

$$\frac{0.7}{10} + \frac{4}{10} + \frac{5}{10} + \frac{8.25}{10} + \frac{6.5}{10} = \frac{\quad}{50}$$

II. Analysis of the international business situation

A. Economic, political and legal analysis of the trading country

- Hombre Gordo Heating and Air will take the company Morris Jenkins from America and move it to Spain. Spain has a mixed capitalist economy which means that both the state and the private sector directs the condition of the economy. This means that like America the government directs the economy through tariffs and subsidies but for the most part allows the consumers and producers in Spain to control the economy on their own through supply and demand. In the past Foreign Investment in Spain has been relatively low, but since Spain joined to European Union in 1986, FDI has increased exponentially. In the last year the GDP of Spain has went up 6% which shows a large growth in the economy taking place. Culture and history play a large role in the Spanish economy and that is why personal relationships are a key to success in Spain and will be a main focus of our business.
- In Spain there is a fairly lengthy process for foreign businesses to get government permission to operate. While there has been a growth in FDI, the majority of newly established businesses are native Spanish companies and take nearly a third of the time to acquire land and work permits than the small amount of foreign companies that come to Spain. As a result of this, a good relationship with the government is extremely important as they could either speed up or slow down the process we must go through to legally establish ourselves as a company in Spain.
- As of now Spain is ranked number one in the world for the easiest ^{Country} company to export goods from. As a result of the lack of regulations on trade we will easily be able to transport our goods throughout other countries of Europe. While exportation is very easy, there are laws in Spain which make the establishment of a business difficult. It can take half a year to register a new business and get work permits to buy land and operate. After this period it is an even lengthier process to get building permits and will require almost a year to start the business from the day we start in Spain. This long period of waiting and working without income will require a large initial investment to start our business.

B. Trade area and cultural analysis

- Unlike America going business in Spain requires great patience and is a personal process. In coming to Spain we must take the company Morris Jenkins which focus' on speed in efficiency and transform the company into a personal experience for our customers. While in America, Morris Jenkins puts out ads which boast of speed and efficiency, we will start showing the family oriented nature of our company in Spain and the personal connections that customers will experience while working with Hombre Gordo. In addition to a new customer appeal, we will also have to alter our products to fit the needs of the population in Spain. Spain being a peninsula has a far more humid climate than parts of America where Morris Jenkins currently produces AC and Heating Units. For the more humid climates we will need to produce units which will be able to handle greater humidity in the air and still function well enough to satisfy our customers. A final important aspect to consider in going to Spain is the history. Unlike America where most houses are newly made and are advanced enough that air ducts already

Give Actual Stats <

GDP =
GDP/capita =
FDI @ Home =

What labor laws would impact you? →

Hints At Corruption

Would Affect Family Size, Urban Median Income Overall Population ?

> NOT Sure I Follow

exist in the house to allow for an easy installation of AC or Heating units. Even without air ducts, the generic window in America will allow for a window unit to be easily installed. ~~Unlike America~~, Spain has buildings which are hundreds of years old and are legally protected by historical societies. To handle this problem we will need to create minimally intrusive units which will be able to adapt to the various sizes of windows throughout Spain and don't require air ducts within the house. The advantage of producing a manufactured good in Spain is that Spain produces a large amount of manufactured goods and therefore has infrastructure necessary for us to come in a make our units in Spain.

2. With both a growing population and ^{an} increasingly hot climate AC and Heating units are going to be in ~~greater and~~ greater demand which will create a ^{high} market potential in the Spanish economy. Unlike the US which has lots of regulations on trade, Spain has few to no regulations on exports. Spain is ranked number one in the world for ease of exportation in which only one to two days is required to receive a permit for the exportation of goods. Being a part of the EU Spain has ~~some~~ limited taxes placed on goods imported from America, but they are not enough to cause any difficulty in the process of trading goods between countries. In addition to American goods, being a part of the EU allows Spain to easily trade goods with the majority of European countries which will allow our company to easily not only supply goods to Spain, but to all of Europe.

Spell
out

Will you have a factory?

