**Global Business Plan Project**

**3. Accessing the Economic-Geographic Environment**

**Learning Goals**

1. To identify economic and geographic factors on international business activities
2. To assess economic and geographic influences on proposed global business operations

**Purpose**

The natural infrastructure (such as rivers and seaports) and physical infrastructure (transportation and communication systems) of a nation provide the foundation for economic development. In this module, your goal is to gather information on various geographic and economic factors that include business opportunities in other countries.

**Resources**

Web links:

* Global Edge CyberSite: <http://globaledge.msu.edu/>
* Business Around the World Atlas: <https://highered.mcgraw-hill.com/sites/0078137217/student_view0/business_around_the_world.html>

**Conduct Research**

Based on the country (or countries) you are analyzing for your global business enterprise, research information related to the following areas:

1. GEOGRAPHIC INFLUENCES

Identify geographic factors (climate, terrain, waterways) that influence business activities in the country. (In some countries, mountains make movement of raw materials and production supplies difficult and expensive.)

1. MAJOR PRODUCTS AND INDUSTRIES

Describe the country’s :

1. main natural resources and agricultural products,
2. major industries,
3. major imports, and
4. major exports.

(A country’s natural resources and agricultural products are the basis for foreign investment and exporting activities.)

1. CURRENT ECONOMIC CONDITIONS

Assess the country’s recent economic conditions related to GDP, inflation, interest rates, currency value, personal income, and employment. Suggest how these economic factors may attract or deter foreign investment.

1. INFRASTRCTURE

Analyze the infrastructure of the country with regard to availability of transportation, communication, and utilities.

**Supplementary Activity**

For the country (or countries) you are researching, monitor recent trends of the value of its currency on world markets. Discuss factors that have influenced the exchange rates.

**E-Commerce Application**

Research Internet access in other countries in an attempt to determine potential e-commerce activities in those foreign markets.

**Prepare Summary**

In a separate Word document, prepare a summary report consisting of the following components:

1. A synopsis of geographic factors, natural resources, major industries, imports, and exports for the country (or countries) being considered for the proposed global business enterprise.
2. An overview of the economic environment and infrastructure.
3. Recommend actions that might be taken for existing or proposed businesses related to geographic and economic influences in this foreign market environment. Provide evidence to support your proposal.

**View Sample Report**

The following project segments are EXAMPLES and SAMPLE MATERIALS. Please note:

1. These samples were selected from several student team projects at one school and are not intended to represent a particular level of quality, and DO NOT represent a complete project.
2. The accuracy of content, data, and clarity of writing are NOT guaranteed; and
3. These samples may NOT BE DUPLICATED.

Geographically speaking, Latin America is as diverse a terrain as one would hope to find. There are mountains, most notably the Andes, two oceans, numerous major rivers, rainforests, deserts, and even some Antarctic territories. “Nature has presented the inhabitants of South America with an unrelenting challenge. On the west coast, most of the major cities are located in geologically active zones. All too frequently, earthquakes, tidal waves, volcanic activity and mudslides have taken a staggering toll of human life.”

Linked to this difficult terrain is that, in many of the region’s poorer countries, the physical infrastructure is less than desirable. Often, there is only one two-lane road to reach destinations and, as we have seen in the video of the Amazon, sometimes there are no roads at all. The absence of viable roads, as well as the lack of sufficient transportation, makes it difficult for residents of rural areas to receive medical care. In some countries, like Brazil, for instance, there is only one doctor for every 681 people, partially due to the aforementioned lack of infrastructure. In comparison, Argentina (one of the region’s most rich and resourceful countries) has one doctor for every 376 people, which is still a low ratio by U.S. standards. The people of Latin America, then, often incur difficulties reaching one of their few available doctors. A multi-vitamin like our product would provide them with pro-active and preventative medical treatment so that they would be better protected against the sickness and infection that requires medical care.

The geographic factors of Brazil have enticed our team to bring a SUBWAY franchise to this country. We believe that the mostly tropical climate in Brazil is ideal for our product. The terrain, which is somewhat treacherous, should not be a problem for distribution due to the fact that corporate SUBWAY will handle the delivery of our supplies. The franchises that we plan to open will be located in urban areas where the infrastructure is more stable; this will ensure safer arrival of our supplies and our customers.

Geographically, Bolivia is the only country in Latin America that is landlocked. The country is bounded by Brazil to the north and east, Paraguay to the southeast, Chile to the southwest, and Peru to the northwest. The Andes mountain range runs through the country, dividing it into three geographical zones: the mountain ranges to the West, the semitropical Yungas and temperate valleys of the eastern mountain slopes, and the tropical lowlands or plains of the eastern lowlands. Although Bolivia is within tropical latitudes, climatic conditions go from tropical conditions in the lowlands to cold polar conditions in the highest parts of the Andes. Temperatures differ due to elevation and there is little seasonal variation.

Many geographical factors will influence the market potential for our product. The main aspect includes Peru’s coastline; with the 2,414 kilometers of coastline, it makes it very accessible to ships to come in and out of our port. An unfortunate consequence that our company will have to deal with is the possibility of natural hazards. Within Peru, earthquakes, flooding, and landslides are all within the realm of occurring. In addition to this, mining wastes have increasingly been polluting the coastal waters of Peru. However, we believe that our harbor will help eliminate this due to the sponsorship that we plan on providing. We will have the financial means to help clean up both the rivers and coastal waters of Peru. Helping the country in hazard relief is just one way our company is planning to give back to the country in which we operate.

Shipping products from our harbor to companies within Peru can be seen as a slight problem mainly because there are 64,793 kilometers of unpaved highways. However, the Amazon system more than makes up for this problem with the 8,600 kilometers of navigable tributaries that it provides.

The town of Chiclayo has been chosen as the target city for a possible business venture due to its great geographical location. Chiclayo is located on the upper coast of Peru and has possible roadways to the Amazon which offers a tremendous amount of trade with countries such as Brazil and other countries on the eastern side of South America.

Bolivia has sufficient roadways within its rugged terrain. Although not all of the roads are paved as ideally as in the United States, our trucks are Ford tough backed with four wheel drive and also come equipped with the off-road package for the less developed areas. The climate is ideal for our service. We do not have to deal with snow, but we may need to deal with spells of heavy rain. (However, by going on-line to our company site, one can reserve books and we can drop the books off at their desired location.) One hindrance will be due to the high elevation of some of the plateaus, which will lead to the combustion of the gasoline and will cause inefficiency ([www.odci.gov](http://www.odci.gov)).

The infrastructure in Brazil is more adequate for our franchise. Brazil has over 30, 133 km of railroads, 1,670,148 km of highways and 50,000 km of inland waterways. This is more than enough infrastructure to successfully cater to our business.

Telecommunications in Brazil are very good. Brazil has extensive microwave radio facilities, 9.86 million telephones, TV and AM/FM radio, short-wave, 3 coaxial submarine cables, and 3 Atlantic Ocean INTELSAT earth stations and domestic satellite earth stations. There is enough communication power here for NASA let alone a sandwich shop.

In 1997, Peru had economic growth of 7.3%, with inflation at an all time low of only 6.7%, which is a great rate when compared to other Latin American countries. The economy grew vigorously in past years, with tourism and telecommunications leading the advance. This is good for global business, as the economic stability will lead to increased profits for our company. The Peruvian economy has become increasingly market-oriented, with major privatizations completed since 1990 in the mining, electricity, and telecommunications industries. Foreign investments have helped push GDP growth to 7.3% in 1997 with inflation at its lowest levels in 23 years.

Because Bolivia is one of the poorest and least developed countries in Latin America (literacy rate- 83%) infrastructure may be an issue. Not everyone will have a computer, so many will not be able to access our on-line services. And, many may not make it to sporting events, so some may not know about El Coche Libro during its introductory stages. Our aim is to have enough trucks around that our service will be spread through word of mouth and we will gain brand recognition ([www.odci.gov](http://www.odci.gov)).

Upon the arrival of the 1990s, the Brazilian economy was declining in growth and was experiencing serious inflation. This led the Brazilian government to keep the economy highly regulated. The government utilized trade barriers and investment barriers to protect the unstable economy. This could be a bit of a problem for our plan, but in recent years the government has been moving to a free trade, unregulated economy. The Real Plan resulted in a significant increase in the real income of poorer Brazilians as they were no longer forced to bear the inflationary burden. The Real Plan has effectively lowered the annual rate of inflation, reformed social security, taxation, and public administration. Therefore, the demand for consumer goods and services has exploded in Brazil.