

Introduction that
enhance the growth
and development



Introduction

Business is a very critical venture that should be carried out carefully with many considerations being put into place. It however becomes a challenge when the business has to be conducted internationally as opposed to within the nation. This is because there exist added responsibilities in managing the trade or business ventures in foreign countries although it is also advantageous as it expands the particular business's opportunities, for instance, in terms of the market share.

The engagement in international business requires some strategies that enhances success one of it being in some form of unions or trade blocs. This paper discusses Venezuela and its membership in MERCOSUR with much emphasis being given to the benefits and drawbacks that could be drawn from the membership by a particular business (Movie production business which is the business of choice) and the country as a whole.

A Plan for the Business, To Be Implemented As Venezuela Becomes Part of MERCOSUR

Mercosur is the leading trading bloc in the entire South America.

It is a body that aims at making trade easy and affordable through the reduction of obstacles that may hinder the smooth running of the business activities within nations and most importantly across the borders. The obstacles could take various forms for instance high rates of tariffs, inequalities in terms of income distribution within a nation and also among the nations indulging in the business ventures and technological inadequacies that limit ease of movement of products and services from one

place to the other among others. Mercosur is a trade bloc whose main purpose is to promote free trade among the member states and enhancing economic integration in the entire South American region. The member states include Brazil, Paraguay, Uruguay, Argentina and Venezuela. The associate states on the other hand include Peru, Chile, Colombia, Ecuador and Bolivia (Klonsky and Hanson, 2009). Having a business in the entertainment industry in Venezuela, the movie production business, I am pleased by the fact that my country is a member associate of Mercosur as this increases the opportunities that enhance the growth and development of my business.

This is because it will now be possible to get a large market of the produced movies in various countries especially the member countries with few or no restrictions. The aspect of Venezuela being a member of Mercosur means that the business will be able to engage in regional and international business ventures and although this is an advantage there are some considerations that need to be reflected on. They include identification of the economic, cultural, and political backgrounds of the nations with whom to partner with. The use of language is for example very important as apart from easing communication, it will affect the products produced like in my movie production business. It will for example necessitate some translations where the target market is not well versed with the original language. Establishment of trust with the other nations is also essential through provision of quality products in a convenient and timely manner.

The different cultural aspects in the different countries involved are also an issue of concern as it helps in dealing with the people. It will also help to

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tailor the movies in a manner that will not offend the people in any way so as to not only establish a market but also to retain it. Other consideration in regard to regional and international business that will arise as a result of Mercosur membership include, market and opportunities identification, methods of entry, distribution channels to be adopted, competition and competitive advantage, standardization and adaptation among others (Rose, 2009).

Benefits and Drawbacks for the Country of Venezuela As A Result Of Their Membership in MERCOSUR

Every aspect is usually linked with some benefits and drawbacks and the Venezuela's membership in Mercosur is not an exception.

The country will enjoy some benefits and at the same time suffer some drawbacks as a result of this development. Some of the benefits include; the bringing forward of total liberalization for a majority of its products in the trading process with other members of the Mercosur, for instance, Argentina. There has also been increased trade for instance through exports and imports and increase in the market opportunities. Mercosur also fosters cooperation among its members, which is a way that ensures that the strengths of a country is reinforced while the limitations are dealt with in a positive manner and hence improving its economic status greatly. The cooperation allows for signing of agreements concerning various sectors of the economy which enhances the chances of survival of the nations as opposed to when a nation would stand alone. There is an increase in foreign direct investment which boosts the economy of the nations involved due to expansion of markets which in return reduces the cost of local products

(Anonymous, 1999). Some of the drawbacks that Venezuela is likely to face as a result of being a member of the Mercosur include stiff and unfair competition that exist among the member countries as each strives to be better than the other irrespective of the consequences.

Unfair competition is linked with aspects like failure of industries, unemployment, and disappointment among the citizens among other negative aspects. Although Mercosur offers cooperation advantage, it tends to exacerbate the regional differences rather than solve it and this becomes more severe where smaller countries are involved hence Venezuela may suffer from this especially as it tries to establish the market. Trade blocs are also known to be major distraction of a county's economic welfare, for example, by eliminating other nations that are not involved in the trade blocks which could have boosted the trade (Bassi, 2006).

Benefits and Drawbacks for the Movie Production Business As A Result Of Their Membership in MERCOSUR

The benefits and drawbacks of this particular business in Venezuela will be closely linked with and drawn from the benefits and drawbacks that are faced by the country as a whole. Some of the specific benefits include elimination in transaction cost hence increasing the profit margin, maximum market opportunities hence enhancing growth, development and productivity as opposed to when the market would be concentrated only within the nation among others. The cost of producing the movies is also reduced as the economies of scale allows for bulk production. The business is also deemed to enhance its efficiency due to the competition presented by the fact that producers in various countries are close together.

Some of the drawbacks will therefore be those related to unfair competition and specialization as explained earlier (Coord et al., 2007).

Conclusion

Various trade blocs have been formed among countries in an effort to enhance trade among the countries hence increase profitability. It is however an aspect that is controversial as many countries just expect positive impacts but end up facing a lot of challenges since the trade blocs are usually presented to be very significant on the face not explicitly showing the drawbacks. This leads to negative impression.

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