Potentially

Need to Discuss Trade Documents

OR Shipping Documents

Required to Have Your

Product In Spain

Rubric Grading Scale for Each Section

Group: Grant i Nick

IBP: SPAIN

<p>Section II, Part A</p> <p>A. Economic, political and legal analysis of the trading country</p> <p>Sources:</p> <p>CIA World Factbook: Economy</p> <p>The Global Economy</p> <p>Heritage Foundation</p> <p>Doing Business In: http://www.doingbusiness.org/</p> <p>Export.gov http://export.gov/worldwide-us/index.asp</p>	<p>Examples of Economic Impactors:</p> <p>GDP</p> <p>Labor Force</p> <p>Human Development</p> <p>Public Debt</p> <p>Taxes & Other Revenue</p> <p>Exports</p> <p>Imports</p> <p>Industrial Production Growth Rate (For manufacturing businesses)</p> <p>GDP/Per Capita</p> <p>Labor Force by Occupation</p> <p>Population below poverty line</p> <p>Inflation Rate</p> <p>Exchange Rates</p> <p>Exports - Commodities</p> <p>Import - Commodities</p>	<p>Agriculture Products</p> <p>Unemployment Rate</p> <p>Budget</p> <p>Debt- External</p> <p>Export - Partners</p> <p>Import - Partners</p>	<p>Industries that are prevalent in your IBP Country</p> <p>Household income or consumption by % share</p> <p>Distribution of Family Income</p> <p>Market Value of Publicly Traded Stocks</p> <p>Commercial Bank Primary Lending Rate</p>
	<p>A Grade</p> <p>(Formal: 13.5 - 15 pts)</p> <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 <p>Multiple Economic Impactors are stated with supporting evidence as to why those impactors matter given.</p> <p>GDP/capita is included</p> <p>Comparisons to IBP Country & USA are given so that reader understands context better.</p>	<p>B/C Grade</p> <p>(Formal: 10.5 - 13.49 pts)</p> <ul style="list-style-type: none"> Type of economic system is stated but not explained. Limited amount of advantages & Disadvantages given Only a couple Economic Impactors are provided Economic Impactors provided are not explained in depth & limited evidence relating to why they are important to your IBP country is given 	<p>D/F Point Grade</p> <p>(Formal: Below 10.5 pts)</p> <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 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 FDI is either unstated, inaccurate, or unexplained. Student displays minimal to no understanding of FDI concept.
<p>Mixed</p> <p>Economic System</p> <p>Capitalism</p>	<p>Level of FDI is given (Market Overview: Export.gov)</p> <p>Stock of FDI at home & abroad is stated & explained</p> <p>Comparison to the USA is given</p> <p>Reasons as to why your FDI Level are important are given/explained</p> <p>Economic Globalization</p>	<p>FDI - Home is stated</p> <p>Limited explanation is given as to what that level means</p> <p>Paper doesn't make comparisons between IBP country & other major markets</p>	<p>Turned in late on: _____ / 10 pts</p>
<p>Economic Impactors</p>	<p>Level of FDI is given (Market Overview: Export.gov)</p> <p>Stock of FDI at home & abroad is stated & explained</p> <p>Comparison to the USA is given</p> <p>Reasons as to why your FDI Level are important are given/explained</p> <p>Economic Globalization</p>	<p>FDI - Home is stated</p> <p>Limited explanation is given as to what that level means</p> <p>Paper doesn't make comparisons between IBP country & other major markets</p>	<p>Turned in late on: _____ / 10 pts</p>
<p>Total Grade</p>	<p>Due Date: <u>October 25, 2016</u></p>	<p>Yes</p>	<p>Turned in late on: _____ / 10 pts</p>
<p>Rough Draft Turned in on Time</p>	<p>Yes</p>	<p>No</p>	<p>Turned in late on: _____ / 10 pts</p>

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: CIA World Factbook: Government The Global Economy (GE) http://www.theglobaleconomy.com/ The Heritage Foundation (HF) http://www.heritage.org/index/	A Grade (Formal: 18 – 20 pts)	B/C Grade (Formal: 14 – 17.9 pts)	D/F Point Grade (Formal: Below 14 pts)
<p>Government Structure</p> <ul style="list-style-type: none"> Type of Government that controls country is stated & explained Example: The USA is a Federal Republic with a strong Democratic tradition. Political Pressure Groups & Leaders Who is the head of your IBP government Elections / Appointment Process is explained 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"> 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. 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"> Type of political system is only listed, no detail No current or background information relating to the current type of government is given 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 	<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 Stability</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. 	<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>	<p>Government control over private business</p>	<p>Total Grade</p>	<p>Rough Draft Turned in on Time</p>
<p>Turned in late on: _____ / 10 pts</p>			<p>2 points deducted for each day it is late.</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: http://www.heritage.org/index/ List of FTA's Asia: https://aric.adb.org/fta-country USA: https://ustr.gov/trade-agreements/free-trade-agreements Agencies: https://en.wikipedia.org/wiki/State-owned_enterprise	A Grade (Formal: 13.5 – 15 pts)	B/C Grade (Formal: 10.5 - 13.49)	D/F Point Grade (Formal: Below 10.5)
Laws &/or Govt. Agencies that Impact your product	<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 • Labor Freedom (Heritage & Global) • Regulatory Efficiency (Heritage) 	<ul style="list-style-type: none"> • Paper provides a very limited scope of agencies that impact a product traveling overseas • real 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
Labor Laws	<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 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
Trade Laws	<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 <p><i>Lack of Regulation</i></p>	<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
*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.			

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, Line of Absolute Inequality, & 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)
<p>Geographic Information <i>Peninsula</i></p>	<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 ✓ 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 	<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 ✗
<p>Demographic Information</p>	<ul style="list-style-type: none"> Communication: Verbal & Nonverbal Gift Giving v. Bribery Fashion / Dress Manners, Attitudes, Values Meeting basics / Negotiation Norms Religion <p><i>- Patent</i> <i>- Personal</i></p>	<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
<p>Important Customs & Traditions</p>	<p><i>Historical Housing</i></p> <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 	<ul style="list-style-type: none"> Limited to no added information given relating to your IBP country's culture
<p>Pertinent Cultural Information</p>	<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.
<p>Competitive Advantages & Disadvantages</p>			
<p>Total Grade</p>			
<p>Rough Draft Turned in on Time</p>	<p>Due Date: <u>October 25, 2016</u> Yes No Turned in late on: _____ /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>	

Section II Part B: Trade area and cultural analysis

2. 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.theglobeconomy.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.. <p>Trade between your IBP country and the United States is easy & encouraged</p> <p>Paperwork required for trade is minimal or easy to complete. X</p>	<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>	<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. <p>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.</p>	<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 style="text-align: right;">X</p>
<p>American Free Trade Agreements: http://www.export.gov/FTA/index.asp</p>	<p style="text-align: right;">Due Date: October 25, 2016 Yes No Turned in late on: _____ /10 pts</p> <p style="text-align: right;">*Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.</p>		
<p>Total Grade</p> <p>Rough Draft Turned in on Time</p>	<p style="text-align: right;">Comments:</p>		