

PGDM –IB, 2018-2020
Global Business Environment
IB-208

Trimester –II, End-Term Examination: December 2018

Time allowed: 2 Hrs. 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Please answer any 3 questions out of 5 questions.

1. Why should nations work towards improving their "Ease of doing Business" rankings?
2. How does a customs union represent a greater level of economic cooperation than free trade agreement?
3. Describe how macro political risks affect global investments?
4. How does a candlestick help us understand a stronger rupee trend vis-a vis dollar?
5. How is franchising a less riskier mode of entry in foreign nations?

Section B

Please answer any 2 questions out of 3 questions.

1. In what ways can a regional cooperation agreement be contributing to enhance global trade and multilateralism?
2. How does technical analysis differ from fundamental analysis of exchange rates? What are its assumptions? How does moving average and Bollinger bands help manage interpret volatility of exchange rates?
3. Are tariffs better than quota? Discuss this question with regard to rise in purchasing power of consumers over a period of time.

Section C

Read the passage below and answer the question at the end.

US, China finally agree to halt levy of new tariffs for 90 days -During this period, the two nations will discuss contentious issues related to trade, technology transfer

Geneva: The standstill agreement reached between US President Donald Trump and Chinese President Xi Jinping on the margins of the G20 leaders' meeting in Buenos Aires on Saturday will defer the imposition of tit-for-tat tariffs by the two countries for the next 90 days. During this period ending 1 March 2019, negotiators from the US and China will hold intense discussions to resolve their differences over a range of issues covering technology to trade-related barriers, which have a direct bearing on the proposed reforms of the World Trade Organization (WTO), said sherpas, speaking under condition of anonymity.

"It is a very basic agreement between China and the US to try and find common ground on some of the most difficult issues concerning forced transfer of technology, doing away with industrial subsidies as well as state owned enterprises, enhanced intellectual property provisions for stopping the alleged theft of technologies and so on," said one of the sherpas cited above who took part in the G20 meeting in Buenos Aires. The trade war between the two countries is not over yet as President Trump merely agreed not to impose the proposed 25% tariffs on imports of \$200 billion Chinese goods from 1 January, the sherpa said on condition of anonymity. It is a 50-50 deal that can still unravel in the next three months, the sherpa added. According to a White House statement issued after the Trump-Xi dinner at Park Hyatt hotel, the two nations will discuss several contentious issues centering Chinese trade and economic policies within the next three months. Following those meetings, the US will decide whether to drop the proposed additional tariffs of 25% on \$200 billion Chinese goods or slap them from 1 March 2019. As an immediate relief for President Trump, China has indicated its intention to purchase a "very substantial" amount of agricultural and industrial goods, including energy items. However, China also indicated that the two sides will only focus on removing all US tariffs and Chinese retaliatory tariffs. China, however, did not mention any impending deadline that would end on 1 March, said Chinese foreign minister Wang Yi and vice minister for commerce Wang Shouwen, according to a Wall Street Journal report. Despite differences of interpretation about the agreement, the temporary reprieve has received mixed response. Linda Dempsey of the US National Association of Manufacturers welcomed the temporary truce for deferring immediate duties of 25% on Chinese goods. She told BBC on Sunday that differences ought to be resolved through negotiations instead of imposing tariffs on each other. The US negotiating team—which includes China hawks such as US Trade Representative Ambassador Robert Lighthizer and David Navarro—is expected to hold the first round of meeting in mid-December. The US has already prepared a catalogue of issues including mandatory transfer of technology from some American semi-conductor firms, enhanced intellectual property protection, cyber intrusions and cyber theft. China has its task cut out to ensure that the US doesn't resort to another round of tariff hikes on 1 March, for which Beijing has to make substantial compromises. China has already said that it will agree to only those incremental issues for advancing global trade but not scrap its "developmental" policies. Hours before the dinner meeting, the US and China had agreed on common language on "international trade and investment" in the "G20 leaders declaration: Building consensus for fair and sustainable development". The declaration includes language on the "necessary reform of the WTO to improve its functioning." The US, which fiercely opposed any mention of keeping the markets open or fighting unilateral and protectionist measures in the declaration, had agreed to remove its cancelling language on "unfair" trade practices. At the insistence of the US, the G20 leaders had acknowledged in paragraph 27 of the Leaders' statement that "the [multilateral trading] system is currently falling short of its objectives and there is room for improvement."

Q. What do trade wars reflect towards the phenomenon of Globalisation? How is going to change the global business environment?