



Degree: Optional subject (Facultad de Ciencias Económicas y Empresariales)

Year: Third/Fourth

Term: First trimester

Number of credits ECTS: 5 credits

Student's time dedication: 125 hours

Teaching language: English

Professor: Sergio Costa Sant'Anna

Lawyer and Economist

MBA, Thunderbird - School of Global Management (USA)

MBA, IESE Business School (Spain)

SUBJECT: FOREIGN TRADE I

1. Overview of the course

This course is designed to identify ways in which participants can learn how to manage international trade activities more effectively, with an eye to competitive advantage.

It describes the basics about worldwide international trade business focusing in what successful international corporations know about foreign trade strategies, internationalization process, risk management, international operations, and distribution plus to learn how to manage resources internationally.

2. Aims and Learning Outcomes

Aims

1. To develop knowledge and understanding of key issues associated with International Trade.
2. Understand the basic concepts of international trade.
3. Explain the different techniques a Foreign Trade Company has in order to develop its strategy.
4. Describe how International trade rules could affect your market entry strategy, Customs and distribution.
5. Clarify which one are the foreign trade procedures from documentation to payment methods.
6. Comprehend how to finance international trade operations
7. Recognize which legal issues could affect your international trade business
8. Identify the role of Partnerships in the international trade world

Learning Outcomes

On successful completion of this course you will:

1. Understand and realistic decisions on major issues related to international trade and markets.
2. Develop an advanced analytical skills and critical thinking about Export/import, Distribution, Transportation procedures, standards and regulations.
3. Acquire the comprehension about how to face complex and diverse Legal and Economic systems and how these issues could affect your international trade conclusions.
4. Comprehend how does work the company competitive advantage, risk management and financing decisions in the Foreign Trade world.
5. Recognize partnerships, alliances and other strategies that affect international trade assessments.
6. Be able to assess an organization's ability to enter and compete in the international market environment using properly the foreign trade tools taught in the course.

3. Competences

Aims and objectives of this course are organized around two sets of competences, namely general and specific competences.

General competences:

1. Be able to effectively communicate in English ideas and arguments in support of realistic international trade decisions- both in written and oral forms.
2. Teamwork.
3. Hands-on attitude towards learning, self discipline and accurate work.
4. Develop an advanced analytical skills and critical thinking in a Foreign Trade: defining issues, identifying opportunities and interpreting their implications for decision making.
5. Use global market knowledge on top of your plus Foreign Trade technical skills to solve international trade issues.

Specific competences:

1. Accomplish an understanding of the Foreign Trade tools to get the higher benefits on exporting/importing
2. Understand the instruments apply in International trade strategies.
3. Evaluate international payment methods and financing operations
4. Comprehend international sales contracts techniques
5. Evaluate risks management techniques to take the right decisions in international markets.
6. Adapt and implement the basic elements of the marketing mix to successfully introduce products and services in a global context.

4. Assessment

1. Final exam represents **60% of total final grade.**
2. Practical sessions represent the **remaining 40 % of the course evaluation.**

To pass the course, it is a requirement to pass the final exam. If the exam grading is higher or equal than 4.0/10, the final grade for the course will be the weighted average between the seminar evaluation (40%) and the exam evaluation (60%). However, if the exam grading is lower than 4.0/10, the final evaluation for the course will be the one obtained in the exam.

For the students that do not pass the course, there will be a second exam during the first weeks of the next term. The rules will be the same: Pass the exam with a minimum of 4.0/10 will be required to pass the course. If so, the exam will total 60% of the evaluation, and the seminar evaluation from the term will total the remaining 40%. Only those students who took the exam at the end of the term and failed the course will be allowed to take the second exam.

