

$$\frac{7.5}{10} + \frac{5}{10} + \frac{8.75}{10} + \frac{9.5}{10} + \frac{10}{10} = \frac{40.75}{50}$$

Market?
Economic Type

II. Analysis of the international business situation

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

1. Describe the trading country's economic system, economic information important to your proposed business/ product/ service, the level of foreign investment in that country

Mexico is a growing economy and is great for business expansion. The foreign direct investment in 2015 was 361 Billion, which has ^{INCREASED ANNUALLY} grown year after year, for comparison the United States, had about 3 Trillion in Foreign Direct Investment. This shows that Mexico for a relatively new economy, many new companies and countries are investing there. The GDP in 2013 was 1.261 Trillion, which then increased to 1.297 Trillion in 2014. This is signaling an increase in economic activities. The economic structure is similar to the United States, a capitalist-based system. Also Mexico is apart of NAFTA, or the North American Free Trade Agreement, which made trade between the US and Mexico more lenient.

7.5/10
FDI - Home
NOT Sure That Shows That
MOVE to #3

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

Mexico is one of the three founding fathers of the NAFTA agreement, which is the most important trade agreement in American and Mexican history. The economy of Mexico is capitalist, but tends to try to be dominating when it comes to foreigners coming into their country. Mexico's government is a Federal Republic with a President at the head. They control private business and trade by the Foreign Investment Commission which controls how foreign money is used in the country.

> Is this A Positive?

3. Describe laws and/or government agencies that affect your business / product / service:

One Mexican Agency that might affect Phlatball's success in Mexico is Bancomext. Bancomext is a Mexican-state owned export credit agency that tries to help local Mexican companies compete in both domestic and foreign markets. Since Phlatball will be entering the Mexican market, this agency will try and protect similar Mexican products by promoting them instead of Phlatball. In order for Phlatball to overcome this, Phlatball will need to invest heavily in advertising and highlight the features and benefits to the local Mexican people. In order for Phlatball to succeed in Mexico, the uniqueness and innovation will need to be exhumed almost as soon as it is brought into Mexico. When entering a new country, competition will be plentiful which is why Phlatball will begin selling and advertising our product as soon as possible. The FIL, or Foreign Investment Law, is responsible for governing the activities of Foreign Investors in Mexico. Alongside the FIL, is the FIC, or Foreign Investment Commission creates and enforces laws and regulations pertaining to the FIL.

I Would Move NAFTA To This

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.

Since the United States and Mexico trade freely, it is important to know important customs and traditions of the Mexican people to develop important relationships. Respect and courtesy during business negotiations are very important and can either make or break an agreement. Mexican businessmen are very physical and enjoy talking in close proximity. Stepping back or rejecting their approaches is seen as disrespectful and can hinder future deals. Businessmen and politicians do accept small company gifts but it is advised to avoid giving gifts with silver because Mexicans consider silver to be a tourist item. Phlatball will succeed in Mexico due to Mexico's growing and young population. The

5/10

8.75/10

9.5
10

*Climate
Would Be
Key
Good

average woman has 2.22 children and out of Mexico's total population, 28 % (33,500,000) is under the age of 15 with an almost 50/50 split between males and females. Since Phlatball is marketed and made for children, there is a viable market for our product. Even though 42% of the Mexican population lives below the poverty line, only 9% live in extreme poverty and only 2% live below the international poverty line set by the World Bank. And since our product is relatively cheap, it makes for the perfect gift for anyone regardless of income level. Phlatball will be sold in Mexico City and the close Ecatepec. Since Mexico City and Ecatepec are located in a valley, Phlatball will be distributed through the Mexico City airport and delivered by truck to individual stores. Phlatball has a competitive advantage because our product is made of durable yet cheap products that will be attractive to the Mexican people. And since the market is saturated with normal soccer ball products, Phlatball will be attractive to those who are looking for something new while also keeping important cultural norms.

