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**Assignment: Globalization & Business  
 Mid Exam**

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**Q1: How do governments regulate international trade from and through their countries? What kind of international trade in taking place in Pakistan? Briefly explain.**

Ans: **Trade:**  
 Trade is a fundamental monetary idea including the purchasing and selling of merchandise and ventures.

**International Trade:**

**International Trade** refers to the exchange of products and services from one country to another. E.g.:

Pakistan trade Food and sport items and US trade.

International trade strategy is an arrangement identified with exchanging across national limits. A legislature sets up a global exchange approach that envelops moves they will make to secure the eventual benefits of their residents and organizations.

A portion of the significant moves governments make are unhindered commerce arrangements or duties. Organized commerce approaches energize exchange between specific nations. A genuine case of this is NAFTA, the North American Free Trade Agreement, which permitted unhindered commerce all through the United States, Mexico, and Canada. Duties are at times forced on different nations as conceivable discipline for negative activities or to keep the business in those nations from harming comparable local enterprises; a duty guarantees the country gets cash from that exchange and furthermore disheartens as much exchange those specific regions.

International trade policy describes collectively the international laws and multilateral trade agreements that govern the sale of goods between different countries. Some international trade strategy is made by transnational foundations, for example, the United Nations and the World Trade Organization, which are not legitimately constrained by a specific national government. Rather, part governments choose delegates for these transnational bodies similarly that residents choose agents for assemblies. Truth be told, fundamental worldwide exchange approaches are made along these lines.

Most substantive universal exchange strategy is entirely the type of multilateral exchange understandings, which are straightforwardly haggled between the legislatures of at least two nations. NAFTA and the Trans-Pacific Partnership are instances of such exchange understandings. There are many such understandings, haggled between different gatherings of nations. These understandings basically include arranging decreases in levies and securities for protected innovation, yet can likewise include numerous different issues, for example, work guidelines and ecological guidelines. These understandings are regularly haggled stealthily legitimately between officials of part governments and confirmed with little oversight by their separate lawmaking bodies or residents. A favorable position of this technique is that understandings can be settled generally rapidly and with less partisanship, yet a significant drawback is that this absence of oversight can make the procedure undemocratic and give undue focal points to specific intrigue gatherings, particularly worldwide enterprises.

**International trade in Pakistan:**

Keeping in see current patterns in worldwide exchanging condition and the pattern Pakistan's fares, the mid-term vital exchange strategy system has been planned through a broad consultative procedure crossing over close to 12 months. All partners in general society and private segment including Federation of Pakistan Chambers of Commerce and Industry, area Chambers, exchange affiliations, private organizations, the scholarly world, think tanks, exchange missions, Ministries/Divisions and other government offices were effectively locked in. The procedure finished with a day-long Advisory Council meeting, led by the Minister for Commerce and went to by said partners just as by unmistakable exporters and open division chiefs.

Gaining from the past two medium term systems for example 2009-12 and 2012-15, it has been guaranteed that procedural and budgetary bottlenecks are expelled in STPF 2015-18. All business forms have all the while been planned. Budgetary portion of Rs. 6 Billion has been affirmed to execute the exchange approach activities for year 2015-16. Proceeded with budgetary help in FY 2016-17 and 2017-18 will be basic for accomplishing wanted outcomes.

Pakistan's imports have become from under 20 billion out of 2004 to almost 45 billion US dollars in 2013 while sends out have expanded at a more slow pace from less than 15 billion to around 25 billion US dollars over a similar period. The portion of imports in GDP has vacillated, however has not changed much somewhere in the range of 2004 and 2013. The portion of fares in GDP has declined from 2004 to 2013.

Pakistan exchanges with more than 175 nations. Nonetheless, the majority of Pakistan's exchange takes place with an a lot more modest number of nations. Figures 3 shows the level of Pakistan's imports starting from the main ten nations in 2004 and 2013. Figure 4 shows the extent of Pakistan's fares bound to the best ten nations in the same years. The 10 biggest exchanging accomplices for imports are not quite the same as for sends out. Also, the rundown has changed from 2004 to 2013. USA is the biggest merchant of Pakistan’s merchandise in the two years, despite the fact that a lot of 19 Pakistan's complete fares declined from 23% to 15%. Saudi Arabia in 2004 and UAE in 2013 were the biggest exporters to Pakistan. A huge nation is probably going to have huge exchange streams with Pakistan. To control for the size of the exchange accomplice, we additionally look at Pakistan's reciprocal imports and fares as a level of accomplice's GDP. As indicated by this measure, Figures 5 shows the main ten nations in 2004 and 2013 for imports and Figure 6 the best 10 nations for exports.8 The main exchanging accomplice list in view of the size balanced imports and fares is very extraordinary. The two huge neighbors of Pakistan, China and India.