5. Bibliography and teaching

5.1. Bibliography

Advanced International Trade: Theory and Evidence .Robert C. Feenstra. Princeton University Press, 2004

The Handbook of International Trade and Finance: The Complete Guide for International Sales, Finance, Shipping and Administration Paperback – December 28, 2013 by Anders Grath

Incoterms® 2010 by ICC Chamber of Commerce (Oct 1, 2010)

International Trade Finance Paperback – 25 Oct 2004 by Paul Cowdell, Derek Hyde

Global marketing: a decision-oriented approach – Svend Hollensen – Third Edition, Prentice Hall

Alliances, Coalitions and Partnerships: Building Collaborative Organizations by Joan M. Roberts (Nov 1, 2004)

International Business Plans – Robert Brown and Alan Gutterman. World trade Press, 2003

Value Stream Management for the Lean Office, Don Tapping and Tom Shuker, Productivity Express, 2003

Analysis for marketing planning – Donald R. Lehmann and Russel S. Winer. Sixth Edition. McGraw-Hill

In Spanish:

Varios autores:

Edita Instituto Español de Comercio Exterior con la colaboración del Consejo Superior de Cámaras de Comercio

Curso Superior Estrategia y Gestión del Comercio Exterior 4ª edición

Varios autores

Edita Instituto Español de Comercio Exterior
Consejo superior de Cámaras de comercio

5.2. Teaching resources

Cases and readings posted in “Aula Global”

Articles and videos posted in “Aula Global”

6. Schedule of Activities

Activities Planning Day	Activity
Week 1	Theory 1: Globalization process. The Global Economy. Theory 2: Strategy: Domestic X International Environments. The role of International multilateral institutions and trade blocs.
Week 2	Theory 3: Elements of International Trade. Trading Strategies and methods Theory 4: Trade Rules. International regulatory framework. Technical standards.
Week 3	Theory 5: The Export Process. Strategy and Management. Trade Documentation. Theory 6: The Export Process. Strategy and Management. Trade Documentation.

Week 4	<p>Theory 7: The Import Process. Strategy and Management. Trade Documentation.</p> <p>Theory 8: The Import Process. Strategy and Management . Trade Documentation.</p>
Week 5	<p>Theory 9: The International Business Plan. Market Entry Strategy. Factors influencing the choice. Entry mode.</p> <p>Theory 10: Market Entry Strategy (Joint Ventures, Strategic Alliances), SWOT, PEST and Porter</p>
Week 6	<p>Theory 11: Incoterms. The role of Logistics Management. Strategy and Planning.</p> <p>Theory 12: Transportation Management., Standards and Regulations.</p>
Week 7	<p>Seminar 1: Assigned Cases:</p> <p>- <i>IKEA – Expanding through franchising to South American Market (Company: Sweden, Holland) – geographical target area – Brazil</i></p> <p>- <i>Titan Industries Ltd. – Is Titan watches ready for globalization? (Company: Indian) - Geographical target area – world</i></p> <p>Theory 13: Value Chain. Distribution decisions in the international Market. Managing and controlling distribution channels. Requirements and Technical Regulations. Clearance Process</p> <p>Theory 14: International Pricing Strategies.</p> <p>Seminar 2: Assigned Cases:</p> <p>- <i>Absolut Vodka – Defending and attacking for a better position in the global Vodka market</i></p>

Week 8

- *Wall Mart Stores Inc: Dominating Globally (Company: USA) - geographical target area – world*

Theory 15: International trade payment methods. Financing Methods. Processing Documentary Credits and letters of credit

Theory 16: International trade payment methods. Risk Management. Hedge Contracts.

Seminar 3: Assigned Cases:

- *Swatch and Global Watch Industry - geographical target area – world*

- *Harley-Davidson – Does the image justify the price level? - Geographical target area – USA and Europe*

Week 9

Theory 17: International Contracts. Strategic Alliances in Foreign Trade. Agents, Distributors, Joint Ventures, Franchising etc. Operations. Legal Aspects

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Seminar 4: Assigned Cases:

- *Starbucks Coffee Company - Geographical target area – world*

- *Konka Group – Will an aggressive Strategy help the Chinese television manufacturer to penetrate US retail distribution? – Company: China - Geographical target area – U.S*

Week 10

Theory 19: Intellectual property legal aspects affecting International Trade operations. – Patent protection, Copyright Protection, Trademark Protection, Trade Secret, Licensing

Theory 20: International Tax Aspects affecting Foreign Trade operations.

