

Victoria University of Bangladesh  
Final Assessment  
Summer Semester - 2022  
International Business - IBS 433

Submitted by

Name : Most. Anny Mala  
Program Name : B.B.A  
ID NO : 1119470011  
Course Code : IBS 433  
Course Title : International Business  
Batch : 47

Submitted to  
Taniya Nashin  
Lecturer  
B.B.A. Department

Answer to the question no-1

I heard the name of European union there are given below:- The European Union (EU) is a supranational Political that are located Primarily in Europe and economic union of 27 member states for the Europe. The union has total area of 4233,255.8 km<sup>2</sup> (1,634,489.0 sq. mi) and an estimated total population of about 447 million. The EU has often been described as a sui generis Political entity combining the characteristics of both a federation and a confederation.

Discuss about evolution of the European union there are given below:- The European union is an economic and Political organization which is constantly evolving and which, because of its intrinsic and unique features, prompts lively doctrinal debate as to its legal nature. Because its institutional structure and decision-making procedures are so complex, it cannot be readily be assigned to any one specific category of international organization. Combining, as it does, the methods of coordination and of sharing national powers, the union is not comparable to a conventional organization or a federal state, and it thus remains something to which Jean Monnet called a new Political



form or, as Jacques Delors dubbed it, an the unidentified Political object.

The originality of the European Union derives from the special way in which its various Constituent Parts have evolved. The European Union came into being with the adoption of the treaty of Maastricht in 1992, and it brought together three organisations to established in the 1950s to integrate in activity specific sectors, and two areas of intergovernmental cooperation. Since then, the resulting structure has been described as one with three Pillars, the first of which is supranational, comprising the three Communities, each of which has its own legal personality. The European Union does not have legal personality, however, even though it encompasses the Community Pillar and the two intergovernmental Pillar within a common institutional structure.

Major reforms to the founding treaties were made with the adoption of the single European act in 1986, the treaty of Maastricht in 1992, the treaty of Amsterdam in 1997 and the treaty of Nice in 2001. Of these, the Maastricht treaty was the one which most radically altered the structure



of the organisation.

Given the major enlargement of the European Union in 2004, fresh compromises would appear essential in order to ensure that institutions with 25 or more member states can function. In response to the unsatisfactory outcome of the reform brought about by the 2001 Treaty of Nice, changes were made to the procedure for amending the original treaties by means of intergovernmental conferences in an attempt to make this procedure more flexible and more effective. Following the model of the Convention which drafted the Charter of Fundamental Rights of the Union in 2000, the European Convention met in Brussels from 2002 to 2003 with the aim of drawing up a draft treaty which would form the basis for the work of the next IGC. The European Convention consisted of the heads of state or government, the national parliaments, the European Parliament and the European Commission, and it introduced a new method of reforming the Union, offering greater transparency and more participation by the players concerned. And the further road towards the gradual constitutionalisation of the founding treaties.

Answer to the question no-2

The Host Country and home Country get Benefits from FDI these are given below:-

Host Country benefits from FDI :- there are three main benefits of inward FDI for a host country. The resource-transfer effect, the employment effect, and the balance of payments effect.

(i) Resource transfer effects :- Foreign direct investment can make a positive contribution to the host country's economy by supplying capital, technology, and management resources that would otherwise not be available. If such factors are scarce in a country, the FDI may boost that country's economic growth rate. These funds may be available from internal company resources, or, because of their reputation, large MNCs from the capital markets than host country firm would.

(ii) Employment Effects :- The beneficial employment effect claimed for FDI is that it brings jobs to the host countries that would otherwise not be created there. Direct effects arise when a foreign MNC directly employs host country's citizen.



(iii) Balance of Payment :- The effect FDI has on a country's balance of payment accounts is an important Policy issue for most host countries. A country's balance of payment accounts keeps track of both its payment to and its receipt from other countries. Governments normally are concerned when their country is running a deficit on the current account of their balance of payments.

(i) FDI is a substitute for imports of goods and services, it improves the current account of the host's balance of payments.

(ii) Potential benefit arises when the MNE uses a foreign subsidiary to export goods and services to other countries.

Home Country benefits from FDI :- There are also costs and benefits to the home country. Does the US economy benefit or lose from investments by having its firms invest in foreign markets. For us to understand why people take these positions, it becomes imperative for us to look at the benefits and costs of FDI to the home country. The benefits of FDI to the home country arise from three sources :-

- (i) The current account of the home country's balance of payments benefits to foreign earnings. FDI can also improve the current account of the home country's balance of payments if the foreign subsidiary creates demand for the home country exports of capital equipment, intermediate goods, complementary products, and the like.
- (ii) Benefits to the home country from outward FDI arise from employment effects. As with the balance of payments, positive employment effects arise when the foreign subsidiary creates demand for home country exports of capital equipment, intermediate goods, complementary products, and so on.
- (iii) The third point is that benefits arise when the home country MNE learns to valuable skills from its exposure to foreign markets that can be transferred back to the home country. Through its exposure to a foreign market, an MNE can learn about superior management techniques and superior products and process technologies. These are resources can then be transferred back to the home country's economic growth rate. For instance, one reason General Motors and Ford invest in Japanese automobile companies superior management techniques processes.



