

International Business -Vocabularies & Jargons

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1. **International Business:** Includes all commercial transactions (such as private and governmental, sales, investments, and transportation) that take place between two or more regions, countries, and nations beyond their political boundaries.

Examples: Apple, IBM, Coca-cola, google, etc.

2. **Balance of Trade:** The difference in value between a country's imports and exports

Example: The United States has had a **trade** deficit since 1976 because of its dependency on oil imports and consumer products. Conversely, China, a country that produces and exports many of the world's consumable goods, has recorded a **trade** surplus since 1995

3. **Balance of Payments:** The difference in total value between payments into and out of a country over a period

Example: When a country exports 20 shiny red convertibles to another country, a credit is made in the **balance of payments**.

4. **Global Dependency:** Mutual dependence between two countries at a global level, with one country depending on another country for trading of goods and services, and creating global interdependence

Example: If you walked down the streets of Taipei, Barcelona, Cairo, or Buenos Aires, you would likely see signs of home. You might see a Pizza Hut, an advertisement for a Will Smith movie, or a copy of USA Today newspaper. You'd see people wearing clothes with familiar logos. In a parking lot, you'd see familiar vehicles.

5. **Competitive Advantage:** A condition or circumstance that puts a company in a favorable or superior business position

Examples: Access to natural resources that are restricted to **competitors** Or access to new or proprietary technology

6. **Absolute Advantage:** The ability of an individual or group to carry out a particular economic activity more efficiently than another individual or group

Example: The Canadian economy, which is rich in low cost land, has an **absolute advantage** in agricultural production relative to some other countries.

8. **Import:** An import is a good or service bought in one country that was produced in another.

Example: Shop owner bringing artwork back from Indonesia to sell at their San Francisco shop.

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9. **Secondary Industry:** Industry that converts the raw materials provided by primary industry into commodities and products for the consumer, manufacturing industry

Examples: Heavy **manufacturing**, light **manufacturing**, **food processing**, oil refining and energy production.

9. **International Marketing Mix:** **International marketing mix** involves use of different **marketing** instruments to achieve positive financial results by company operating on **international** or **global** markets. These instruments include: **product**, price, distribution and promotion

Example: McDonalds is a global player anyways, their burgers are accustomed to local needs. In India, where a cow is worshipped and is believed to be a sacred animal, their burgers include chicken or fish but not beef. In Mexico, McDonalds burgers is served with chili sauce. In some parts of the world, Coca-Cola tastes sweeter than in other places.

10. **Globalization:** Globalization or globalisation is the process of interaction and integration among people, companies, and governments worldwide

Example: Nutela, which gets its ingredients from several different countries, combined into one delicious products.

11. **Recession:** A period of temporary economic decline during which trade and industrial activity are reduced

Example: The global **recession** in the wake of the 2008 financial crisis and the Great Depression of the 1930s.

12. **Inflation:** **Inflation** is an economic term that refers to an environment of generally rising prices of goods and services within a particular economy

Example: Prices for many consumer goods are double that of 20 years ago.

13. **Franchise:** An authorization granted by a government or company to an individual or group enabling them to carry out specified commercial activities (such as providing a broadcasting service or acting as an agent for a company's products)

Example: McDonalds, Burger King, and Pizza Hut.

14. **Exchange Rate:** The value of one currency for the purpose of conversion to another

Example: The dollar's **exchange rate** tells you how much a dollar is worth in a foreign **currency**. For **example**, if you traveled to the United Kingdom on January 29, 2019, you would only receive 0.77 pounds for your one U.S. dollar.

15. **World Trade Organization:** A global international organization dealing with the rules of trade between nations

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Example: The WTO has lowered trade barriers and increased *trade* among member countries. On the other hand, it has also maintained trade barriers when it makes sense to do so in the global context. Therefore, the WTO attempts to provide negotiation mediation that benefits the global economy.

16. **International Monetary Fund:** The International Monetary Fund, or IMF, promotes international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty. The IMF is governed by and accountable to its 189 member countries.

Example: The United States' approximately \$83 billion contribution is the most of any IMF member, accounting for approximately 17 percent of total quotas. Accordingly, the United States receives about 17 percent of the total votes on both the board of governors and the executive board.

17. **Trade Surplus:** The amount by which the value of a country's exports exceeds the cost of its imports

Example: China is exporting more goods than China imports from other countries.

18. **Comparative Advantage:** The ability of an individual or group to carry out a particular economic activity (such as making a specific product) more efficiently than another activity

Example: Oil producing nations have a comparative advantage in chemicals.

19. **Economy:** The wealth and resources of a country or region, especially in terms of the production and consumption of goods and services

Example: An example of economics is the study of the stock market.

20. **Entrepreneurship:** The process of developing a business plan, acquiring required resources, and starting a business, company, or other organization

21. **Letter of credit:** A letter issued by a bank to another bank to serve as a guarantee for payments made to a specified person under specified conditions.

Example: If the advertising bank financed the transaction for the beneficiary until payment was received.

22. **Gross Domestic Product:** The total value of goods produced and services provided in a country during one year

Example: In the United States, the government releases an annualised GDP estimate for each quarter and also for an entire year.

