ASSIGNMENT

Course Code	**:**	**MMPM-004**
Course Title	**:**	**International Marketing**
Assignment Code	**:**	**MMPM-004/TMA/JAN/2026**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the coordinator of your study centre. Last date of submission for January 2026 session is 30th April, 2026 and for July 2026 session is 31st October, 2026.

1. Define international trade. Explain the theories of absolute and relative advantage.

2. Discuss the main objectives of the UNCTAD and its role in promoting international economic co-operation.

3. What effects do social and cultural factors have on negotiations in international business? Give suggestions to a business getting ready for cross-cultural negotiations using examples.

4. What are the relative advantages of standardization or adaptation of an international advertising programme?

5. What factors make controlling international operations more complex than controlling domestic marketing activities? Explain with the help of a specific example.

1. Define international trade. Explain the theories of absolute and relative advantage.

Answer

International trade means the exchange of goods and services across national boundaries. It includes exports, when a country sells goods or services to another country, and imports, when it buys them from abroad. International trade arises because countries differ in natural resources, technology, labour skills, capital, climate, scale of production and consumer demand. By trading, countries can specialize in activities in which they are relatively efficient and obtain other products from countries that can supply them at a lower sacrifice of resources.

Theory of absolute advantage

The theory of absolute advantage is associated with Adam Smith. Smith argued that international trade should not be viewed as a contest in which one country can gain only when another loses. If countries specialize according to their productive strengths and exchange the resulting output, both sides can obtain more goods than they could produce by trying to be self-sufficient.

A country has an absolute advantage in a product when it can produce that product with fewer resources, lower labour input or lower real cost than another country. Suppose Country A can produce one tonne of wheat with 10 labour days while Country B needs 20 labour days. Country A has an absolute advantage in wheat. If Country B can produce one unit of machinery with 15 labour days while Country A needs 30, Country B has an absolute advantage in machinery. A can specialize more in wheat, B can specialize more in machinery, and the two can trade. Total output rises because resources are moved toward the uses in which each country is more efficient.

The theory rests on a simple idea: specialization increases the productivity of available resources. It also supports a more open trading system because import restrictions can prevent countries from obtaining the benefits of specialization. The theory was an important criticism of mercantilist thinking, which treated exports as desirable and imports as a loss. Smith showed that imports can also raise welfare when they allow a country to obtain products at a lower resource cost.

Absolute advantage, however, does not fully explain all trade. A country may be more efficient than another country in producing every product, while the less efficient country may still have something useful to export. The theory of relative or comparative advantage answers this problem.