

Course Outline

Department of Marketing, International Business &
Entrepreneurship

School of Business and Economics

IBUS 3530-3

International Trade Finance (3,0,0)

Calendar Description

Students develop an understanding of the financial principles required to conduct business in a global environment, including both import/export and multinational operations. Topics include globalization; methods of payment; currency risk management; export credit insurance; trade finance; structure trade finance; international trade theory; international monetary market; the global capital market; and foreign direct investment.

Educational Objectives/Outcomes

Upon completion of this course, students will be able to:

1. Summarize international business management and the main drivers of international business strategies.
2. Discuss the main entry strategies into foreign markets.
3. Identify export and import sources of financing.
4. Describe the importance of financial planning in international trade.
5. Explain trade risk analysis and management.
6. Describe the process of exporting goods with an emphasis on the payment and documentation circuits.
7. Explain the nature and use of export credit insurance in reducing risk.
8. Identify forms and sources of official trade finance.
9. Explain the use of performance bonds and guarantees.
10. Describe the main international and multilateral institutions related with International trade operations.

Prerequisites

FNCE 2120 or FNCE 2121 or FNCE 3120; IBUS 3510 or IBUS 3511

Texts/Materials

Anders Grath, The Handbook of International Trade and Finance: The Complete Guide to Risk

Management, International Payments and Currency Management, Bonds and Guarantees, Credit Insurance and Trade Finance, 2nd Edition, Kogan Page Ltd., 2012.

Student Evaluation

Mid-terms	0-30%
Quizzes	0-10%
Participation/attendance	0-10%
Case studies/projects/assignments/simulation	20-30%
Final exam	20-30%

Term tests and the final exam must not make up more than 70 percent of evaluation and group work must not make up more than 50 percent.

Course Topics

1. Globalization
 - What is globalization?
 - The emergence of global institutions
 - Drivers of globalization
 - The changing demographics of the world economy
 - The globalization debate
 - Managing in global marketplace
2. Methods of Payment
 - Different methods of payment
 - Bank transfer (bank remittance)
 - Cheque payments
 - Documentary collection
 - Letter of credit
 - Counter-trade
3. Currency Risk Management
 - Currency risk
 - The currency markets
 - Currency exposure
 - Hedging currency risks
 - Practical currency management
4. Export Credit Insurance
 - A mutual undertaking
 - The private sector insurance market
 - Export credit agencies
 - Investment insurance

5. Trade Finance

- Finance alternatives
- Pre-shipment finance
- Supplier credits
- Refinancing of supplier credits
- Buyer credits
- The international money market

6. Structured Trade Finance

- International leasing
- Lines of credit and local currency finance
- Project finance and joint venture
- Multilateral development banks

7. International Trade Theory

- An overview of trade theory
- Mercantilism
- Absolute advantage
- Comparative advantage
- New trade theory
- National competitive advantage

8. International Monetary market

- The gold standard
- The Bretton Woods system
- The collapse of the fixed exchange rate system
- The floating exchange rate regime
- Fixed versus floating exchange rates
- Exchange rate regimes in practice
- Crisis management by IMF

9. The Global Capital Market

- Benefits of the global capital market
- Global capital market risks
- The Eurocurrency market
- The global bond market
- The global equity market
- Foreign exchange risk and the cost of capital

10. Foreign Direct Investment (FDI)

- FDI in the world economy
- Theories of FDI
- Political ideology and FDI
- Benefits and costs of FDI

- Government policy instruments and FDI

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

Use of Technology – Optional