Free Trade Agreements: http://www.export.gov/FTA/index.asp</p> | <ul style="list-style-type: none"> Specific trade documents between your IBP country and the United States are referenced if applicable Whatever paperwork a company would need to transport items from the United States to your IBP country are given & explained. | <ul style="list-style-type: none"> Only 1 or 2 examples of trade documents are given and purpose of such document is explained. Paper does a good job explaining the form needed, why it is needed, and how it is used; however, it only does that for 1 or 2 forms of documentation. | <ul style="list-style-type: none"> No mention of trade documentation or a very generic attempt at trade documentation is presented. Example would be paper simply states a certificate of origin and bill of lading would be required. |
| <p>Total Grade</p> <p>Rough Draft Turned in on Time</p> | <p>Due Date: <u>October 25, 2016</u> Yes No</p> <p><i>*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.</i></p> | | <p>_____ / 10 pts</p> |

Comments: