

International Monetary Fund (IMF)

International institution set up to maintain order in the international monetary system.

International Strategy

Trying to create value by transferring core competencies to foreign markets where indigenous competitors lack those competencies.

Law of One Price

In competitive markets free of transportation cost and barriers to trade, identical products sold in different countries must sell for the same price when their price is expressed in terms of the same currency.

Lead Strategy

Collecting foreign currency receivables early when a foreign currency is expected to depreciate, and paying foreign currency payables before they are due when a currency is expected to appreciate.

Local Content Requirement

A requirement that some specific fraction of a good be produced domestically.

Mercantilism

An economic philosophy advocating that countries should simultaneously encourage exports and discourage imports.

Minimum Efficient Scale

The level of output at which most plant-level scale economies are exhausted.

Mixed Economy

Certain sectors of the economy are left to private ownership and free market mechanisms, while other sectors have significant government ownership and government planning.

Multinational Enterprise (MNE)

A firm that owns business operations in more than one country.

Multi-domestic Strategy

Emphasizing the need to be responsive to the unique conditions prevailing in different national markets.

Nonconvertible Currency

A currency is not convertible when both residents and nonresidents are prohibited from converting their holdings of that currency into another currency.

North American Free Trade Agreement (NAFTA)

Free trade area between Canada, Mexico, and the United States.

Political Risk

The likelihood that political forces will cause drastic changes in a country's business environment that adversely affects the profit and other goals of a particular business enterprise.

