

1. CAMI Automotive Inc. is a Japanese (Suzuki) / American (General Motors) joint venture that assembles cars in Ontario near the town of Ingersoll. CAMI recently announced that they will
- A. increase, slightly, the work force as a result of strong sales of their hybrid passenger car
 - B. hold employment steady as the economy develops
 - C. slash output by half and layoff 500 workers
 - D. all of the above

From the front page of the Toronto Star business section Nov 7th
 "CAMI shift eliminated as sales of SUVs crash"

2. One of the well known examples of a Canadian FDI in the fast-food industry, into the USA, is famous Canadian doughnut franchise Tim Hortons. In recent news, Timmies said about their U.S. businesses that
- A. the brand is growing slowing and new stores continue to open – US stores provided \$50 million in growth
 - B. the economy has effected luxury fast-food outlets but businesses like Tim Hortons are "flat"
 - C. they will close 15 of their underperforming outlets – the company lost \$2 million on US operations
 - D. all of the above

"Regulars roll back Tim visits" was the large font title of a story in the Toronto Star Nov 10th

3. The federal government is trying several ways to deal with the impending economic challenges, one strategy being proposed by Finance Minister Flaherty (discussed on the front page of the Toronto Star Friday Nov 14th) was to
- A. spend \$15 billion propping up the Canadian forestry industry
 - B. privatization – sell some crown assets
 - C. Make it easier for people in Ontario to buy cheaper cars made in Korea
 - D. spend \$12.3 billion expanding our embassies and consulates overseas to facilitate exports
 - E. all of the above

Flaherty joked that he'd even consider selling the CN Tower

4. Ontario's provincial premier is hounding the federal government for money and support for the auto industry. The federal government is hesitating and some people say that the problem is the "Big 3" have been greedy in the past, and they simply have an oversupply of cars in the system. One of the other problems is that the solution is partly based in the U.S., not Canada. The point being that approximately ____ % of the autos produced in Ontario by Ford, GM, Honda and Toyota get sent to the U.S. as exports.
- A. 10.1 %
 - B. 15.3 %
 - C. 34.8%
 - D. 85%
 - E. all of the above

It is 85% - which means that the success of the Ontario auto sector depends on what Americans buy – which is not much the Canadian government can do anything about directly.

5. "Trouble on the high seas" was the title of a Nov 19th Toronto Star story describing another story of Somali pirates hijacking an oil tanker off the Somali coast. Considering the technology available and the size of their military, why are the biggest countries like USA, Germany, Japan etc. not taking direct action to stop this? The Toronto Star suggests the answer is simply
- A. it is a big ocean, there are not enough warships' to escort every tanker, and nobody wants to be "top cop"
 - B. it is not worth the trouble with oil prices in the range of \$50 a barrel
 - C. the U.S. is focusing on the new presidential election and Afghanistan and Iraq
 - D. the insurance companies simply refuse to pay the ransom

The number of tankers is too large to guard, and creates a "target rich environment"

6. So we had an election, the Conservatives won, there was a cabinet shuffle and some new "playas" in charge at the Dept. of Foreign Affairs (DFAIT). The new minister of Foreign Affairs is ____ and the new Minister of International Trade is ____
- A. Bev Oda, Peter Kent
 - B. Peter Kent, Stockwell Day
 - C. Lawrence Cannon, Stockwell Day

D. Lawrence Cannon, Peter Kent

E. all of the above

Oda is the old Minister of Int'l Co-operation (CIDA)

Kent is the Minister of State of Foreign Affairs (Americas)

A "Minister" outranks a "Minister of State", if someone has the word "Minister of State" in their title they are a junior Minister. This is a British and Canadian custom

See the new cabinet members at <http://pm.gc.ca/eng/media.asp?id=2290>

7. One of the reasons to read the newspaper regularly is to note changes to the political/regulatory environment that result in allowing companies to "do new stuff"; for example, the Toronto Star reported Nov 19th that the Competition Bureau will now allow Canadian banks

A. to sell property insurance and car insurance

B. offer more than one brand of credit card

C. merge so that RBC joins with BMO and TD Canada Trust joins with CIBC

D. lend more money than their current restrictions of 25% of assets

This was probably done in response to a desire to make the Canadian banks more competitive against their U.S. competition.

E. all of the above

Large font type in the Star Nov 19th read "Banks Free to Carry Rival Plastic" – means RBC customers can get not only a VISA card but also a Mastercard.

8. Foreign Direct investment in the auto industry. As a result of the economic environment and opportunities and challenges

A. Ford has sold off its stake in Japanese company Mazda

B. Ford has increased its FDI in Japanese company Mazda

C. G.M. has joined Ford in a J.V. to increase North American ownership of Mazda

D. Chrysler has joined Ford in a J.V. to increase North American ownership of Mazda

E. all of the above

Large font type in the Star Nov 19th read "Ford Sells off stake in Mazda"

9. During the 3rd week in November the top execs of the "big three" auto companies went Washington to plead for a bailout. Canadian government officials observed this, and the Canadian Big Three subsidiaries were keen to know how things went, and what it might mean for Canada. How did the CEOs get to Washington?