Answer to the question no - 3

How Uruguay round is linked with the world trade organization there are given below:- It took seven and half years, almost twice the original schedule. By the end, 125 countries were taking part. It covered almost all trade, from toothbrushes to pleasure boats, from banking to telecommunications, from the genes of wild rice to AIDS treatments. It was quite simply the largest trade negotiation ever, and most probably the largest negotiation of any kind in history.

At times it seemed doomed to fail. But in the end, the Uruguay Round brought about the biggest reform of the world's trading system since GATT was created at the end of the second world war. And yet, despite its troubled progress, the Uruguay Round did see some early results, within only two years, participants had agreed on a package of cuts in import duties on tropical products which were mainly exported by developing countries. They had also revised the rules for settling disputes, with some measures implemented on the spot. And they called for regular reports on GATT members' trade policies a move considered important

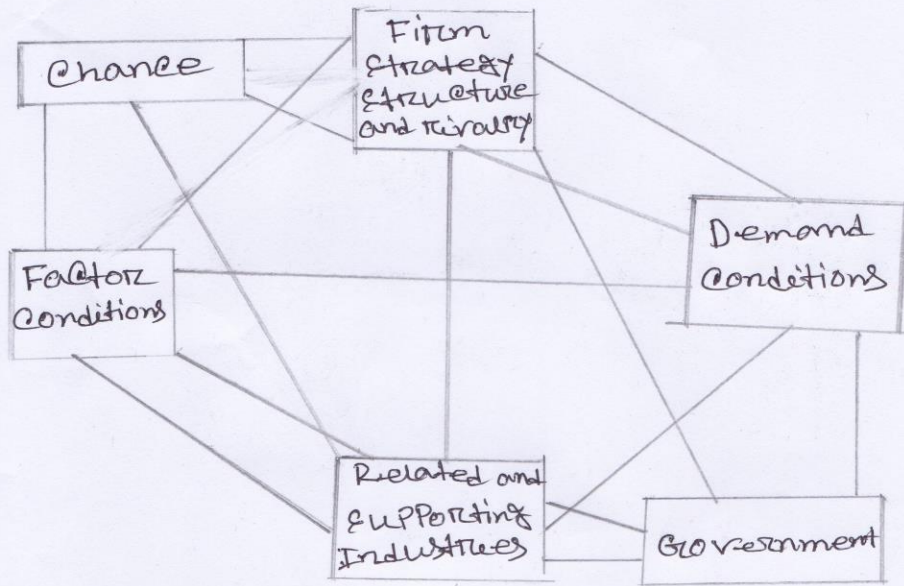


for making trade regimes transparent around the world. The seeds of the Uruguay Round ISZA were sown in November 1982 at a ministerial meeting of GATT members in Geneva. Although the ministers intended to launch a major new negotiation the conference stalled on the issue of agriculture and was widely regarded as a failure. In fact, the work programme that the ministers agreed formed the basis for what was to become the Uruguay Round ISZA negotiating agenda.

Nevertheless it took four more years of exploring, clarifying issues and painstaking consensus building, before ministers agreed to launch the new round. They did so in September 1986, in Punta del Este, Uruguay. They eventually accepted a negotiating agenda which covered virtually every outstanding trade policy issue. The talks were going to extend the trading system into several new areas, notably trade in services and intellectual property, and to reform trade in the sensitive sectors of agriculture and textiles. The round was supposed to end when ministers met once more in Brussels, in December 1990. The Uruguay Round ISZA entered its bleakest period.

Answer to the question no-4

Demonstrate Porter's Diamond with Proper Diagram these are given below:-



(i) Firm Strategy Structure and rivalry :- The national context in which companies operate largely determines how companies are created, organized and managed; it affects their strategy and how they structure themselves. Moreover, domestic rivalry is instrumental to international competitiveness, since it forces companies to develop unique and sustainable strengths and capabilities.

(ii) Factor Conditions :- Factor conditions in a certain country refer to the natural, and capital and human resources available. Some countries are for example very rich



in natural resources such as oil for the example. with human resources, we mean created factor conditions such as a skilled labor force, good infrastructure and a good knowledge base.

(iii) Demand Conditions :- The home demand largely affects how favorable industries within a certain nation are. A larger market means more challenges but also creates opportunities to grow and become better as a company. The presence of sophisticated demand conditions from local customers also pushes companies to grow innovate and improve quality.

(iv) Related and Supporting industries :- The presence of related and supporting industries provides the foundation on which the local industry can excel. Especially suppliers are crucial to the enhancing innovation through more efficient and higher-quality inputs, timely feedback and short lines of communication.

(v) Government :- The role of the government in Porter's diamond model is described as both a catalyst and challenger. Governments should encourage and push companies to raise their aspirations and move to even higher levels of competitiveness.

(vi) Chance :- Even though Porter originally didn't write anything about chance or luck in his papers, the role of chance is often included in the Diamond model as the a likelihood. The discontinuities created by chance may lead to the other companies.