

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SECOND SEMESTER MAIN EXAMINATION 2019
FULLTIME AND I.D.E.

TITLE OF PAPER : GLOBAL MARKETING MANAGEMENT
COURSE : BUS324/BA 323
DEGREE AND YEAR : BCOM 3 & IDE BCOM 5
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION
IN ENGLISH AND FOR ORDERLY PRESENTATION

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS
GRANTED PERMISSION**

SECTION A (COMPULSORY)**READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW****SA GRANTED US TARIFF EXEMPTIONS ON SOME STEEL AND ALUMINIUM PRODUCTS**

Last year government intervened on a decision by the US to impose a 10% ad valorem tariff on imports of aluminium products, and 25% ad valorem tariff on steel products, for national security purposes. Through engagement, the US granted SA tariff exemptions on 161 aluminium and 36 steel products. SA's aluminium exports to the US account for 1.6% of total aluminium imports by the US. SA's steel exports in 2017 only accounted for 0.98% of total US steel imports

At a briefing in March, Trade and Industry Minister Rob Davies had stressed that the tariffs would pose a risk to jobs in the local aluminium industry. Davies welcomed the product exemptions, saying it was a step towards "normalising" trade relations between South Africa and the US. The department said the exemptions would also help ensure that jobs will be retained.

"The exemption of some of the aluminium and steel lines confirms that South Africa remains a source of strategic primary and secondary products used in further value-added manufacturing in the US, does not threaten US national security and contributes to jobs in both countries," the department of trade and industry (dti) said.

The exempted products

The newly-exempted products include aluminium foil and plates, hot rolled bars of steel and hot rolled sheets of steel, among others. The dti called for domestic exporters to engage with US buyers to request exemptions on all imports.

Industry body the Steel and Engineering Industries Federation of Southern Africa (Seifsa) has welcomed the exemptions. "This is really good news for South African companies which export to the US market. Hitherto, local companies had increasingly grown worried about the possibility of losing US market share and also not having existing contracts renewed upon expiration," Seifsa chief economist Dr Michael Ade said.

Some US senators, including Chris Coons, Johnny Isakson and Roger Wicker, had been pushing for the US to exempt SA steel and aluminium products from the tariffs, arguing that SA would place reciprocal tariffs on US chicken imports.

"We urge you to continue advancing our trade relationships on the continent by exempting South Africa from the Section 232 tariffs, which will in turn preserve our AGOA agreement with South Africa and support the US poultry industry," the three

senators wrote on a joint letter to US Secretary of Commerce Wilbur Ross in late September.

Adapted from: <https://www.fin24.com/Companies/Industrial/sa-granted-us-tariff-exemptions-on-some-steel-and-aluminium-products-20181025>

QUESTION 1

- a) Explain what an ad valorem tariff is and then discuss how such a tariff would impact on the price of steel and aluminium exported from South Africa to the United States of America. **(20 MARKS)**

- b) In your opinion, what would be the best entry mode to the United States for South African steel and aluminium in an effort to mitigate barriers to entry? Support your answer giving both advantages and disadvantages. **(20 MARKS)**

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

Governments and international / global companies often engage in countertrade for a variety of reasons. Explain what countertrade is and then discuss the most common benefits of countertrade. **(20 MARKS)**

QUESTION 3

Discuss the factors that global marketers should consider when making product design decisions? **(20 MARKS)**

QUESTION 4

Discuss the potential environmental challenges that must be taken into account by a company that uses personal selling as a promotional tool outside the home country? **(20 MARKS)**

QUESTIONS 5

- a) Explain the possible reasons for international marketing communication failure giving examples. **(10 MARKS)**
- b) Explain what global consumer culture positioning (GCCP) is and then discuss other positioning strategies global marketers can use. **(10 MARKS)**