



# International Business

BUS 106 Students

The world awaits you

(but not until after this class)





# International Business

A few basics:

- International business = business (today)
- Free trade isn't all bad, tho it's bad for some Woods, Schrade
- No big limits on which industries you can be in, from a Canada/US base (because you can outsource, etc & since Canada's corporate taxes are now fairly low, yet its talent pool is deep)
- Governments take a role in helping 'focus industries' (with mixed results)
- So- what are Canada's 'focus industries?'





## International Business

Some notable Canadian focus industries:

- Mining\*
- Fossil Fuels\*
- Forestry\*
- Agriculture\*
- Autos
- Marine & Fish\*



Note a theme: ‘Hewers of wood, drawers of water’;  
little value-added here to prepare product to end-use



## International Business

Downsides of reliance on *primary industries*:

Most resources *aren't replenishing/ sustainable*

Fewer jobs (since the 'end-products' aren't made here).

Commodities are cyclical & price competitive & often need interim 'subsidies' to help to survive a 'trough'.

Few are owned here; when 1 must reduce supply due to industry oversupply', there may be less loyalty to a Canadian plant (if a Finland-based lumber company must choose between temporarily closing a mill in Finland, and 1 they own in B.C, then....?)



### Top Canadian Exports by Dollar Value

The following top 15 product categories accounted for 48.3% of total Canadian exports in 2010.

1. Crude oil ... C\$51.9 billion, up 21.3% from 2009 (13% of total exports)
2. Passenger vehicles ... \$38 billion, up 43% (9.5% of total)
3. Liquefied gases ... \$18.4 billion, up 0.1% (4.6% of total)
4. Non-crude oil preparations ... \$14.8 billion, up 23.5% (3.7% of total)
5. Gold ... \$13.8 billion, up 65.4% (3.5% of total)
6. Vehicle parts ... \$9.1 billion, up 30.1% (2.3% of total)
7. Airplanes, helicopters and spacecraft ... \$6.9 billion, down 11.1% (1.7% of total)
8. Aluminum ... \$6 billion, up 23.9% (1.5% of total)
9. Coal ... \$5.99 billion, up 20.8% (1.5% of total)
10. Fertilizers ... \$5.2 billion, up 41.9% (1.3% of total)
11. Lumber ... \$5.1 billion, up 28% (1.3% of total)
12. Chemical woodpulp ... \$4.96 billion, up 36% (1.2% of total)
13. Wheat ... \$4.7 billion, down 22.4% (1.1% of total)
14. Gas turbines (includes turbo-jets) ... \$4.1 billion, down 7.8% (1% of total)
15. Medications ... \$4 billion, down 29.3% (1% of total).

<http://daniel-workman.suite101.com/top-canadian->

Very evident how many are related to:

- Mining\*
- Fossil Fuels\*
- Forestry\*
- Agriculture\*
- Autos
- Marine & Fish Fisheries industry no longer even on here ( declining fish stocks)

Overall, Canadian exports achieved solid growth in 2010. Only 4 of the above product categories posted percentage declines from 2010.



## International Business

Other focus industries – acknowledged or not

- Banking/ insurance
- Transportation Aviation/ Transit
- Nuclear technology (Candu) until 2011
- Entertainment (Films, Games)
- Tourism

Other suggestions?

Notice the contrast between these industries & primary industries (White collar, educated, urban)





## International Business

You *can't ignore* international competition/trends.

Tim gave you fine examples:

- Woods campgear
- Schrade knives

What ways can it help/ hurt you?

Hint: Think sourcing, customers, competitors, regulations (BSE) ... and currency!!





## International Business

***Don't ignore*** international threats and opportunities!

- Canadian Tire watches WalMart, Target, etc
- Loblaws watches UK retailers (& hires from them, emulates them, sees what's next in Captive Branding)
- Couche-tard watches US convenience store chains (& bought one)

Eyes Open! For promotion ideas, sourcing options & threats, positioning wins, management techniques, recruiting opportunities, outsourcing opportunities, new customers, forex shifts.





## International Business

Foreign Exchange- Why should we care?

You have better tools today- so use'em!

