



ICM

MARCH 2017

THE INTERNATIONAL BUSINESS ENVIRONMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any THREE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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1. In December 2016 Kenya was reported as being eager to make its entry into the oil export business in 2017. It was suggested that plans would start on a small scale, producing almost a million barrels over a period of two years. Analyse the challenge that Kenyan oil companies might encounter in seeking to develop the oil industry in the country and assess how they can be overcome. [33]
 2. Earlier this year it was reported that Credit Suisse had formally agreed to pay \$5.3 billion to settle with U.S. authorities over claims it misled investors in residential mortgage-backed securities it sold in the run-up to the 2008 financial crisis. Analyse the potential impact of this payment on Credit Suisse and review the action that it can take. [33]
 3. In January of this year it was being reported that one of the largest-ever mergers in Europe looked set to go ahead: Luxottica, an Italian maker of spectacles was to merge with Essilor, a French producer of lenses. The joint entity would have 140,000 staff and annual revenues of €15bn. Analyse the benefits that the two companies are seeking by merging and review the challenges that they might face. [33]
 4. Earlier this year commentators were expressing concern about the impact of drought conditions on Macadamia nut farming, which is increasingly popular across the developing world and especially in Africa – Kenya and Malawi. The 2016 crop may be much lower because of the drought that continues to grip much of southern Africa. Analyse the impact of this fall in production on the farming industry, the domestic economy and global Macadamia nut prices. [33]
 5. Royal Dutch Shell has been shortlisted by the U.S. government to make a bid for an offshore wind project licence in the waters off North Carolina, as it comes under pressure from shareholders to diversify into green energy. Shell's core business of producing oil and gas is suffering after more than two years of weak prices. Analyse the challenges that Shell might face as it seeks to diversify its business and review how they can be overcome. [33]
 6. In December 2016 the Ivory Coast, which has one of the fastest growing economies on the continent, has been named the top destination for investment in West Africa. Analyse the impact of this inward investment on domestic firms in the Ivory Coast. [33]