

$$\frac{9.75}{10} + \frac{9}{10} + \frac{6.75}{10} + \frac{9.75}{10} + \frac{0}{10} = \frac{36.25}{50}$$

Spell Out
GDP

II. Analysis of the International Business Situation

A. **Economic, Political and Legal Analysis of the Trading Country**

1. *Description of India's Economic System*

India has an open-market economy that alludes to having very few restrictions on imports of goods. It maintains autarkic regiments that allow the country to be self-sufficient and not dependent on trade. Adopting the national security argument, India has become secure independently but still encourages trade. In terms of NewAir, the company will not have to worry about the interconnectedness of economies because India has recently stabilized their economy and opened up to trading and investing in other countries. With the increased stabilization, the GDP per capita has increased over the past few decades. From \$452.21 in 2000 the GDP has almost quadrupled to \$1805.58. The net GDP comes to about \$7.965 trillion, *growing to catch up* to the powerhouse United State's GDP of \$16.77 trillion. The increased flow of money has brought inflation rates down and boosted the economy. An important factor of India's economy is their labor force of 502.1 million people *that comes in second place in comparison to the rest of the world*. Although this sounds beneficial, India's population is exponentially rising past the 1.252 billion people that have already and the unemployment rate has gone up. To fix this issue, India has emphasized sex education and encouraged one-child families to stabilize the population. All these factors can be used to NewAir's advantage. FDI has been increasing dramatically over the past five years, putting India 9th in the confidence rankings for FDI. Home FDI was \$297.1 billion, signifying the increased opportunities in the country and its increased popularity. NewAir can employ people in India for distribution and grow with India's booming economy.

With Aspirations

What
Contributes
To Confidence
Rating?

2. *Description of India's Governmental Structure and Stability*

India has a federal parliamentary republic which is decentralized and uses a proportional representation system to vote in members of parliament. It has been almost 70 years since India won its freedom and that coupled with the growing population makes the country politically unstable. *(ranks 165th for political stability)*. Despite this, India has been getting better. It has high business freedoms with new reforms placed in the country. It is very open to trade, exchanging over a trillion dollars a year in publicly traded shares. The trade barriers are set to protect the country. Import licensing is very strict in India. India has eliminated its import licensing requirement for most consumer goods. Special licenses for specific products can be acquired after passing very strict requirements. Products also have to pass safety standards. India implements anti-dumping and countervailing measures. The government generally discriminates against foreign suppliers and sides with domestic dealers. Within the country, 5% of the workforce is unionized, mostly linked to political parties. Payment of wages and salaries are set forth in the Payment of Wages Act (1936) and Minimum Wages Act (1948). The Ministry of Labor and Employment helps regulates business. The Ministry of Skill Development has embarked on a national program to increase skill labor. *By Doing...*

→ AFFECT
You?

→ How?

B. **Trade Area and Cultural Analysis**

1. *Geographic, Demographic and Cultural Information*

Could
Use
In #3

The beautiful South Asian country is located right next to the equator. Climate varies from tropical monsoons and heat in the south to temperate temperatures in the north. The country has an urban population size having a density of 382 people per kilometer, but it is a rural country with 60.5% of its land used for agriculture. There is a birth rate of about 19.55 births/100 population and for that large of a population, 74.04% of them can read and write. Students are expected to go to school for 12 years and school up to 8th grade is compulsory and free. English classes as a second language usually begins in third grade, but first languages may be any of the 30+ languages in India. The most predominant Indian language is Hindi, followed by Bengali, Telugu, Marathi and Tamil. For NewAir's purposes, Tamil is the main language of Tamilnadu. In all of India, 81% of the population practice Hinduism, but 13% are Muslims. Christianity and Sikhism have 2% each. There are a heavier concentration of Christians in Tamilnadu, but Hinduism still prevails. Although some areas embrace Western ideals, most people are conservative and traditional in nature. Technology is advanced, but modern styles aren't adopted by the population. Due to this cultural difference, foreigners are encouraged to dress conservatively to promote social comfort. Indian communities are very close knit. Family values rank very high and Indians prefer doing business with people they know.

