Teacher Answer Key

Case Study

1. To reduce reliance on Chinese factories and avoid tariffs, despite higher labor costs and slower ramp-up times.

2. Profits are booked in low-tax jurisdictions to minimize tax burdens, influenced by host-country incentives like tax holidays.

Multiple Choice

1. B

2. D

3. B

Matching

1-E, 2-D, 3-A, 4-C, 5-B

Fill-in-the-Blank

1) efficiency, 2) Labor, 3) incentives

Short Answer (Sample Responses)

Q1: A concentrated supply chain can be disrupted by local shocks—pandemics, political unrest—halting global production.

Q2: By mandating technology transfer, local content quotas, or joint-venture partnerships to build domestic capabilities.

Q3: Public reporting requirements and shareholder activism drive firms to uphold labor rights and environmental standards beyond minimal compliance.