2. **Analysis of the potential location- importance and requirements of each trade documents required by the U.S.A. and/or Canada and the country of choice.**

Even though the North American Free Trade Agreement (NAFTA) created one of the world's biggest free trade areas between the United States, Mexico, and Canada, there are still important documents that need to be addressed and documented before trading with the other country. For example, the NAFTA FACTS Document 8401 provides information regarding the basic documentation needed to ship goods to Mexico. It includes the Bill of Lading which is issued by the shipper and includes a comprehensive description of the goods being shipped and the phone numbers of both the shipper and consignee. Document 8401 also includes the NAFTA Certificate of Origin which is sent by the exporter to the importer and can potentially qualify for preferential duties, and the Customs Declaration which includes information about the goods including final destination and value. Another crucial document when trading with Mexico is the NAFTA Facts Document 1602. Document 1602 contains all of Mexico's labeling requirements for products from foreign countries. For example, for national security reasons, all products must be clearly labelled with contact information, origin of package, and final destination. Finally, in order to trade freely with Mexico, products must pass the Norma Oficial Mexicana (NOM) Compliance. The NOM Compliance is a set of Mexican standards that virtually all foreign companies must pass to ensure that their products are safe and do not pose a health issue for any persons who would use the product. Phlatball would most likely undergo tests to determine risks such as choking hazards and product durability to ensure none of the most likely younger users hurt themselves while using the product. Once Phlatball passes all of these tests, there are little to no restrictions set by the Mexican or United States government that would hinder trading. Mexico's Trade Freedom Score out of 100 is 65.2 which ranks 62nd in the world. The United States is 11th in the world in trade freedom with a score of 75.4. Mexico has a lower overall score than the United States but NAFTA allows virtually free trade between the two countries so the score is not representative of the situation Phlatball is in.

Very Good

} Would not
since it
Doesn't
Apply

10
10

Rubric Grading Scale for Each Section

Group: Samir Sahil

Samir Sahil

IBP: Mexico

Mexico

Section II, Part A A. Economic, political and legal analysis of the trading country	Examples of Economic Impactors:					
<p>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>GDP Labor Force Human Development Public Debt Taxes & Other Revenue Exports Imports Industrial Production Growth Rate (For manufacturing businesses)</p>	<p>GDP/Per Capita Labor Force by Occupation Population below poverty line Inflation Rate Exchange Rates Exports – Commodities Imports – Commodities Industrial Production Growth Rate (For manufacturing businesses)</p>	<p>Industries that are prevalent in your IBP Country Household income or consumption by % share Distribution of Family Income Market Value of Publicly Traded Stocks Commercial Bank Primary Lending Rate</p>			
<p><i>Growing</i> <i>Capitalistic</i> Economic System</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>(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 	<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 	<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>	<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><i>FDI - 361 Billion</i> <i>USA - 3 Trillion</i> 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>FDI - 361 Billion USA - 3 Trillion</p>		
<p>Total Grade</p>	<p>Rough Draft Turned in on Time</p>	<p>Due Date: <u>October 25, 2016</u></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>Yes No 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, 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)
<p><i>Fed. Republic</i> Government Structure <i>President</i></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
<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) 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 <i>Foreign Investment</i></p>	<p>Government control over private business <i>COMMUNISM</i></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 *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 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)]

	<p align="center">A Grade (Formal: 13.5 – 15 pts)</p>	<p align="center">B/C Grade (Formal: 10.5 - 13.49)</p>	<p align="center">D/F Point Grade (Formal: Below 10.5)</p>
<p>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</p> <p>Laws &/or Govt. Agencies that Impact your product</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 ✓ • 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 • Only agencies are mentioned with no real detail has to how they operate given. • 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"> • 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 are listed but only minimally explained or not listed at all • No trade laws or agreements are referenced • Paper does not provide a basic understanding of how trade impacts your IBP Proposition
<p>Trade Laws - Bancomext - FIC - FIC</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 	
<p align="center">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>Turned in late on: _____ /10 pts</p>	

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

	<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><i>Would include Climate</i></p> <p>Geographic Information</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 	<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
<p>Demographic Information</p>	<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
<p>Important Customs & Traditions</p>	<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
<p>Pertinent Cultural Information</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>Competitive Advantages & Disadvantages</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>Total Grade</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>		

ction 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.theglobaleconomy.com/>
(Other Indicators Sections)

Analysis of the Potential Location:
<http://www.doingbusiness.org/rankings>

Doing Business in IBP Name Example: Germany:
Country Commercial Guide
<http://www.export.gov/ccg/index.asp>

Required Trade Documentation between IBP Country & United States

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

American Free Trade Agreements:
<http://www.export.gov/FTA/index.asp>

Total Grade

Rough Draft Turned in on Time

A Grade

(Formal: 13.5 – 15 pts)

- 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.

B/C Grade

(Formal: 10.5 - 13.49)

- 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.

D/F Point Grade

(Formal: Below 10.5)

- 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.

- 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.

- 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.

Due Date: October 25, 2016 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.

Comments: