International financial markets

Finance

International Financial Markets The many strengths provided by being part of the European Union, those related to finance, infrastructure for distribution of product, and the current currency value compared to the rest of the globe, makes JEL Industries the best option. Developing countries within the European Union, such as the Czech Republic, currently provides considerable incentives for companies that wish to offer foreign direct investment or simply establish a new base of operations and production. As one example, Hyundai Auto was given incentives that equaled 18 percent of its total investment plus an additional $8, 000 each and every time a new job was created in the country by foreign business leaders (Weidenbaum, 2006). These incentives provide new revenue opportunities for Acme in the United States.

Countries in the EU that can provide these incentives are backed by the strong power of the euro currency and it also creates a linkage between other European countries that are already developed with a quality infrastructure for manufacturing and distribution. Being able to rely on these networks and existing business expertise makes JEL Industries a much better option than trying to work from the ground-up at DBC Industries outside of the EU. The strong euro has also provided developing countries in the European Union with knowledge of metallurgy, motor vehicles, glass production and heavy machinery production (Weidenbaum). Therefore, if Acme desires ample raw materials or the ability to select from a skilled labor pool of talented individuals, the EU is the most vital option for long-term growth and security for the business.

Further, the value of the U. S. dollar is currently falling compared to the euro, therefore there are some cost advantages to selecting JEL Industries over

DBC Industries. When consumers or industrial buyers make purchases of Acme products, they are using currency that will provide a higher profit. Why is this? The business can establish a higher pricing policy on its products to offset the costs of operations and/or distribution, and when the exchange between the EU and the U. S. dollar occurs, there will be more profit than if the products were sold domestically. Because the EU value is relatively stable, there is not the concern of sudden economic collapse that might occur with a more self-contained currency outside of the European Union. Thus, for profit purposes, JEL Industries is the recommended choice.

Because more communications occur between EU partners, there will be less long-term costs associated with training and development by choosing JEL Industries. Shared expertise that occurs in multiple industries between EU members gives the U. S. Acme company the ability to select talented individuals from the local labor market and avoid the expatriate costs of sending American workers or having to put non-EU workers through extensive training in leadership, operations, or even human resources. This is especially true since there is a high level of state-owned companies in the EU that will provide more support over the short- and long-term than in non-EU nations. Clearly, JEL Industries is the most advantageous opportunity and is recommended over DBC Industries.

References:

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