Look beyond a real-time rate; see *trends*, amount of *volatility* & factors that impact a currency (increased Gold & Oil demand tends to strengthen the Cdn \$)

How does one 'hedge' for Forex changes?

- Diversify
- Buy forward' (buy the currency)
- Partial payment (payment terms), etc
- eg LLBean catalogue must commit to Cdn *prices months before* they reach consumers





# International Business

## Forex Risk example: *The Wiz*

Electronic retailer with \$1.4B in sales

Good consumer demand

Good locations, staff, marketing, product quality

Second in size to Best Buy

Buy most of inventory from Japan

Like most retailers, operate on thin margins

Bought @ high Yen, then yen deflated vs USD

Ooops

Effectively bankrupt within a year





# International Business

How could that happen?

Run the numbers...

A Forex shift would have to be  $>20\%$  to kill the profit



## International Business

And that's exactly what happened – a *huge* forex shift...

Advice: Get savvy, follow the news, be on top of it, hedge





## International Business

My 2 Cents worth ([strategysteve.com](http://strategysteve.com))

4 realities of international business:

1. It's the reality in virtually all businesses;
2. Almost all businesses incorporate some 'international' aspects in willingly (telemarketing, customer service, mold-making, tech support)
3. Interconnectedness is good (cooperation) & bad (BSE)
4. Governments choose 'pet' industries –with mixed results.





## International Business

For ideas on where Canadian based firms have a headstart, refer to Canada's

- physical reality (cold, rugged, big, thinly populated)
- *imagery* (reputation ie perception is reality) and, increasingly,
- cultural mosaic (educated, multicultural, urban, current, connected)

You get a headstart of instant credibility/ believability if your Canuck company leverages these strengths



## International Business

- No Surprise! As Canadians, we're seen to be....
- ***reliable/ conservative!*** Insurance & Banks leverage this Canadian reputation (as do businesses requiring online payment eg poker) those making precision equipment (Bombardier, Canadair, Canadarm, SNC Lavalin, Candu) critical supplies (life-saving generic drugs) or critical private telecom (Blackberry)
- ***polite & likeable!*** Great for call centres (and, alas, many 'iffy' businesses)



### Top Canadian Exports by Dollar Value

The following top 15 product categories accounted for 48.3% of total Canadian exports in 2010.

1. Crude oil ... C\$51.9 billion, up 21.3% from 2009 (13% of total exports)
2. Passenger vehicles ... \$38 billion, up 43% (9.5% of total)
3. Liquefied gases ... \$18.4 billion, up 0.1% (4.6% of total)
4. Non-crude oil preparations ... \$14.8 billion, up 23.5% (3.7% of total)
5. Gold ... \$13.8 billion, up 65.4% (3.5% of total)
6. Vehicle parts ... \$9.1 billion, up 30.1% (2.3% of total)
7. Airplanes, helicopters and spacecraft ... \$6.9 billion, down 11.1% (1.7% of total)
8. Aluminum ... \$6 billion, up 23.9% (1.5% of total)
9. Coal ... \$5.99 billion, up 20.8% (1.5% of total)
10. Fertilizers ... \$5.2 billion, up 41.9% (1.3% of total)
11. Lumber ... \$5.1 billion, up 28% (1.3% of total)
12. Chemical woodpulp ... \$4.96 billion, up 36% (1.2% of total)
13. Wheat ... \$4.7 billion, down 22.4% (1.1% of total)
14. Gas turbines (includes turbo-jets) ... \$4.1 billion, down 7.8% (1% of total)
15. Medications ... \$4 billion, down 29.3% (1% of total).

<http://daniel-workman.suite101.com/top-canadian->

Did you expect to see **Airplanes** here? **Gas Turbines**? Think: Who has a reputation for *reliability*? A *big* nation to travel over? A *cold land* where one needs energy for survival?

Overall, Canadian exports achieved solid growth in 2010. Only 4 of the above product categories posted percentage declines from 2010.