A. they took the train demonstrating their frugal approach to spending money and respect for mass transit

B. the CEO of GM drove a Hummer that was converted to run on grain alcohol

C. each took their own corporate jet

D. they "car pooled" and made it a PR photo op

E. all of the above

Every newspaper handled this story, the Toronto Star wrote "High flying CEOs ride luxury jets into a PR storm" in their paper Thursday Nov 20th. I really don't care if you knew how they got there – I just asked the question cause I wanted some indication of how closely you were following this story and if you followed anything – you probably heard about this really stupid use of corporate privilege. As one American politician put it – this is like a homeless person lining up for a soup kitchen wearing a tuxedo – kinda makes you wonder if he really needs help.

10. GM, Ford and Chrysler are all facing serious trouble in assembling cars at a low price, and making sales of the products they have already produced – how are the Japanese companies doing in North America? In a recent announcement Toyota said it would

A. slightly increase production in North America – to make up for lost sales by the Big Three

B. keep production level with 2007 figures

C. reduce production

D. closing most plants and moving to Mexico

E. all of the above

Toronto Star headline Nov 20th read "Toyota to cut production in Canada, U.S."

One example is that they will completely stop production at all plants for an extra 2 days at Christmas.

11. In the 2nd week of November the G20 met in Washington to discuss the economic crisis, in the 3rd week in November many of those same world leaders met in _____ to further discuss the economic crisis, within the context of _____

- A. New York, the United Nations
- B. Peru, APEC**
- C. Singapore, ASEAN
- D. London, the European Union
- E. all of the above

2 cm high bold face type in the Toronto Star on Saturday Nov 22nd reads "Leaders meet in Peru for crisis talks" – What is interesting about the Peru meeting is how China (PRC) is taking a position of leadership. APEC stands for Asia-Pacific Economic Co-operation and is composed of 21 nations bordering the Pacific Ocean. BTW – Canada has signed a Canada-Peru free-trade deal that will be operational in 2009.

12. In the "Technology Sector" it used to be Northern Telecom that was always used as an example of Canadian excellence, but in the Y2K years it is now RIM and its famous BlackBerry. RIM has been facing touch competition from Apple, and is nervous about the U.S. economy, sooo, when RIM launched the new BlackBerry Storm in the U.S. this week – it is a touch-screen phone; how did it do?

- A. it "sucked big time", sales were much lower than expected – BlackBerry's CEO was disappointed
- B. it did not bad, sales were on target
- C. it did well, Verizon reported many customers lined up at stores on the east coast**
- D. all of the above

A pic in the Saturday Star (last page of the business section) Nov 22nd showed U.S. customers lined up outside a Verizon Wireless store in New York waiting to buy a Storm. The title of the story read "US Shopper taken by Storm" – so you had a story title, and a pic as clues. I hope most students got this question right, it is nice to know RIM still doing OK.

13. FDI into our IT sector is an indication of foreign confidence in our economy and technological environment. "Whas up w the BCE LBO?"

- A. KPMG said it was unlikely to sign off on solvency tests that are part of the agreement between the phone giant and its buyers
- B. Some observers have expressed concern that the debt load would weigh down the performance of the phone company
- C. BCE noted that failure to receive a favourable opinion from KPMG means "the transaction is unlikely to proceed."
- D. all of the above**

BCE buy out in jeopardy" was the large font heading in Wednesday morning in The Star Nov 26th

14. "Quarterly Net Income" is just a fancy way of saying "profit", but banks don't like to use the "P"-word cause it sounds like they are too greedy making money when everyone else is screwed by the economy.

"Profit warning cast pall over banks" was the front page headline in the Toronto Star Tue Nov 25th RBC released information Tue about expectations on its quarterly profit, Bank of Montreal followed on Wednesday with its outlook – saying they are freezing dividends.

What is the real picture of the present health of Canada's big banks

- 1. quarterly profit ranges from \$500 million at BMO up to 1.1 billion at RBC**
- 2. all the big banks are expected to show losses this quarter
- 3. BMO, TD-Canada Trust, RBC, ScotiaBank and CIBC are all expected to barely break-even this quarter
- 4. huge losses (no profit at all) are expected by BMO, TD-Canada Trust, RBC, ScotiaBank and CIBC

Pall means something like a cloud of smoke, or something obscuring something – it is used in a negative connotation.

Very very few Canadian companies can say they have a quarterly profit of half a billion dollars !! – that is a very large amount of money to be making when many companies cannot make a profit at all.

15. As President-elect Obama picks his future cabinet, Canadians in int'l business watch to see what changes in policy will effect us. Obama has chosen the Governor of Arizona to be the head of "Homeland Security" and it is expected that one of the first things to effect Canadians will be

A. easing up of border rules

B. stiffening up of border rules

C. no change, border crossings will remain screwed up as usual

Toronto Star reported "New Security Chief for U.S. likely to ease border rules" on the front page of the World Section of the newspaper Tue Nov 25th

ANSWERS