I have neither given nor received unauthorized aid on this examination, nor have I concealed any similar misconduct by others.

Signature

Part 1 (2 points each – circle any that apply)

1. How did Walmart enter the market in Mexico?
   a. Merger
   b. New investment
   c. Licensing
   d. Joint Venture

2. After an initial review of bribery allegations, Walmart gave jurisdiction of the investigation to
   a. The new Walmart CEO
   b. The Department of Justice
   c. Walmart of Mexico
   d. Nobody

3. In what other markets has Walmart been implicated for bribery and corruption?
   a. Brazil
   b. Canada
   c. China
   d. India

4. After NAFTA, the Detroit Three automakers offshored which types of truck to Mexico?
   a. High value
   b. Less-complex
   c. More capital intensive
   d. Older vintage

5. Where did the Detroit Three automakers expand capacity immediately following NAFTA?
   a. Canada
   b. Mexico
   c. Mexico and the US
   d. Canada and Mexico
   e. Canada, Mexico, and the US
6. Transfer pricing is important in which industries?
   a. Pharmaceuticals
   b. Biotechnology
   c. Telecommunications
   d. Industries with lots of outsourcing rather than integration.

7. Which of the following are associated with superior management practices?
   a. Primogeniture
   b. Competition
   c. Concentrated Ownership
   d. Being a multinational

8. The management advantage of multinationals is ________
   a. Diminished in markets other than their home market
   b. Amplified in markets other than their home market
   c. Similar across all markets
   d. Inconclusive

9. Prior to the management intervention in India, approximately what percentage of the workforce costs were spent on repairs of poorly constructed textiles?
   a. 1%
   b. 5%
   c. 10%
   d. 20%

10. When quotas under the MFA were removed in China, state-owned firms
    a. were better off
    b. were worse off
    c. were indifferent to the removal of quotas
 Part 2 Transfer Pricing (10 points each)

1. Please discuss how the outsourcing decision is crucial for the applicability of transfer pricing. (10 points)

2. Please discuss how the documentation standards for transfer pricing have changed over the last two decades. In what way are these changes good for the firm? In what way are they bad? (10 points)
3. Please discuss the differences between the Comparable Uncontrolled Price and Comparable Profits Methods? What is wrong with these rules? (10 points)
Part 3 Investment, Management, and Policy (10 points each)

1. Subject to the voluntary export restraint, please list the four ways firms in Hong Kong responded (10 points)

2. What are four reasons that the principle of non-discrimination is economically and practically efficient? Please give one reason why the principle of non-discrimination may naturally discriminate. (10 points)
3. Please describe the alleged process by which Walmart increased growth by using bribes? How did the alleged scheme unravel? (10 points)