## International Business

- Surprise! As Canadians, we're reputed to be....
- ***entertaining!*** Hollywood North, TIFF, SciFiCouver, Cirque De Soleil, Biebs, Carrey, Shatner, SCTV, Celine, Shania, Chad K, Avril L, J Cameron.
- ***awesome! -sophisticated, urban, multicultural cool!*** Roots, MAC, lululemon, Parasuco, Canada Goose, Yves Veggie, Cuisine, Nan breads, Call centres
- ***eco-sensitive & ethical*** (insurance, ethical diamonds, oil, water purifying, generic drugs, telemarketing centers & call centres, etc)
- ***connected!*** (Blackberry, Bombardier, etc)



### Top Canadian Exports by Dollar Value

The following top 15 product categories accounted for 48.3% of total Canadian exports in 2010.

1. Crude oil ... C\$51.9 billion, up 21.3% from 2009 (13% of total exports)
2. Passenger vehicles ... \$38 billion, up 43% (9.5% of total)
3. Liquefied gases ... \$18.4 billion, up 0.1% (4.6% of total)
4. Non-crude oil preparations ... \$14.8 billion, up 23.5% (3.7% of total)
5. Gold ... \$13.8 billion, up 65.4% (3.5% of total)
6. Vehicle parts ... \$9.1 billion, up 30.1% (2.3% of total)
7. Airplanes, helicopters and spacecraft ... \$6.9 billion, down 11.1% (1.7% of total)
8. Aluminum ... \$6 billion, up 23.9% (1.5% of total)
9. Coal ... \$5.99 billion, up 20.8% (1.5% of total)
10. Fertilizers ... \$5.2 billion, up 41.9% (1.3% of total)
11. Lumber ... \$5.1 billion, up 28% (1.3% of total)
12. Chemical woodpulp ... \$4.96 billion, up 36% (1.2% of total)
13. Wheat ... \$4.7 billion, down 22.4% (1.1% of total)
14. Gas turbines (includes turbo-jets) ... \$4.1 billion, down 7.8% (1% of total)
15. Medications ... \$4 billion, down 29.3% (1% of total).

<http://daniel-workman.suite101.com/top-canadian-exports>

Did you expect to see **Medications** here? Would you trust your life to a *generic* (cost saving prescription drug)? You might if it comes from Canada? (given Canada's reputation for reliability & ethics).

Overall, Canadian exports achieved solid growth in 2010. Only 4 of the above product categories posted percentage declines from 2010.



# International Business

Read Tim's Summary!

Have you an example ready – a business that must 'go international' ie consider global factors, and why.





# International Business

## Ripple Effects of Interconnectedness:

- Harveys BSE scare as per Tim's example (just how long could Harveys survive *without beef*? It better be aware of BSE scares, have backup sources, etc)
- Natural disasters- Japan Tsunami's wave went global; Thailand's floods both dampened North American auto production



# International Business

Ripple Effects of Interconnectedness:

With whom does Canada trade?

Where do we export to?



Statistics Canada

www.statcan.gc.ca

Home

Contact Us

Help

Search

canada.gc.ca

Did you expect to see the US as so dominant? With 10 X our population, and their thirst for raw materials, you shouldn't be surprised. But *look who is growing fastest*- 'Other' includes Indonesia, India, China

### Imports, exports and trade balance of goods on a balance-of-payments basis, by country or country grouping

	2005	2006	2007	2008	2009	2010
	\$ millions					
<b>Exports</b>	<b>450,210.0</b>	<b>453,951.9</b>	<b>463,120.4</b>	<b>488,754.1</b>	<b>369,343.2</b>	<b>404,834.2</b>
United States <sup>1</sup>	368,278.9	361,442.1	355,731.5	370,005.3	271,108.7	296,672.0
Japan	10,172.8	10,278.1	10,026.8	11,784.3	8,861.8	9,716.6
United Kingdom	9,360.5	11,282.2	14,152.3	14,029.3	13,046.0	16,985.8
Other European Union <sup>2</sup>	18,643.8	20,903.7	24,392.7	25,173.5	19,010.3	19,475.8
Other OECD <sup>3</sup>	14,545.6	16,808.1	19,743.6	20,748.6	16,690.6	17,908.3
All other countries	29,208.5	33,237.6	39,073.5	47,013.1	40,625.8	44,075.7



# International Business

Remember:

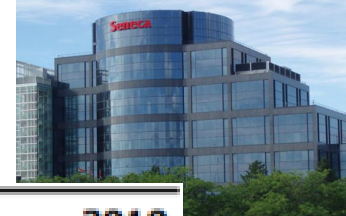
Canada's top exports to these nations tend to be resources, ie primary industries, then we buy back the finished goods.



# International Business

So - from whom do we import?





# International Business

	2005	2006	2007	2008	2009	2010
	\$ millions					
<b>Imports</b>	<b>387,837.8</b>	<b>404,345.4</b>	<b>415,683.1</b>	<b>443,777.2</b>	<b>374,080.9</b>	<b>413,832.8</b>
United States <sup>1</sup>	259,332.9	265,088.3	270,066.9	281,535.0	236,289.6	259,952.7
Japan	11,213.1	11,849.9	11,967.1	11,671.8	9,329.2	10,067.2
United Kingdom	9,066.5	9,547.1	9,962.9	11,232.9	8,529.6	9,560.6
Other European Union <sup>2</sup>	29,487.3	32,547.5	32,403.7	35,461.4	30,240.5	30,788.3
Other OECD <sup>3</sup>	24,282.1	23,680.1	25,159.8	27,380.4	25,961.7	29,012.9
All other countries	54,455.9	61,632.4	66,122.7	76,495.7	63,730.4	74,451.1
<b>Balance</b>	<b>62,372.2</b>	<b>49,606.5</b>	<b>47,437.3</b>	<b>44,976.9</b>	<b>-4,737.7</b>	<b>-8,998.6</b>
United States <sup>1</sup>	108,946.0	96,353.8	85,664.6	88,470.3	34,819.1	36,719.3
Japan	-1,040.3	-1,571.8	-1,940.3	112.5	-467.4	-350.6
United Kingdom	294.0	1,735.1	4,189.4	2,796.4	4,516.4	7,425.2
Other European Union <sup>2</sup>	-10,843.5	-11,643.8	-8,011.0	-10,287.9	-11,230.2	-11,312.5
Other OECD <sup>3</sup>	-9,736.5	-6,872.0	-5,416.2	-6,631.8	-9,271.1	-11,104.6
All other countries	-25,247.4	-28,394.8	-27,049.2	-29,482.6	-23,104.6	-30,375.4

Did you expect to see the US as so dominant again? They still provide most of our food & finished goods. Again- look who is growing fastest 'Other' includes Indonesia, India, China

3. Other countries in the Organisation for Economic Co-operation and Development (OECD) includes Australia, Canada, Iceland, Mexico, New Zealand, Norway, South Korea, Switzerland and Turkey.

Source: Statistics Canada, CANSIM, table (for fee) [228-0003](#).



# International Business

What does Canada import?

- Consumer Products
- Processed Foods
- Auto's and auto parts
- Clothing



# International Business

Let's shift discussion...

from INDUSTRIES to INDIVIDUAL COMPANIES



# International Business

## *What are Canada's biggest firms?*

How many are in:

- Mining?
- Oil? Banks?
- Insurance?
- Aviation?
- Auto's?
- Retail?
- Communications?