Seminar 5: Assigned Cases:

- Ducati – expanding as a global brand

-Dandy/Candbury Schweppes – Alliance building and corporate organizational considerations in the world chewing gum market – area (Denmark) – target: world

Week 11

Seminar 6: Assigned Cases:

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-Procter & Gamble Japan (A)

- De Beers – Forward integration into the diamond industry value chain (Company: South Africa, UK) - geographical target area – Europe, world)

7. Methodology - Seminars – Guidelines

7.1 - Objectives

1. Learning practical tools about how to deal with international trade issues.
2. Acquiring the knowledge through real cases from different industries and markets.
3. Analyzing business cases from different industries give the opportunity to acquire the right trade management approach for a variety of businesses situations.
4. How to build up a successful international trade strategy plus to learn in practical terms how to deal with exporting/importing, market entry strategy, production, product management, and distribution process in an international scenario.

7.2 - Case studies - Group presentation

Everyone should be part of a group of 6 students (at maximum) – eventually 1 group of 7). At **maximum 6 groups** for each one of the 3 split groups.

Every group will be responsible to present 2 case studies.

For every seminar day will be **2 case studies presentations**.

The presentation must be done using **Power Point or similar tool** and should take between 30 to 40 minutes. **(Minimum 20 slides)**

Throughout the group presentation the Professor will ask questions (individually or for the entire group) and propose discussions over the case study analysis.

The students should be able to answer questions about what have been explained.

Who doesn't answer the questions raised by the professor in class could be affected by reducing the presentation grade.

The presentation must be delivered (by e-mail) to the Professor at the same day. Any delay will affect the final grade of all students in the group. (30% less)

7.3 - Seminars Evaluation

1. The course learning outcomes requirements have been met (40%)
2. The capacity to synthesize ideas or information to generate novel solutions (30%)
3. The capacity to demonstrate confidence and flexibility in identifying and defining complex problems (20%)
4. The capacity to achieve a body of work or practice that is coherent and resolved (10%)

7.4 - Information to be addressed for each case study

1. Company profile
2. International business model and Company Products (don't need to be exhaustive)
3. Markets where the company is in
4. Company SWOT and Porter analysis
5. International Trade and Market Entry Strategy (what's the company general international approach?) - Entry mode
6. Importing/exporting Strategy and procedures used by the company (or the students could suggest a specific strategy)
7. Logistics and Transportation Strategy for the new market
8. Strategy for Distribution in the new Market
9. International Pricing Strategies
10. Conclusion and recommendation
11. Include all references.
12. Every student must write down **1 paragraph (no more than 6 lines)**, describing what he/she has learned from the case study. This paragraph should be delivered individually in one sheet.

OBS: Don't forget to answer the case study questions (if it is requested)

IMPORTANT: The idea here is **to go beyond the case study information**, where the students could even make assumptions and planning company strategies in real scenarios.

For this reason, **some of the requested information is not in the case study**. As a result, the students must make deeper analysis and appropriate research to come out with a realistic answer.

7.5 – Other rules to be followed for the seminars

1 – If you don't make the presentation of your related case studies, the grade will be Zero for this matter. (This will be not applied if you justify directly to the University)

2 – You must send by e-mail all the power point presentations (case studies) at late by the day it's presented. If this procedure not be full filled by the students (Group) the grade will be reduced by 30%.

3 – All the case studies presentation must have at least 20 written slides (not included pictures). If for some reason you don't follow it the grade will be reduce in 30%.

4 – When you submit the case study presentation by e-mail write down: FOREIGN TRADE I – CASE STUDY (name)PLUS STUDENTS NAMES