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Answer to the Question 1

Yes, I have heard of the European Union. European Union (EU), international organization comprising 27 European countries and governing common economic, social, and security policies. Originally confined to western Europe, the EU undertook a robust expansion into central and eastern Europe in the early 21st century. The EU's members are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. The United Kingdom, which had been a founding member of the EU, left the organization in 2020.

The EU represents one in a series of efforts to integrate Europe since World War II. At the end of the war, several western European countries sought closer economic, social, and political ties to achieve economic growth and military security and to promote a lasting reconciliation between France and Germany. To this end, in 1951 the leaders of six countries—Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany—signed the Treaty of Paris, thereby, when it took effect in 1952, founding the European Coal and Steel Community (ECSC). (The United Kingdom had been invited to join the ECSC and in 1955 sent a representative to observe discussions about its ongoing development, but the Labour government of Clement Attlee declined membership, owing perhaps to a variety of factors, including the illness of key ministers, a desire to maintain economic independence, and a failure to grasp the community's impending significance.) The ECSC created a free-trade area for several key economic and military resources: coal, coke, steel, scrap, and iron ore. To manage the ECSC, the treaty established several supranational institutions: a High Authority to administrate, a Council of Ministers to legislate, a Common Assembly to formulate policy, and a Court of Justice to interpret the treaty and to resolve related disputes. A series of further international treaties and treaty revisions based largely on this model led eventually to the creation of the EU.

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Like the ECSC, the EEC established four major governing institutions: a commission, a ministerial council, an assembly, and a court. To advise the Commission and the Council of Ministers on a broad range of social and economic policies, the treaty created an Economic and Social Committee. In 1965 members of the EEC signed the Brussels Treaty, which merged the commissions of the EEC and Euratom and the High Authority of the ECSC into a single commission. It also combined the councils of the three organizations into a common Council of Ministers. The EEC, Euratom, and the ECSC; collectively referred to as the European Communities, later became the principal institutions of the EU.

The Commission (officially known as the European Commission) consists of a permanent civil service directed by commissioners. It has had three primary functions: to formulate community policies, to monitor compliance with community decisions, and to oversee the execution of community law.

The Commission has shared its agenda-setting role with the European Council (not to be confused with the Council of Europe, an organization that is not an EU body), which consists of the leaders of all member countries. Established in 1974, the European Council meets at least twice a year to define the long-term agenda for European political and economic integration. The European Council is led by a president, an office that originally rotated among the heads of state or heads of government of member countries every six months.

The main decision-making institution of the EEC and the European Community (as the EEC was renamed in 1993) and the EU has been the Council of the European Union (originally the Council of Ministers), which consists of ministerial representatives. The composition of the council changes frequently, as governments send different representatives depending on the policy area under discussion. All community legislation requires the approval of the council. The president of the council, whose office rotates among council members every six months, manages the legislative agenda. Council meetings are chaired by a minister from the country that currently holds the presidency. The exception to this rule is the Foreign Affairs Council, which, since the ratification of the Lisbon Treaty, is under the permanent supervision of the EU high representative for foreign affairs and security policy.

Answer to the Question No 2

Impact of Foreign Direct Investment (FDI) on Home and Host Countries:

Foreign direct investment is an investment in the form of a controlling ownership in a business in one country by an entity based in another country.

In the last decades, the importance of Foreign Direct Investments (FDI) has increased significantly due to the globalization process, which offers huge opportunities for most developing countries to reach faster economic growth through trade and investment. FDI assists foreign investors in utilizing their assets and resources more efficiently as well as host countries in the acquisition of better technologies and getting involved in international production and trade networks.

The positives effects of FDI on the economy of Host countries are :

Trade Effects: FDI influences economic growth by increasing total factor productivity and the efficiency of resource use in the host country. It increases the capital stock of the host country and thus raises the output levels.

Human capital contribution: FDI's contribution to human capital in host countries is significant. MNEs increase workplaces, thereby reducing unemployment in the host country. For example, domestic employees can move from foreign to domestic firms. Local firms might increase their productivity by learning from foreign firms through collaboration.

Spill Over Effects: MNE's usually possess a higher level of technology, especially "clean," which is the main factor of their higher productivity. One of the positive effects of FDI is that it generates significant technological spillovers in the host countries. Local firms might increase their productivity as a result of gaining access to modern, improved, or cheaper intermediate inputs produced by MNE in upstream sectors.

Competition Level: FDI exerts a significant influence on the competition level in the host country. The presence of MNEs assists economic development by stimulating the domestic competition and thereby leading to higher productivity, innovation, lower prices, and more efficient resource allocation.

Management and government practice: FDI through the acquisition of local firms, resulting in the changes in management and corporate governance. MNEs generally impose their company policies, internal reporting systems, and principles of information disclosure. This effect improves the business environment and develops corporate efficiency.

<u>The positive impact of FDI on the economy of Home countries are :</u>

FDI brings in dollars into an economy; this raises the demand for labor, which can cause a rise in wages in the economy. It helps in the expansion of the economy required for revenue growth of local governments so that they can raise their citizen directed programs. The demand for a local currency can boost its purchasing power like seen in China, so that wealth of citizen doesn't erode in high frequency, that is a person's labor doesn't go unrewarded as time progress.