Ranking		Revenue		Profit			
2010	2009	Company	Amt. 2010 (x1000)	Change	Amt. 2010 (x1000)	Change	Rank
1	1	Manulife Financial Corp., Toronto	\$37,633,000	-6.2%	-\$312,000	-122.0%	646
2	2	Royal Bank of Canada, Toronto (Oc10)	\$36,026,000	-5.6%	\$5,223,000	35.4%	2
3	9	Suncor Energy Inc., Calgary	\$33,961,000	39.2%	\$3,571,000	211.6%	6
4	3	Power Corp. of Canada, Montreal	\$32,896,000	-0.8%	\$907,000	33.0%	43
5	4	George Weston Ltd., Toronto	\$32,008,000	0.6%	\$452,000	-56.3%	70
6	7	The Toronto-Dominion Bank, Toronto (Oc10)	\$25,409,000		\$4,644,000	48.8%	3
7	12	Imperial Oil Ltd., Calgary	\$24,946,000	17.2%	\$2,210,000	40.0%	14
8	13	Magna International Inc.*, Aurora, Ont.	\$24,825,060	25.3%	\$1,002,190	278.2%	37
9	6	Sun Life Financial Inc., Toronto	\$24,640,000	-10.6%	\$1,685,000	170.9%	21
10	10	Onex Corp., Toronto	\$24,366,000	-1.9%	-\$51,000	-145.5%	616
11	8	The Bank of Nova Scotia, Halifax (Oc10)	\$23,775,000	-5.1%	\$4,239,000	19.5%	4
12	16	Wal-Mart Canada Corp., Mississauga, Ont. (Ja11)1	\$22,000,000	25.7%	-	-	-
13	17	Research In Motion Ltd.*, Waterloo, Ont. (Fe11)	\$20,325,048	22.3%	\$3,482,631	27.6%	7
14	19	Husky Energy Inc., Calgary	\$18,178,000	20.6%	\$1,173,000	-17.2%	33
15	11	Bombardier Inc.*, Montreal (Ja11)	\$18,172,512	-16.7%	\$774,630	-1.4%	49
16	15	BCE Inc., Verdun, Que.	\$18,069,000	1.9%	\$2,277,000	31.0%	13
17	27	Caisse de Dépôt et Placement du Québec, Quebec City	\$18,002,000	50.0%	\$17,731,000	50.9%	1
18	14	Alimentation Couche-Tard Inc.*, Laval, Que. (Ap10)	\$17,689,010	-1.8%	\$325,920	12.5%	92
19	20	Empire Co. Ltd., Stellarton, N.S. (My10)	\$15,516,200	3.3%	\$301,900	14.1%	98
20	18	Bank of Montreal, Montreal (Oc10)	\$15,453,000	-3.8%	\$2,810,000	57.2%	9
21	25	Enbridge Inc., Calgary	\$15,127,000	21.3%	\$970,000	-37.9%	40
22	22	Canadian Imperial Bank of Commerce, Toronto (Oc10)	\$14,976,000	8.3%	\$2,452,000	108.9%	12
23	23	Brookfield Asset Management Inc.*, Toronto	\$14,031,690	9.6%	\$1,497,620	257.0%	26
24	21	Thomson Reuters Corp.*, New York	\$13,462,100	-9.2%	\$936,270	-2.8%	41
25	29	Cenovus Energy Inc., Calgary	\$12,973,000	12.6%	\$993,000	21.4%	38
26	37	Canadian Natural Resources Ltd., Calgary	\$12,901,000	27.2%	\$1,697,000	7.4%	20
27	26	Hydro-Québec, Montreal	\$12,338,000		\$2,515,000	-12.4%	11
28	28	Rogers Communications Inc., Toronto	\$12,186,000	3.9%	\$1,528,000	3.4%	25
29	32	Costco Wholesale Canada Ltd., Nepean, Ont. (Au10)	\$12,029,668	9.9%	-	-	-

Research In Motion wasn't on this list on 2005.

Yes there are lots of Energy Production & Distribution firms here, and Auto & Mining firms. But did you expect to see so many *Bank* and *Insurance* companies in the Top 29? Canada's workforce is increasingly white collar, urban, educated.



