

Department of Management
MBA Semester I Examination - 2018
MBA- FG - 104
International Business Environment

Time: 3 Hours

Max. Marks: 75

Attempt any five questions. Each question carries 15 marks.

(15x5=75)

1. Why GATT was converted into WTO? What important issues were discussed during 8th round of GATT negotiation? What was name of 8th round of negotiation?
2. a) How "Quota" with IMF help countries in need? Discuss briefly.
b) What is SDR? How it is calculated?
3. a) Discuss four stages of economic integration with the help of suitable examples.
b) Briefly discuss NAFTA and its historical background.
4. a) Differentiate between "Balance of Trade" and "Balance of payment".
b) What are various types of Disequilibrium in BOP? Briefly discuss.
5. (a) Deion Sanders is a two-sport athlete who plays both pro football and baseball. He could earn \$1,000,000 playing either. Troy Aikman is also a two-sport athlete who plays both football and auto racing. He could earn \$1,000,000 playing football or \$200,000 racing cars. Gara Yepremian can play both football and soccer. He could earn \$1,000,000 playing football or \$50,000 playing soccer. Assuming that all three men have only two options for work, and can only pursue one sport full-time, who has the highest opportunity cost of playing football? Why?
(b) What is comparative advantage theory?
6. a) Differentiate between market economy & socialist economy? Discuss with the help of suitable example.
b) Free market economies stimulate greater economic growth, whereas state-directed economies stifle growth. Discuss.
7. With a week's work of labor, England produces either 8 yards of cloth or 2 barrels of wine. With a week's work of labor, Portugal produces either 12 yards of cloth or 6 barrels of wine. Assume that no other inputs are needed.
 - i. If there is no trade, what is the price of wine in terms of cloth in England?
 - ii. If there is no trade, what is the price of wine in terms of cloth in Portugal?
 - iii. Which country has an absolute advantage in the production of which good(s)? Which country has a comparative advantage in the production of which good(s)?
 - iv. If the countries start trading with each other, which country will specialize and export which good?
8. In 1969, the US Department of Agriculture put a set of minimum size restrictions on all tomatoes sold in the US market. The regulations provided that mature green tomatoes (those that ripen after they are picked) could not be sold unless they measured more than 2-9/32" in diameter. Vine ripened tomatoes were required to measure at least 2-17/32" in diameter. Mexican tomato farmers were outraged because the regulations barred almost 50 percent of their crop from the US market. Florida growers contended that the regulations were not discriminatory because they applied to both the Mexican and the US crops. But the Mexicans pointed out that the regulations were more lenient on green than ripened tomatoes. Green tomatoes accounted for approximately 85 percent of the Florida tomato crop and only 10 percent of the Mexican crop. While US consumers saw prices rise as much as 30 percent, Mexican tomato framers were enraged while they watched tons of their tomatoes being fed to cattle or simply rotting in heaps along the highway. Rod Batiz, president of the 20 thousand members Confederation of Agriculture Association, was quoted in the "Wall Street Journal" as saying, "The whole of Mexico feels stabbed in the back".

**What problem do you think Mexicans tomato producers face due to change in government policy?
What role do government policies play in shaping international business environment?**