Globalization and Business

Mid-term Assignment

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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: Economists have long debated on the regulation of trade for the betterment of their own country as there are few countries that have free trade policies . These restrictions on trade help the country to maintain their GDP and fulfillment of goods and services.

There are few basic barriers that a country can impose on the trade policies to regulate their international trade, they are as follows.

1)**Buy-National Regulations:** Government rules that give special privileges for local manufacturers and retailers.

2)**Embargo:** A total ban on imports and exports of products .

3)**Exchange controls:** Laws that require a company earning foreign exchange (foreign currency) from its exports to sell the foreign exchange to a control agency , such as a Central Bank.

4)**Import quota:** A limit on a quality of a certain good that can be imported .

5)**Protective tariffs:** taxes that are imposed in order to make imports less attractive to buyers than domestic products are.

6)**Tariff:** Taxes that are imposed on imported goods.

By the help of these barriers the government can regulate the import and export of the country to maintain their economy and good will across the world.

**Kind of international trades in pakistan**

**Exports;** Pakistan exports are less then the imports these are few products pakistan exports

Pakistan exports rice, kinnows,mangoes, furniture, cotton,fibe[r](https://en.wikipedia.org/wiki/Cotton_fiber), cement,tiles, marbles, [t](https://en.wikipedia.org/wiki/Textile)extiles, clothings, leathe[r](https://en.wikipedia.org/wiki/Leather) goods, veterinary surgical supplies, sports goods (renowned for footballs/soccer balls), cutlery, surgical, instruments, electrical appliances, software, carpets,rugs, ice cream, livestock meat, chicken, powdered milk, wheat, seafood vegetables, processed food items, Pakistani-assembled Suzukis , defense equipment , salt, onyx, engineering goods, and many other items. Pakistan produces and exports cements to Asia and the Middle East.

**Imports;** Pakistan mostly imported machinery, petroleum products, chemicals, petroleum crude, and transport equipment. Main importers are China, UAE, saudi Arabia, USA and Qatar.

Other products include Animal and vegetable oil, iron and steel, vehicles, plastic and plastic articles, oil seeds, cotton etc.

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

Ans. In general companies go globally because they want to expand their company operations for more profits.There are few benefits in going international such as :

1)Improving profit margins

2)Competing new sales

3)Diversifying the business

4)Recruiting new talent

5)Investment opportunity

Some governments incentivize companies to enter their countries for the development of their economy.

There are four main factors that will influence an organization's decision in going across the borders they are ;

1)Geography

2)Cultural and social factors

3)Economic conditions

4)Political and legal factors

These are the factors that any organization looks into before deciding to go across the borders.

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

Ans. In the start of 17th century there was only dominant political system Mercantilism and in this system the state would have all the wealth while the population would have been left with empty hands

The British were the only mercantilism state who had almost half of the world colonized and use to drain all the goods and wealth from these colonies to UK.Due to this ac all the population of the colonies were left poor and the only state had all the wealth

This system used to give salaries and the trade system was made biased. It is also considered a non humanitarian system as people were treated like slaves.The colonies used to pay taxes but they didn't get their share from the state.

In the early 1800 the new political system arose which was called capitalism and in this system there were rights given to the people and companies.they had right to make their own decisions.in this system mostly the businesses were owned by the private sector for their own profits and benefits and the government use to help them out as a secondary source.by this system the population of such countries started to grow wealthy and their livings was started to get better .Hong kong is the best example of this political economy nowadays.

In the 1900's a new political system arose called “Marxism”. This theory was brought to life by Karl Marx and Fredrich Engle and their sole motive was that social change would only be possible with the economy, this type of system really worked well for the working class of the society but this system also faced a lot of criticism .

This type of political system is widely followed by many countries in current times. This system has similar values of socialism but in the framework of capitalism.

This social democracy is considered as idiolistic for business and betterment of the society and individual and the scandalizian countries follows such system nowadays .