2010	2009	Ranking Company	Revenue		Profit		
			Amt. 2010 (x1000)	Change	Amt. 2010 (x1000)	Change	Rank
30	34	Mouvement des Caisses Desjardins, Lévis, Que.	\$11,685,000	9.5%	\$1,437,000	33.8%	27
31	31	Metro Inc., Montreal (Se10)	\$11,342,900	1.3%	\$391,800	10.6%	77
32	41	Barrick Gold Corp.*, Toronto	\$11,251,720	21.2%	\$3,372,220	169.2%	8
33	36	Agrium Inc.*, Calgary	\$10,835,600	4.0%	\$735,420	76.1%	50
34	-	Air Canada, St-Laurent, Que.	\$10,786,000	10.8%	\$107,000	545.8%	189
35	35	Canada Mortgage and Housing Corp., Ottawa (De09)	\$10,551,000	12.9%	\$931,000	-47.6%	42
36	38	Shoppers Drug Mart Corp., Toronto (Ja11)	\$10,376,067	3.9%	\$590,743	1.0%	60
37	39	Telus Corp., Vancouver	\$9,779,000	1.8%	\$1,034,000	3.6%	35
38	42	Ford Motor Co. of Canada Ltd.*, Oakville, Ont.2	\$9,631,530	5.9%	-	-	-
39	33	Direct Energy Marketing Ltd., Toronto	\$9,478,027	-13.0%	\$290,628	15.1%	101
40	30	Novelis Inc.*, Atlanta, Ga. (Mr10)	\$9,462,243	-17.4%	\$441,855	120.5%	72
41	48	Teck Resources Ltd., Vancouver	\$9,339,000	21.7%	\$1,860,000	-2.1%	18
42	24	Encana Corp.*, Calgary	\$9,136,100	-28.0%	\$1,543,970	-27.3%	23
43	44	Canadian Tire Corp. Ltd., Toronto (Ja11)	\$8,980,800	3.4%	\$453,600	35.4%	69
44	40	Honda Canada Inc., Markham, Ont. (Mr10)	\$8,800,000	-6.4%	-	-	-
45	51	Ultramar Ltd., Montreal3	\$8,411,012	14.9%	-	-	-
46	50	Canadian National Railway Co., Montreal	\$8,297,000	12.6%	\$2,104,000	13.5%	16
47	55	Viterra Inc., Regina (Oc10)	\$8,256,280	24.5%	\$145,272	28.4%	156
48	43	TransCanada Corp., Calgary	\$8,064,000	-1.4%	\$1,272,000	-7.8%	31
49	-	Toyota Motor Manufacturing Canada, Cambridge, Ont. (Mr10)	\$7,900,000	38.6%	-	-	-
50	47	Canada Post Corp., Ottawa (De09)	\$7,312,000	-5.4%	\$281,000	212.2%	105

Did you expect to see so many bank and insurance companies amongst #29 to 50?



# International Business

Let's drill into a topic that applies in everyday life & where even the experts views may be misleading:-

## *Forex*

Why is coverage so often misleading?

Why should you listen with caution & care?

Because Forex views depend on your situation or point-of-view



## International Business

*What are the good impacts of a High dollar?*

Your dollar stretches farther (buys more)...

- if you're buying imported parts, finished goods etc.
- if you're a consumer/ shopper.
- if you're a Canadian tourist traveling outside Canada.

So...Shoppers & Tourists from Canada benefit from a High Canadian dollar.





## International Business

*What are the ugly impacts of a High dollar?*

If you export, the currency you're paid is worth less in Canadian funds- lower earnings, less spending power. Or you can raise your prices to get the same return, but then you may be at a value disadvantage to your global competitors.

Canadians who work abroad, have international clients and are exporters, *don't win* with a strong buck



## International Business

*What are the good impacts of a Low dollar?*

Exported goods become more competitive.

Canadians who export, bill global clients etc get better returns and are encouraged to further export



## International Business

*What are the ugly impacts of a Low dollar?*

If you buy processed foods or consumer goods, you'll *probably* paying more.

If you buy luxury goods Bulgari, Ralph Lauren, Gucci, luxe jewelry & autos, you'll ***certainly*** pay more (almost all premium luxury brands goods are from offshore).



## International Business

*You MUST filter people's views on dollar strength! This topic is loaded with bias!!* eg If the dollar weakens...

Those who buy processed foods or consumer goods will *probably* pay more.

Those who buy luxury goods Bulgari, Ralph Lauren, Gucci, luxe jewelry & autos, will *certainly* pay more.

Net: **the rich** (take foreign vacations, buy imported luxury goods, not laid off if exporters shut down) & those with **protected jobs** (union, govt) like a strong dollar.

For **Businesses (especially exporters) & Private sector workers**, a **weaker dollar** is usually better (esp long term).



# International Business

## *Why Export?*

*To grow* (add revenue/ topline)

Note: Stock markets *expect businesses to grow*- they punish businesses with low/no growth prospects even when they're profitable –Newspapers, companies that make CD's, companies that make paper coupon inserts.