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**Q2: Why do organizations decide to go global? What factors can influence their decision to expand across borders?**

**ANS:** There are following reasons organizations decide to go global:

1. By taking your business worldwide, you gain admittance to a lot base of clients. On the off chance that your item or administration is a success, you can appreciate expanded incomes from these new clients regardless of whether you have soaked your business sectors locally.
2. Foreign investment can be extremely valuable for business.
3. To gain competitors advantages.
4. Household markets are developing gradually. Most organizations are not, at this point substance to develop gradually. On the off chance that such organizations need to accomplish high development rates, they need to get a portion of their deals from global markets.
5. Local markets are little. Organizations which have aspirations to turn out to be enormous should search for greater markets outside their limits.
6. Company go global for high profit and market share.
7. Organizations that can effectively go worldwide and showcase their contributions to a very surprising populace will appreciate the distinction of considering themselves a global organization.
8. Another phenomenal advantage of taking your business worldwide is that you gain admittance to another pool of potential employees with unique skills and mindsets.

**FACTOR INFLUENCE DECISION TO EXPAND ACROSS GLOBAL:**

There are following factor influence to expand across global

1. Demographic factor
2. Social factor
3. Geographic factor
4. Political and legal factor
5. Economics factor

**Demographic factor:**

This factor related with the individual undertakings or inner issues of a nation that influence the economy of the nation taking part in the international trade are considered as demographic factor. Population is main aspect of demographic, the organization don’t know the population size of that area and how rapidity it will growth and age of population also not know factor for organization, which age of people are more, E.g.: younger or older more in population .

**Social factor:**

Social and culture factor are co-related with each other so that it’s called social culture factor. Peoples of different countries are differ from each other e.g.: Food eaten, life style, cloths etc. some social norm, culture and business norm, approaches to market and customer etc. marketer should consider this very important factor to inter into new market and it should be big influencer for organization to go global.

**Geographic factor:**

Geographic factor also influence to inter into global market. Like climate (weather) of new market, is our product is useful for that climate or not. And how much population size and population density, like how many people are in urban area and how much population is in rural area.

**Political and legal factor:**

Political condition also influence to go global, some organization not interested to invest in unstable countries. Sometime political poor relationship also main influencer of organizations and global monetary crisis.

**Economics factor**

Not all nations will be attractive for all organizations. A few organizations may find that a few markets can't bear the cost of the items that they sell and they should cease from entering those business sectors BECAUSE low income distribution and Low GDP size. Industrial infrastructure and financial resource also influence to go global.

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**Q3: Explain how different kinds of political economies affect businesses. Use examples from past and present world political systems and economies?**

**Ans:** Political economy is an interdisciplinary part of the sociologies that centers around the interrelationships among people, governments, and public policy.

There are two components of political economics, its split into classical and modern political economics.  
There are following aspect of political economics that effect business:

The political instability effect the business and political situation of country also effect economy of country which directly related with business, which effect business performance. **For example:**

There are significant contrasts in Democratic and Republican arrangements in the US. This impacts factors like expenses and government spending, which eventually influence the economy. A more prominent degree of government burning through frequently invigorates the economy.

Change in regulation also impact on business, if government alter rules and regulation it cloud effect the business.

For example: government rules that every business should pay sale 8% of sale tax. If it cloud change it from 8 to 18% then it could difficult for business to survive.

Relationship with other nation also main aspect if political economy which directly related with business. For example: if government have good relationship with other countries business can easily export there well and earn profit.

For example: India Pakistan have no relationship which effect the transport business and also manufacture organization.

Increase in tax also effect the business of that countries. Increase in tax rate of countries case decrease in business profit.

If some countries have good GDP It’s give more reliable packages for company and give them more opportunities and relive in taxes. And nation income also effective for companies.

Actor behavior is how government behave, level of analysis. State give limitation and rules for their business. If government have good behave with company its support organization. But poor actor behavior effect business very badly.

System govern enforce to state and organization which have Impact on business. If government implement strictly rules it’s badly effect the businesses.

Important of observing the political economy:

* The stability of a political system can affect the appeal of a particular local market.
* Governments view business organizations as a critical vehicle for social reform.
* Governments pass legislation, which impacts the relationship between the firm and its customers, suppliers, and other companies.
* The government is liable for protecting the public interest.
* Government actions influence the economic environment.
* Government is a major consumer of goods and services.

**Examples:**

Example of how political economy effect NIKE:

1. Studies show that Nike has earned high benefits from the development orientated strategies of US government. The approaches kept up low-loan costs. Money trade steadiness and universally serious expense game plans were likewise kept up. The organization has likewise profited by government activities regarding straightforwardness in the worldwide worth chain.

One case of this is in participation of the Clinton organization's 1997 Apparel Industry Partnership. Nike delighted in changes in the political factors from numerous points of view. Be that as it may, political weights negatively affected Nike's work employment.

1. As Pakistan government political economy polices effects many business in Pakistan to implementation of high taxes for establishment of economy **for example** Honda and Toyota stops its manufacturing industries.

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