<u>Answer to the Question No 3</u>

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 are 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 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 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 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 that 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. All the original GATT articles were up for review. It was the biggest negotiating mandate on trade ever agreed, and the ministers gave themselves four years to complete it.

Two years later, in December 1988, ministers met again in Montreal, Canada, for what was supposed to be an assessment of progress at the round's half-way point. The purpose was to clarify the agenda for the remaining two years, but the talks ended in a deadlock that was not resolved until officials met more quietly in Geneva the following April.

In November 1992, the US and EU settled most of their differences on agriculture in a deal known informally as the "Blair House accord". By July 1993 the "Quad" (US, EU, Japan and Canada) announced significant progress in negotiations on tariffs and related subjects ("market access"). It took until 15 December 1993 for every issue to be finally resolved and for negotiations on market access for goods and services to be concluded (although some final touches were completed in talks on market access a few weeks later). On 15 April 1994, the deal was signed by ministers from most of the 123 participating governments at a meeting in Marrakesh, Morocco.

The delay had some merits. It allowed some negotiations to progress further than would have been possible in 1990: for example some aspects of services and intellectual property, and the creation of the WTO itself. But the task had been immense, and negotiation-fatigue was felt in trade bureaucracies around the world. The difficulty of reaching agreement on a complete package containing almost the entire range of current trade issues led some to conclude that a negotiation on this scale would never again be possible. Yet, the Uruguay Round agreements contain timetables for new negotiations on a number of topics. And by 1996, some countries were openly calling for a new round early in the next century. The response was mixed; but the Marrakesh agreement did already include commitments to reopen negotiations on agriculture and services at the turn of the century. These began in early 2000 and were incorporated into the Doha Development Agenda in late 2001.

There were well over 30 items in the original built-in agenda. This is a selection of highlights:

1996

Maritime services: market access negotiations to end (30 June 1996, suspended to 2000, now part of Doha Development Agenda)

Services and environment: deadline for working party report (ministerial conference, December 1996)

Government procurement of services: negotiations start

1997

Basic telecoms: negotiations end (15 February)

Financial services: negotiations end (30 December)

Intellectual property, creating a multilateral system of notification and registration of geographical indications for wines: negotiations start, now part of Doha Development Agenda

1998

Textiles and clothing: new phase begins 1 January

Services (emergency safeguards): results of negotiations on emergency safeguards to take effect (by 1 January 1998, deadline now March 2004)

Rules of origin: Work programme on harmonization of rules of origin to be completed (20 July 1998)

Government procurement: further negotiations start, for improving rules and procedures (by end of 1998)

Dispute settlement: full review of rules and procedures (to start by end of 1998)

1999

Intellectual property: certain exceptions to patentability and protection of plant varieties: review starts

2000

Agriculture: negotiations start, now part of Doha Development Agenda

Services: new round of negotiations start, now part of Doha Development Agenda

Tariff bindings: review of definition of "principle supplier" having negotiating rights under GATT Art 28 on modifying bindings

Intellectual property: first of two-yearly reviews of the implementation of the agreement

2002

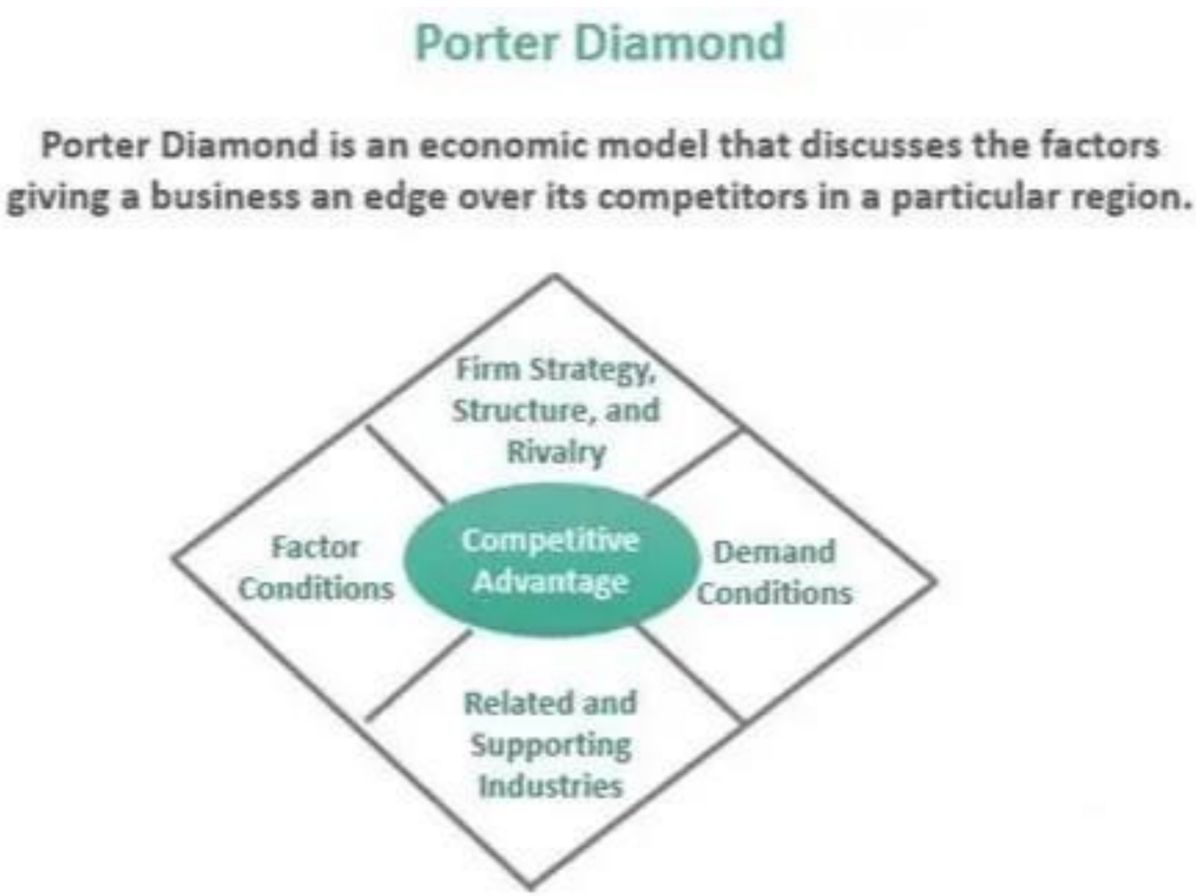
Textiles and clothing: new phase begins 1 January

