

**COURSE DATA****Data Subject**

<b>Code</b>	35909
<b>Name</b>	Foreign trade
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2019 - 2020

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1314 - Degree in International Business	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1314 - Degree in International Business	26 - International marketing tools	Optional

**Coordination**

<b>Name</b>	<b>Department</b>
SANCHIS LLOPIS, JUAN ALBERTO	132 - Economic Structure

**SUMMARY**

Foreign trade is a subject related to marketing and foreign trade. The main objectives of this course are to teach what are the specific demands for firms and companies involved in foreign trade activities. In this sense we will attempt that the students: be aware of the importance of foreign trade for enterprises, especially for SMEs; get knowledge of the instruments at firms disposal in order to carry out foreign trade operations; and, to learn how to apply these instruments and techniques in a proper and effective way.

**PREVIOUS KNOWLEDGE****Relationship to other subjects of the same degree**

There are no specified enrollment restrictions with other subjects of the curriculum.



### Other requirements

General and basic knowledge of Internacional Economics.

## OUTCOMES

### 1314 - Degree in International Business

- Be able to work in multidisciplinary and intercultural teams.
- Understand and reflect on socio-economic and political contexts that affect business and economic decision-making in an international environment.
- Manage the design, coordination and control mechanisms of the company's international strategy.
- Identificar los organismos a los que tiene que acudir un profesional que ejerza su actividad profesional en una empresa exportadora.
- Valorar cual es el instrumento o técnica de comercio exterior que mejor se adecue a los problemas de gestión del comercio internacional que pueden surgir en su actividad profesional.
- Utilizar, de una forma complementaria, las herramientas de comercio exterior y de marketing internacional.
- Conocer los elementos básicos de la estrategia táctica y creativa de la comunicación y saber aplicarla aun contexto internacional.

## LEARNING OUTCOMES

Upon completion of the course the students should be capable of:

- Identifying the institutions and public organisms that provide help for exporting firms and professionals working in an exporting company.
- Identify the different agents involved in the processes of export and import of products and services of the companies.
- Use the best instrument or technique of foreign trade to face international trade management problems that may arise in their professional activity.
- To implement foreign trade and international marketing tools in a complementary way.

## DESCRIPTION OF CONTENTS

### 1. INTERNATIONAL ECONOMIC RELATIONS AND FOREIGN TRADE.

- 1.1. Introduction.
  - 1.1.1. Definitions.
  - 1.1.2. The balance of payments.
  - 1.1.3. The evolution of the international economic relations.
- 1.2. International economic Organizations.



- 1.2.1. The International Monetary Fund (IMF).
- 1.2.2. The World Bank (WB).
- 1.2.3. The GATT and the World Trade Organization (WTO).
- 1.2.4. The United Nations Conference on Trade and Development (UNCTAD).
- 1.3. Restrictions to foreign trade.
  - 1.3.1. The historical process and trade policy measures.
  - 1.3.2. Non-tariff barriers.
  - 1.3.3. Trade defense measures.
- 1.4. Interantional trade flows in the world.
  - 1.4.1. Evolution of international world trade.
  - 1.4.2. Evolution of foreign trade in Spain.

## **2. FOREIGN TRADE REGULATION IN THE EU**

- 2.1. Introduction.
- 2.2. Customs offices and the European Union sustoms tariff.
  - 2.2.1. The customs tariff.
    - 2.2.1.1. Definition.
    - 2.2.1.2. Tariff Nomenclature.
  - 2.2.2. The customs value.
  - 2.2.3. Tariff economy.
  - 2.2.4. The origin of the goods.
  - 2.2.5. The customs duty.
- 2.3. Customs formalities for import and export.
  - 2.3.1. The Single Administrative Document (SAD).
  - 2.3.2. The INTRAST.
- 2.4. Exporting goods.
  - 2.4.1. General concepts.
  - 2.4.2. Dispatch exports.
  - 2.4.3. VAT on exports.
- 2.5. Importing goods.
  - 2.5.1. Import trade regime.
  - 2.5.2. Dispatch imports.
  - 2.5.3. VAT on imports.
- 2.6. Customs destinations.
- 2.7. Currency control.

## **3. EXPORTS AND THE FIRM**

- 3.1. Introduction.
- 3.2. Advantages associated to exporting.
- 3.3. The decision to export.
  - 3.3.1. The internal analysis.
    - 3.3.1.1. Analysis of the strengths and weaknesses of the company.
    - 3.3.1.2. Internal changes in the strategy of the company.



