Chapter 2

IMPOR TANCE OF INTERNATIONAL BUSINESS

Important Terms

1. **Business Climate** The state of the business environment, the economy, and the stock market
2. **Export** A good or service that is produced in one country and sold in another country
3. **Foreign Direct Investment (FDI)** Establishment of a subsidiary operation or a joint venture in a foreign country, used when a company in one country wishes to expand into another country
4. **Goods** Raw materials, semi-manufactured goods, or manufactured goods
5. **Import** A good or service brought into a country for sale
6. **International Business** Business activities needed to create, ship, and sell goods and services internationally from producer to consumer; includes international trade, importing and exporting goods and services, licensing the use of assets in other countries, and foreign investment
7. **Organisation for Economic Cooperation and Development (OECD)** A monitoring agency that offers governments a setting in which to discuss and develop economic and social policy
8. **Outsourcing** To obtain goods, parts, materials, or services from an outside source
9. **Portfolio Investment** Purchase of shares and bonds for the income they yield or the capital gains they may bring, and not for exercising of ownership or control
10. **Private-sector Investment** The private sector's commitment of money or capital to projects
11. **Products** A good or service
12. **Public-sector Investment** The public sector's commitment of money or capital to projects in order to gain financial return
13. **Raw Materials** Materials in their natural state, such as cotton, coal, fish, minerals, and wood
14. **Services** Activities that individuals, groups, organizations, or companies perform to advise or assist other individuals, organizations, or companies