

Foreign direct investment in australia

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Increasing overseas arrivals as threats result to struggling of negligible number of customers worldwide, a factor that leads to reduction of market share. Overseas countries offer cheap and incredible hotel services with the intention of scrambling for customers globally; hence, increasing competition. (Todd & Organization for Economic Co-operation and Development, 2008).

Solution

The international organization in charge of hotels should endorse fair competition by setting a standard price for services offered in hotels globally. The policy will limit the chances of hotels offering extremely lower prices, which spoils business for other hotels globally, especially Australia.

Increasing GDP

High GDP in Australia affects the hotel industry negatively since the hotels have to pay additional taxes to the government to raise the capital to pay the debts (Faeth, 2010). Consequently, the annual income for the hotels is reduced by a big percentage exceptionally.

Solution

Australia government should maintain high economic levels and avoid having debts that by ensuring that pay according to the initial agreement. This reduces the chances of hotels paying extra taxes to raise money for debts.

High exchange rate

High exchange rate frightens potential investors interested in the Hotel industry. It is expensive to invest in the business, for example, constructing of international hotels in the country. Moreover, clients, especially visitors, find traveling costly because of the expensive fare. Domestic clients are <https://assignbuster.com/foreign-direct-investment-in-australia/>

forced to seek cheap services overseas. The high exchange rate has caused unemployment and limitation in getting sufficient services from hotels, which are supposed to satisfy them (Sharma, 2005).

Solution

Australia's government should trade their dollar attractively to draw international investors and customers in the country for a thriving hotel business. This reduces the high prices that spoil the hotel business by startles potential customers.