### 3.3.2. The external analysis.

#### 3.3.2.1. The sources of information.

#### 3.3.2.2. Market research.

##### 3.3.2.2.1. The market selection: preselection and testing a market.

##### 3.3.2.2.2. The market research.

##### 3.3.2.2.3. Developing an international marketing plan.

### 3.4. Market access through exports.

#### 3.4.1. The choice of the commercializing channels.

## 4. POLICY OF EXPORT PROMOTION

### 4.1. Introduction.

### 4.2. Instruments of export promotion.

#### 4.2.1. Information and advice.

#### 4.2.2. Commercial promotion.

#### 4.2.3. Individual business services.

#### 4.2.4. Training.

#### 4.2.5. Financing.

##### 4.2.5.1. The official export credit.

##### 4.2.5.1.1. Credit to the domestic supplier.

##### 4.2.5.1.2. Credit to the foreign buyer.

##### 4.2.5.1.3. The CARI (Contract Reciprocal Interest Adjustment).

##### 4.2.5.2. Credit FAD (Development Assistance Fund).

#### 4.2.6. Insurance: Insurance for export.

#### 4.2.7. Other instruments.

### 4.3. Agencies and export support programs.

#### 4.3.1. Public intitutions.

##### 4.3.1.1. The Spanish Institute for Foreign Trade (ICEX).

##### 4.3.1.2. The Valencian Export Institute (IVEX). (Lecture given by IVEX).

#### 4.3.2. Other sectoral and multisectoral.

##### 4.3.2.1. The Chamber of Commerce.

##### 4.3.2.2. Exporters Associations.

## 5. INTERNATIONAL CONTRACTS

### 5.1. Introduction.

### 5.2. Commercial transactions and contractual arrangements.

#### 5.2.1. General principles of international contracts.

#### 5.2.2. International commercial uses.

#### 5.2.3. Dispute resolution and international arbitration.

### 5.3. The international sales contract.

#### 5.3.1. Formation of an international sales agreement or an international contract.

#### 5.3.2. Basic terms of a contract.

### 5.4. Terms of delivery: INCOTERMS (INternational COMmercial TERMS).

### 5.5. The intermediation contracts.



- 5.5.1. The contract of an employee representative.
- 5.5.2. The agency contract.
- 5.6. The distribution contract.

## **6. INTERNATIONAL TRANSPORT AND INSURANCE FREIGHT**

- 6.1. Introduction.
- 6.2. Types of transport and its regulation.
  - 6.2.1. Shipping.
  - 6.2.2. Ground transportation: road and rail.
  - 6.2.3. Air transport.
  - 6.2.4. Multimodal transport.
  - 6.2.5. Transport documents.
- 6.3. Insurance for international transportation.

## **7. RISK IN FOREIGN TRADE AND COVERAGE.**

- 7.1. Introduction.
- 7.2. Currencies and markets.
- 7.3. Exchange rate risk and hedging currency exchange rate risk.
  - 7.3.1. The insurance rate.
  - 7.3.2. Currency options.
  - 7.3.3. Other hedging instruments.
    - 7.3.3.1. Foreign exchange accounts.
    - 7.3.3.2. Currency futures.
    - 7.3.3.3. Price revision clause.
    - 7.3.3.4. Compensation.
    - 7.3.3.5. Swaps.
- 7.4. The commercial risks and forms of coverage.
  - 7.4.1. The coverage through CESCE (Spanish Insurance Company for Export Credit).
  - 7.4.2. Other forms of payment assurance: factoring.

## **8. INTERNACIONAL FINANCIAL PAYMENT INSTRUMENTS**

- 8.1. Introduction: the choice of a financial payment instrument.
- 8.2. The check.
  - 8.2.1. The personal check.
  - 8.2.2. The banks check.
- 8.3. The payment order.
  - 8.3.1. The simple payment order.
  - 8.3.2. The documentary order.
- 8.4. Remittance of bill of exchange or draft.
  - 8.4.1. The clean remittance or draft.
  - 8.4.2. The documentary remittance or draft.
  - 8.4.3. The credit documentary remittance or draft.