2005

Textiles and clothing: full integration into GATT and agreement expires 1 January

Answer to the Question No 4

Porter Diamond is a model that emphasizes the competitive advantage of an industry or business that makes it work better than other competitors in a region or country. Also known as the Porter Diamond Theory of National Advantage, the model explains why certain industries thrive in particular nations. Companies use this model to analyze the competitive environment in foreign markets before entering them.



The model outlines factors that determine the relative strength of entities, which drives them to become better than the rest. Besides some of the attributes that are available and identifiable in the environment itself, businesses have the liberty to create their own strengths to empower their presence and become an entity of national importance.

Porter Diamond Model discusses factors and traits of a business that make it more successful than others in a particular region. It enables companies to identify the resources that need to be developed to enhance their performance compared to the rest of the entities dealing in the same category of products and services.

Michael Eugene Porter, an American academician and influential thinker on management and competitiveness, developed the Porter Diamond model. It is an economic model for businesses, especially multinational organizations planning to expand their operations in different markets. The model lets companies identify the key areas to focus on to capture global markets effectively.

With the help of this theory, the business players can understand the reason for certain industries being widespread in particular nations. On this basis, they can analyze their position in the market and thereby implement strategies to compete and excel.

The Porter Diamond theory outlines four main factors that reveal how businesses enjoy a national advantage in the international markets. These attributes make certain nations become more competitive than others for specific industries. For example, Germany is well known for its engineering, while Greece is famous for the tourism services it offers on a global platform.

The unique Porter Diamond framework consists of four attributes/factors. If all these four factors are favorable, companies will innovate and stay competitive. This domestic competitiveness prepares them to excel in international markets as well. Besides, the role of government and chance or unpredictable external events also influence competitive advantage

1. **Company Structure, Rivalry, and Strategy**
   This aspect of the theory focuses on the competition in the native markets that businesses have to excel against. The region in which the firms operate determines the structure and strategies to be framed to compete in the home market.
2. **Factor Conditions**
   Factor conditions include resources available to businesses that help them perform well. The availability of resources could be influenced by the skillset, strategies, infrastructure
   , or nature. For example, Italy performs well because of its ability to choose better fabrics; Greece's tourism market is influenced by the weather, which might keep changing.
   The natural resources constitute the basic factors, while the infrastructure, skilled experts, and capital form the advanced factors. A nation develops a real competitive advantage with the development of advanced elements. In contrast, the contribution of basic factors to regional advantage is comparatively lower.

3. **Demand Conditions**
   The demand for a particular product or service also plays an essential factor. Porter Diamond model's third attribute indicates how the increase in demand for an item among local customer boosts the growth of a brand or business.
   When customers want a product, businesses strive to improve the quality and live up to their expectations. As a result, they become competent enough to acquire the number one position on the global platform.

4. **Supporting and Related Industries**
   Another factor that influences business growth is the complementary services that lend support to the companies of national advantage. For example, the tourism services in Greece would never be the best if the accommodation facilities and food units over there did not support the industry.

5. **Government**
   The government also plays a vital role in developing and retaining the competitive advantage by offering a conducive environment for businesses to flourish. This includes developing a robust infrastructure, ensuring fair market practices, developing education institutions, etc.

6. **Chance**

In addition, chance or luck may also contribute to competitive advantage or disadvantage. For instance, unpredictable events like wars, natural disasters, political situations, etc., can positively or negatively impact an industry or nation, creating a competitive advantage or wiping it off.