24. **Bill of Lading:** A bill of lading is a document that details a shipment of goods, which is picked up by a carrier from a shipper.

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Example: An **example** of a **bill of lading** is the form that is provided by a moving company to a third-party carrier, which will be delivering store fixtures for them to a retail location. The third-party then checks the **bill of lading** to ensure that it has everything it is supposed to be delivering.

25. **Tariff:** A tax or duty to be paid on a particular class of imports and exports

Example: An **example** is a 20 percent **tariff** on imported automobiles.

25. **NAFTA:** North American Free Trade Agreement, an agreement signed by Canada, Mexico, and the United States to create a trilateral rules-based trading bloc in North America

Example: The United States' top trading partners, as of 2019, included China, Canada, Mexico, Japan, and Germany. Two of these countries were involved in the North American Free Trade Agreement (NAFTA) that was implemented in 1994 and, at the time, created one of the largest free-trade zones in the world. With very few exceptions, this allowed the free movement of goods and materials between the United States, Canada, and Mexico.

26. **Exports:** Send goods or services to another country for sale; a commodity or service sold abroad

Example: An example of export is rice being shipped from China to be sold in many countries.

27. **Trade Deficit:** The amount by which the cost of a country's imports exceeds the value of its exports

Example: The United States has experienced a trade deficit since 1975. It stood at \$55.2 billion in 2019, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

29. **HS Code:** The HS code, in its official term, is the Harmonized Commodity Description and Coding System, otherwise and more popularly known as the Harmonized System (HS).

Example: An example of HS code 660390 for umbrellas, which fall under footwear/headgear.

The first two digits, 66, identify the chapter classified as: Umbrellas, sun umbrellas, walking-sticks, seat sticks, whips, riding crops; and parts thereof.

The next two digits, 03, identify the heading: Trimmings, parts and accessories of articles of heading no. 6601 or 6602.

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And the final two digits, 90, further break it down into its subheading: Umbrellas and sun umbrellas; garden or similar umbrellas.

30. **Quota:** A limited quantity or a fixed share of a particular product that under official controls can be produced, exported, or imported

Example: The Organization of Petroleum Exporting Countries sets a production **quota** for crude oil in order to "maintain" the price of crude oil in world markets.

30. **Opportunity Cost:** The loss of potential gain from other alternatives when one alternative is chosen

Example: You spend time and money going to a movie, you cannot spend that time at home reading a book, and you can't spend the money on something else.

31. **Anti Dumping Duty:** An **anti-dumping** duty is a higher tax levied on certain products that allows the government to control and monitor the introduction of them into the market.

Example: For **example**, a normal duty rating may be 3% – but an **anti-dumping** duty may be 37%.

32. **Foreign Direct Investment:** A **foreign direct investment (FDI)** is an **investment** in the form of a controlling ownership in a business in one country by an entity based in another country.

Example: Mergers, acquisitions, retail, services, logistics, and manufacturing, among others

33. **Free Trade Zone:** A free-trade zone is a class of special economic zone. It is a geographic area where goods may be landed, stored, handled, manufactured, or reconfigured and re-exported under specific customs regulation and generally not subject to customs duty.

Example: Hong Kong, Singapore, Colón (Panama), Copenhagen, Stockholm, Gdańsk (Poland), Los Angeles, and New York City.

35. **Intensive Distribution:** A marketing strategy under which a company sells through as many outlets as possible, so that the consumers encounter the product virtually everywhere they go: supermarkets, drug stores, gas stations, and the like. Soft drinks are generally made available through intensive distribution.

Example: Pepsi cans, Newspapers, Toothpaste, Herhsey chocolate bars, Soaps.

36. **Import License:** An import license is a document issued by a national government authorizing the importation of certain goods into its territory.

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Example: If a business wishes to import agricultural products such as vegetables, then the government may be concerned about the impact of such importations of the local market and thus impose a restriction.

37. **Joint Venture:** A commercial enterprise undertaken jointly by two or more parties that otherwise retain their distinct identities

Example: Google and NASA developing Google Earth.

38. **Trade Sanction:** A trade penalty imposed by one nation onto one or more other nations

Examples: The United States has imposed **trade sanctions** on nations that, for **example**, close their markets to its goods (China), sell arms to hostile regimes (Pakistan), and violate human rights (Myanmar).

39. **Purchasing Power Parity:** A theory suggesting that exchange rate between currencies is in equilibrium when they purchase the same amount of goods and services.

Example: China produced 94.8 trillion yuan's worth of goods and services in 2018. Using an exchange rate of 6.97 yuan per dollar, that's \$13.61 trillion U.S. dollars. The United States produced \$20.54 trillion. However, most of the difference between the two is because the cost of living in China is much lower than it is in the United States. Since this method depends on exchange rates, China's GDP will change when its exchange rate changes.

40. **International Strategic Alliances:** **International strategic** alliance is typically defined as a collaborative arrangement between firms headquartered in different countries. Partnering firms remain legally independent after the formation of alliance and the alliance relationship is relatively enduring.

Example: Starbucks and Barnes & Noble, Hewlett-Packard and Disney.