

School of Business

MBA
ETE - Jun 2024

Time : 3 Hours

Marks :100

Sem IV - MBIB6003 - Trade Documentation and Procedures

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

1. List out the two functions of IMF. K2 CO1 (4)
2. Define packing list document. K2 CO2 (4)
3. Distinguish between commercial invoice and proforma invoice. K4 CO3 (4)
4. Identify the role of Harmonized system. K4 CO4 (4)
5. Inspect the role of carry and forwarding agent. K4 CO5 (4)
6. Discover the different forms of expanding international business. K4 CO1 (10)
7. Identify the key features of new Foreign Trade Policy 2021-26. K4 CO2(10)
8. Prove that Open registry system is a necessary evil for shipping industry. K5 CO5(12)
9. Determine the procedure of completing an export order given by a foreign client. K5 CO3(16)
10. List the various types of custom duties? Also provide the calculation of custom duties. K5 CO4(16)
11. **Case Study** K6 CO5 (16)

China: The Future Consumer Superpower China is the most impressive emerging economy with an annual average GDP growth of nearly 10 percent during the last ten years. High growth results in International Business increasing market potential and aggressive consumer demand. High growth in purchasing power combined with population of 1.3 billion people makes China extremely attractive for FDI and portfolio investments. It is not a surprise that FDI in China are higher than FDI in whole Eastern Europe including Russia and Ukraine.

Leading corporations from all over the world utilize the country's huge domestic market and its enlarging export potential based on cheap production factors, highly qualified and well-motivated labor, and very attractive tax stimuli. Today, China is the largest producer of consumer electronic products, including TV sets, DVDs, digital cameras, electronic games, and PCs.

The Japanese electronic giant Sony began operations in China in 1996. Its annual sales reached \$4 billion in 2004 and continue to grow. The combination of Japanese high technology, developed distribution system on the world marketplace, and well-known brand name with the comparative advantages of the Chinese business environment boosts Sony's competitiveness. Many other internationally recognized producers like Siemens (Germany), Philips (the Netherlands), LG (Korea), Samsung (Korea), Hewlett Packard (USA), BenQ of Taiwan, and many others are also present there. These companies were attracted by the \$ 14 billion annual sales in consumer electronics. Expectations are even more encouraging—10 percent annual market growth or \$22 billion by 2009.

At the same time, high quality and cheap electronics made in China continue to increase its market share on the world marketplace. Most leading corporations in that field transfer their production facilities to China or make new, green field investments in an attempt to utilize as much as possible the country's absolute and comparative advantages in production and foreign trade. For example, Sony announced at the end of 2005 its plans to cut 10,000 jobs of its global workforce by the first quarter of 2008. In addition, the company will close 11 of its 65 plants worldwide. Of course, it does not relate to Sony (China). In fact, the main reason for closing production facilities in other countries is the transfer of production to the territory of China because of the higher investment return and sustained growth of the market potential.

Question:

1. Why is China attractive for FDI and Portfolio investments for doing business?
2. Do you agree that outsourcing of jobs from the developed economies towards China favors China? Comment.