#### 8.5. The Documentary Credit.

8.5.1. Definition, regulation and general characteristics.

8.5.2. Types of documentary credits.

8.5.3. The spot letter of credit.

8.5.4. The letter of credit with deferred payment.

### **9. THE FINANTIATION OF FOREIGN TRADE**

9.1. Introduction.

9.2. The finantiation of exports.

9.2.1. Invoicing and financing in euros ().

9.2.2. Invoicing in euros () and y f inanciating in another currency.

9.2.2.1. Without covering the exchange rate risk.

9.2.2.2. Covering the exchange rate risk.

9.2.3. Invoicing in a currency different to the euro and financing in euros ().

9.2.3.1. Without covering the exchange rate risk.

9.2.3.2. Covering the exchange rate risk.

9.2.4. Invoicing and financing in a currency different to the euro.

9.3. The finantiation of imports.

9.3.1. Invoicing and financing in euros ().

9.3.2. Invoicing and financing in another currency.

9.3.3. Invoicing in euros () and financicng in a currency different to the euro.

### **10. NEW TRENDS AND FUTURE FOR FOREIGN TRADE**

10.1. International trade globalization.

10.2. Foreign Direct Investment.

10.2.1. Firms FDI.

10.2.2. Instruments to support firms internacionalization.

10.3. Electronical trade and new communications technologies used in foreign trade.

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Attendance at events and external activities	15,00	0
Development of group work	30,00	0
Preparation of practical classes and problem	15,00	0
Resolution of case studies	30,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

The course on foreign trade is divided into two parts: a theoretical part and a practical part. This division means to facilitate the students to assimilate the basic issues of foreign trade management linking them to real or realistic case studies with actual foreign trade operations, export documents, transport, documentary credit, etc... Therefore, most of the topics have one or two practices related to them to reinforce the theoretical material and illustrate the applicability of the acquired knowledge to real cases.

The theoretical classes are intended to provide students with the information and conceptual tools necessary for understanding the internationalization process of a company, whether in the form of exports or as establishing abroad. Classes will be devoted to the fundamental contents of the theoretical program, delving into those aspects that are more difficult.

The practical program of this course is closely related to the theoretical content and is an essential part of the course. Its aim is to strengthen the basic concepts acquired, promote the application of knowledge to different real-world situations and develop the capacity of reasoning and analysis, and student autonomy. Some of the practical activities will be developed in-group while others individually.

To this end, the course is built around several types of practices, the common denominator will be the completion of a practical questionnaire for each of the proposed practices. So, we have the "discussion" practice in which students will read a document or article to be discussed in class. Another type of practice is the "interactive" practice in which the students will gather information on their own through the Internet or other media on issues related to the practical case. With this information at hand, the student should be able to complete the corresponding questionnaire in the classroom. In other cases we will deliver foreign trade documents, such as the import or export document, and the student should process those documents based on a real practical case that will be proposed in class. There is another type of consisting on watching a documentary (youtube or similar) in class and respond to a questionnaire. Another type of practice is the practice "role" in which several students have to take on certain roles. An example of this type of practice is drafting an international contract in which students have information of a possible operation of international trade that should translate into a contract in which one student assumes the role of exporter and the other importer. It is interesting to note the practice "visit" in which we visit a trade facility, such as the Port of Valencia, a customs warehouse or the Fair of Valencia and in which we explain the operating institution. Finally, in other cases also have practice "



conference" in which the representative of a company or institution (IVEX or the Tax Office) delivers a talk where the students take notes to answer the questionnaire.

All materials available to students will be regularly in the Aulavirtual. Also, any relevant information practices, ads, etc., will also be available to students in the

## EVALUATION

**Theoretical part:** A written exam of the theoretical part of the course (duration 1-2 hours) which corresponds to 60% of the final grade. The student must obtain a minimum in this part for an average of the theoretical and practical part.

**Practical part:** continuous evaluation through weekly practical questionnaires. This part represents 40% of the final grade. Questionnaires are NOT recoverable (except where indicated otherwise) in accordance with Art. 6.5 del Reglament d'Avaluació i qualificació de la Universitat de València per a títols de Grau i Màster (Consell de Govern 30-5-2017, ACGUV 108/2017).

## REFERENCES

### Basic

#### - References:

##### General references:

- Curso básico. Operativa y práctica del comercio exterior. ICEX. 2005. (En cada tema se especifican los apartados relacionados).
- Curso superior. Estrategia y gestión del comercio exterior. ICEX. 2005. (En cada tema se especifican los apartados relacionados).

##### Specific topic references:

- Sánchez, M. P., 1996: Manual del sector exterior de la Economía Española (2ª edición). ICEX.
- Curso de especialistas de comercio exterior (2ª edición). ICEX. 1996
- Jiménez, I., 1998: Guía de la CCI para los Fundamentos del Comercio Internacional. Cámara de Comercio Internacional.
- Hernández Muñoz, L., 1992: Diccionario terminológico de comercio exterior. ICEX.

### Additional

- In each topic there will be specific references that the student would get in a detailed programme published in the aula virtual.





## **ADDENDUM COVID-19**

This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council

**English version is not available**