

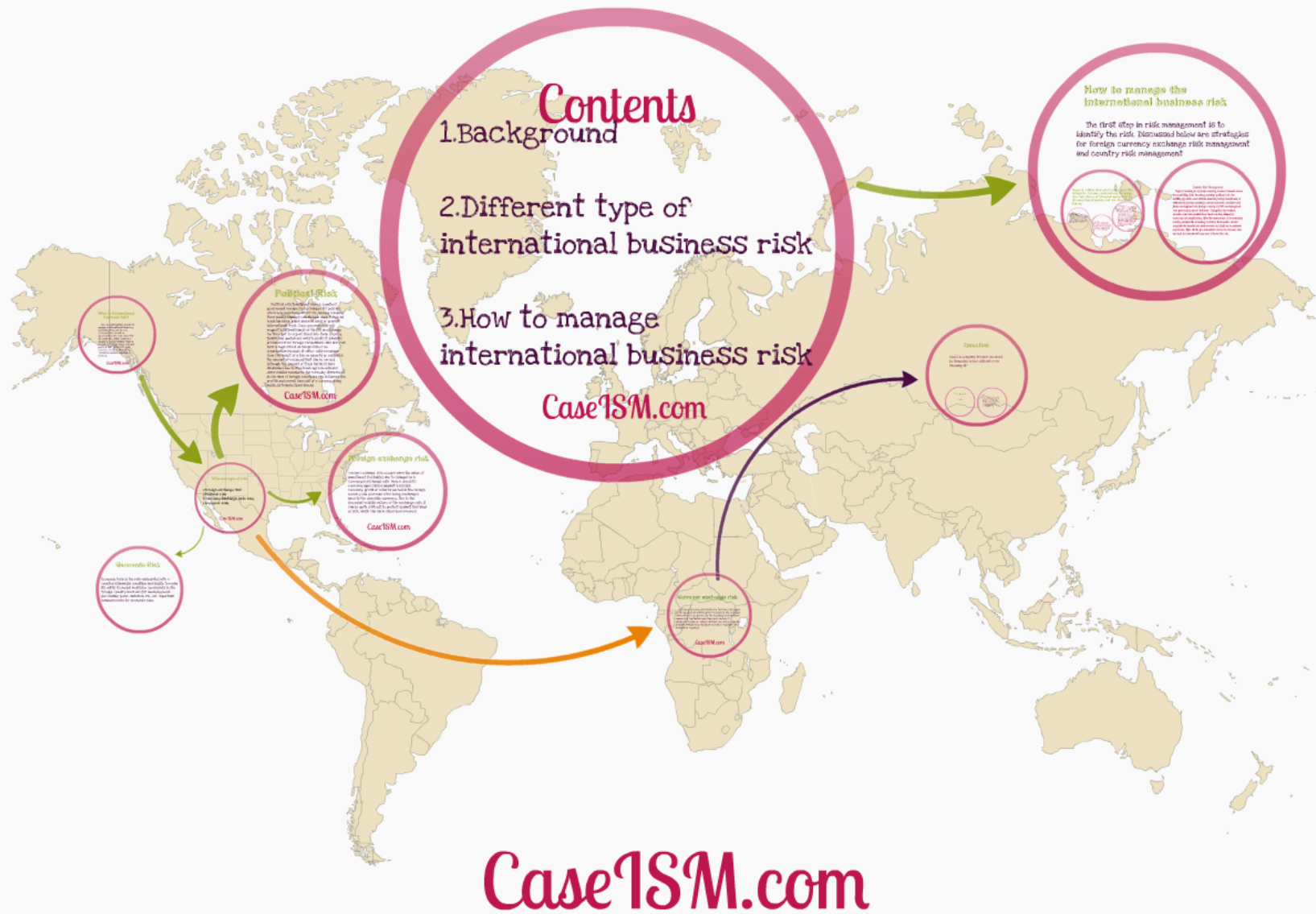


Veracity Worldwide in Syria:
Assessing Political Risk in a Volatile Environment
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2. Different type of international business risk

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Political Risk

Political risk arises when a country's policy changes its policies, which may affect the foreign company. Political risk includes such things as laws that serve to limit or prevent foreign investment, or governments will impose taxes or tariffs in exchange for goods and services into their country. It is used to protect domestic industries from foreign competition. This also can affect the profits of an international company. Tax on exports or restrictions on imports that can be earned by foreign companies. Trade barriers have been used to protect domestic industries. The everyday differences between countries can influence the success of a company doing business abroad.

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Foreign exchange risk

Foreign exchange risk occurs when the value of investment fluctuates due to changes in a country's exchange rate. When a domestic

What is international business risk?

When an organization decides to engage in international financing activities, they also take on additional risk as well as opportunities. The main risks that are associated with businesses engaging in international finance include foreign exchange risk and political risk. These risks may sometimes make it difficult to maintain constant and reliable revenue.

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Different type of risk

- 1.Foreign exchange risk
- 2.Political risk
- 3.Currency Exchange Rate Risk
- 4.Economic Risk

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Foreign exchange risk

Foreign exchange risk occurs when the value of investment fluctuates due to changes in a currency's exchange rate. When a domestic currency appreciates against a foreign currency, profit or returns earned in the foreign country will decrease after being exchanged back to the domestic currency. Due to the somewhat volatile nature of the exchange rate, it can be quite difficult to protect against this kind of risk, which can harm sales and revenues.

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Political Risk

Political risk transpires when a country's government unexpectedly changes its policies, which now negatively affect the foreign company. These policy changes can include such things as trade barriers, which serve to limit or prevent international trade. Some governments will request additional funds or tariffs in exchange for the right to export items into their country. Tariffs and quotas are used to protect domestic producers from foreign competition. This also can have a huge effect on the profits of an organization because it either cuts revenues from the result of a tax on exports or restricts the amount of revenues that can be earned. Although the amount of trade barriers have diminished due to free-trade agreements and other similar measures, the everyday differences in the laws of foreign countries can influence the profits and overall success of a company doing business transactions abroad.

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Currency exchange risk

Currency Exchange Rate Risk is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. The exchange rate between currencies fluctuates over time, and can lead to unexpected gains or losses. Currency exchange rate risk includes transaction exposure, economic exposure, and translation exposure.

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