*To diversify your customer base* (reduce risk of over dependence on too-few customers; diversify the economies you depend upon)



# International Business

## *Why Do International Business?*

*To grow* (add revenue/ topline)

*To diversify the customer base* (reduce risk of over dependence on too-few customers; diversify the economies you depend upon)

and also

*To add sources* of supply or acquire resources

*To acquire intellectual advantage* -new products, tech sharing, licensing, other know-how- eg Spinmaster Toys was founded after travelling students saw toys in Asia, not available here.



## International Business

### *Types of International partnerships (see Tim's notes!)*

- *Contract Manufacturing*
- *Strategic Alliances*
- *Joint Ventures*

These are in order of *increasing closeness/* shared fate

Why partner? To reduce cost, add know-how/technology, pre-empt competition from entering your home market\*\*

(careful- this can be a risky game; you may end up *educating them* on your firm, market, know-how, weaknesses)



## International Business

### *Key ongoing issue in International Business: Foreign Direct Investment*

*- good or bad? How much is too much? What are limits on governments' right to deny it? Competition Bureau makes these decisions*

- 1990's: Kimberly-Clark- Scott Paper (70% market share? Not!)*
- 2011: London Stock Exchange taking over of TSX? Hmmm. – Canadian government 'encouraged' a domestic bid; the Cdn Banks formed 'Maple Group' consortium (though long term impact is TBD on whether such conservative ownership hampers access to capital for new, visionary Canadian firms wanting to be listed)*





## International Business

### *Key ongoing issue in International Business: Subsidies*

#### *Lots of uneven playing fields out there!*

- *France's farmers: pampered & powerful!*
- *Canada's Dairy farmers (milk/ cheese prices here are 30% to 40% higher than in Buffalo or Grand Rapids)*
- *Aviation- Canada (Bombardier), US (Boeing), Brazil (Embraer) these firms get help- training, one time incentives, in the USA, Boeing's huge generous military contracts. How do you define 'subsidy'?*
- *US Corn Ethanol-lobby —a blank check to farmers, wholesalers, fertilizer & herbicide suppliers, corn starch processors,- but the consumer pays more*



## International Business

### **Key ongoing issue in International Business: Dumping:**

opportunistically sell-off (ergo: 'dumping') offshore at a price less than in home market.

Repeat infractions from Asian steelmakers. WHY? Better to rid yourself of oversupply steel at any price in a market not critical to you, than flood your home/ favorite/ profitable markets and get customers there used to a lower price (thereby hobbling the future profit in your best markets)

Tim gave you another example -leather boots from China, etc

FYI: It takes many months (to years) to prosecute these cases



## International Business

### *Other Key ongoing issues in International Business:* Trade Organizations, Bodies & Agreements

- *The WTO- see your text*
- *NAFTA: water is tomorrow's gold. NAFTA seems clear that on 'packaged goods' water eg there's virtually no cap on foreign firms depleting our water supply if they export our water bottled. The Big Debate: Question arises on BULK water (trucks, pipelines) since Canada has more freshwater than any other nation, and since US population is growing fast in the (dry) Southwest*



## International Business

### *Other Key ongoing issues in International Business:* Ethics & Legal

*Ethics: eg Bribes! Dangerous territory. Even if 'everyone else is doing it' to secure a contract, bid for mining rights, etc, you can't bribe officials! Canadian-based firms are accountable according to Canadian law*

*Personal Point of View: I agree with this!*

*Ethics and 'clean conduct' are part of our National reputation (part of the "Canada brand" and its attributes).*



## International Business

What does the future hold?

Which Canadian companies & industries will grow?

How will International Business change in the future?

How will trading partner's & trading relationships  
change?





## International Business

International Business isn't at a status quo;

**it's still evolving.**

My guess?— a *reversal to more local production*

- new technology makes it possible
- higher energy costs make it more efficient
- JIT customers want to be *supplied faster*, and
- it means *less vulnerability* (examples: Thai flood & Japan tsunami show weakness of 'one global supplier' approaches)





## International Business

Read Tim's notes & view his 9 minute video

Read the Chapter!

Read newspapers or online global news sites often!

International news does impact business!

Also- I've posted you some links at:

[strategysteve.com](http://strategysteve.com)

Or

<http://www.professorstevellitt.com/category/blog/links/>





# International Business

BUS 106 Students  
The world awaits you

