

Dixon case study essay



**ASSIGN
BUSTER**

Dixon Ticonderoga 1. Why do you think that the Chinese apparently have a cost advantage in the production of pencils? a. Chinese apparently have a cost advantage due to the amount that they can sell pencils at. It may be due to the domestic competition, a rebate the Chinese offers for exports of pencils, and the lowering of duties that were imposed by the U. S. Department of Commerce.

Also, the Chinese continued to find ways of lowering cost, increasing technology, and their know-how in making pencils. 2. Do you think that lobbying the U. S.

Government to impose antidumping duties on imports of pencils from China is a good way to protect American jobs? a. Yes and No, U. S. Jobs would be protected in the short run. With the fact that duties were imposed, The Chinese market share continued to grow after the small hiccup.

The Chinese continued to streamline their process and became better at making inexpensive pencils. b. The duties benefit both the U. S. company and the Chinese company. It benefits the U.

S. company by making their products more price competitive with the imports and allows them to continue to sell their products. However, the Chinese company benefited by having to overcome this hurdle. It forced the Chinese company to be ingenious. Which help them lower cost, and become better at making pencils.

c. An alternative policy would be establishing a means to promote innovation domestically. Or require that pencils need to have certain percentage made

domestically 3. By establishing facilities in Mexico, Dixon became a Multinational company a. Dixon became multinational to compete.

It realized or came to grips that it could not make pencils cheaper than China domestically. So they experimented and looked for ways to lower cost.

California cedar was just too expensive to make low cost pencils. Indonesia came to the rescue with its low cost wood. Korea came to the rescue with lower cost erasers.

Mexico came to the rescue with low labor cost and the means of centralizing certain manufacturing operations. Keeping its headquarters in the U. S. making it a multiple nation operation in essence a Multinational company. b. The economic benefits of becoming an international company are the low cost.

It does not have to worry about Duties, tariffs etc... It can tap into the same resources that its competitors have. 4. Now that Dixon has a production operation in China, Why does it not simply import finished products from China to the United States? a. It doesn't because it would be doing the same thing that caused them to become a multinational company in the first place. It is still a company started in the U.

S. Plus, it is an wholly own subsidiary that is responsible for distribution of other products internationally.