

Name Arbaz khan
ID: 14176
Teacher: Maam Sameen Shah
Subject: Globalisation Business

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

Traditionally, trade was regulated through bilateral treaties between two nations. After World War II, as free trade emerged as the dominant doctrine, multilateral treaties like the GATT and World Trade Organization (WTO) became the principal regime for regulating global trade and usually Trade within a state is regulated exclusively by the states themselves.

Governments three primary means to restrict trade: quota systems; tariffs; and subsidies. A quota system imposes restrictions on the specific number of goods imported into a country. Quota systems allow governments to control the quantity of imports to help protect domestic industries.

The share of foreign trade in Pakistan's GDP continues to be low, at 29% (World Bank, 2018). Pakistan has bilateral and multilateral trade agreements with many nations and international organizations. It is a member of the World Trade Organization, part of the South Asian Free Trade Area agreement and the China–Pakistan Free Trade Agreement. Fluctuating world demand for its exports, domestic political uncertainty, and the impact of occasional droughts on its agricultural production have all contributed to variability in Pakistan's trade deficit. The trade deficit for the fiscal year 2013/14 is \$7.743 billion, exports are \$10.367 billion in July–November 2013 and imports are \$18.110 billion.

Pakistan's exports continue to be dominated by cotton textiles and apparel. Imports include petroleum and petroleum products, chemicals, fertilizer, capital goods, industrial raw materials, and consumer products.

Q2L Why do organization decide to go global? What factors can influence their decision to expand across borders?

Things to Consider Before Going Global

- Standardization of Products. The first thing you need to consider is the quality of your products and services. ...
- Flexibility. ...
- Language and Cultural Differences. ...
- Market Considerations. ...
- Dedication and Commitment. ...
- Organizational Structure. ...
- Rules and Regulations. ...
- Investments and Capital.

The following factors can influence their decision to expand across borders?

- Culture. The cultural difference can determine whether the business is successful or not. ...
- Legal and regulatory barriers. ...
- Foreign government consideration. ...
- Business case.

Q3: Explain how different kinds of political economies affect businesses. Use example from past and present world political system and economies.

Political factors:

Various political factors affect the international factors. Political factors such as changes in tax rates, policies and actions of government, political stability of country, foreign trade regulations etc. affects the working of an international business firm. Lack of political stability in the country directly impacts the operations of business firm. Also, various tax policies and government initiatives sometimes hinders the expansion of business in other countries. Thus, effective political environment of business influences the growth of business firm (Shaw, 2018).

Economic factors:

Economic factors relate to the economic system of the country where the firm has its operations. Various economic factors such as inflation rate, interest rate, income distribution, employment level, allocation of government budget, etc., directly impacts the operations of business firm. Various economic factors such as purchasing power of customers also determines the demand of various products and services.

Example of POLITICAL FACTORS

The head office of Woolworths is located in Australia and there are close economic relations exist between Australia and New Zealand which provides various profitable work opportunities to Woolworths. Political stability exists in the countries where Woolworths has its operations. Also, lowering rate of corruption in Australia will further increase the profitability of Woolworths. following figure shows the corruption index in Australia

Example of ECONOMIC FACTORS

Woolworths operates in economically sound and stable work environment which helps in stabilizing the sales and profit of the business firm. Also, there is rising disposable income of consumers in Australia which further will be a positive growth indicator for Woolworths. However, various economic factors such as recession has impacted the financial position of Woolworths by causing the factors that led to the closure of retail stores in UK. This further affected the overall sales growth of Woolworths