+ Good Facts

Flow seems
Forced

+ Very Well

Written

Concise,
Informative

Rubric Grading Scale for Each Section

Group: Milena

Milena

IBP: Milena

<p>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</p>	<p>Examples of Economic Impactors:</p> <table border="0"> <tr> <td>GDP</td> <td>GDP/Per Capita</td> <td>Agriculture Products</td> <td>Industries that are prevalent in your IBP Country</td> </tr> <tr> <td>Labor Force</td> <td>Labor Force by Occupation</td> <td>Unemployment Rate</td> <td>Household Income or consumption by % share</td> </tr> <tr> <td>Human Development</td> <td>Population below poverty line</td> <td>Budget</td> <td>Distribution of Family Income</td> </tr> <tr> <td>Public Debt</td> <td>Inflation Rate</td> <td>Debt- External</td> <td>Market Value of Publicly Traded Stocks</td> </tr> <tr> <td>Taxes & Other Revenue</td> <td>Exchange Rates</td> <td>Export - Partners</td> <td>Commercial Bank Primary Lending Rate</td> </tr> <tr> <td>Exports</td> <td>Imports - Commodities</td> <td>Import - Partners</td> <td></td> </tr> <tr> <td>Imports</td> <td>Industrial Production Growth Rate (for manufacturing businesses)</td> <td></td> <td></td> </tr> </table>			GDP	GDP/Per Capita	Agriculture Products	Industries that are prevalent in your IBP Country	Labor Force	Labor Force by Occupation	Unemployment Rate	Household Income or consumption by % share	Human Development	Population below poverty line	Budget	Distribution of Family Income	Public Debt	Inflation Rate	Debt- External	Market Value of Publicly Traded Stocks	Taxes & Other Revenue	Exchange Rates	Export - Partners	Commercial Bank Primary Lending Rate	Exports	Imports - Commodities	Import - Partners		Imports	Industrial Production Growth Rate (for manufacturing businesses)		
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	<p>A Grade (Formal: 13.5 - 15 pts)</p>	<p>B/C Grade (Formal: 10.5 - 13.49 pts)</p>	<p>D/F Point Grade (Formal: Below 10.5 pts)</p>																												
<p><i>Open Market</i> <i>Self-Sufficient</i> Economic System</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 ✓ 	<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 																												
<p><i>GDP/capita 452.21 - 1905.58</i> Economic Impactors</p>	<p>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. ✓</p>	<ul style="list-style-type: none"> 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 	<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 																												
<p>Level of Foreign Direct Investment</p>	<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 	<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. 																												
<p>Total Grade</p>	<p>Rough Draft Turned in on Time Due Date: <u>October 25, 2016</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Turned in late on: <u> </u> /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>																														

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, FTAA (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)

Fed. Pol. Republic
Government Structure

- 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

- 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.

- 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

- 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)

- 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

- 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

Government control over trade

- International organization participation (CIA)
- Political Globalization (GE)
- Level of government involvement relating to free trade is given(HF)
- Trade Balance (Export)

- 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

- 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

Governments control over private business

- 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.

- 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

- 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.

Total Grade

Rough Draft Turned in on _____ /10 pts
 Due Date: October 25, 2016 Yes _____ No _____
 *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.

- **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 	<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
Labor Laws	<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
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 	<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
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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)
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 	<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 	<ul style="list-style-type: none"> Geographical information is limited with factors that have no real value to your IBP country stated
Demographic Information	<ul style="list-style-type: none"> 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"> 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"> 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
Important Customs & Traditions	<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
Pertinent Cultural Information	<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
Competitive Advantages & Disadvantages	<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.
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>			

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))

<p>Helpful Sites: http://www.theglobaleconomy.com/ (Other Indicators Sections)</p>	<p>A Grade (Formal: 13.5 – 15 pts)</p>	<p>B/C Grade (Formal: 10.5 - 13.49)</p>	<p>D/F Point Grade (Formal: Below 10.5)</p>
<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.</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/leg_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>Rough Draft Turned in on Time</p> <p>Total Grade</p>	<p>Due Date: <u>October 25, 2016</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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>		

Comments: