INTERNATIONAL TRADE OPERATIONS I

TIMES:
Monday, 12:00-13:15
Tuesday, 8:30-9:45
Wednesday, 8:30-9:45

SYLLABUS

UNIT I: GOING INTERNATIONAL

- Why do it.
- Facts to be considered for a right decision
  - Customs barriers at destination: Import duties applicable for assembled products and for completely knocked down (CKD) products. Quotas.
  - Import duties and country of origin factor.
  - Non tariff barriers: Technical and administrative barriers
  - Local laws regulating foreign investment, company law (shareholders rights and obligations, local taxation, profit and investment repatriation).
  - Access to neighboring countries
  - Local production costs, labor hand qualification
  - Entrepreneurial culture. Reliability of local potential partners.
  - Local Incentives (tax exemption /reduction)
  - Political risk

- Pattern of internationalization
First Stage: Indirect and Direct Exporting

1. Indirect Exporting
   1.1 Selling through Trading Companies
   1.2 Piggy-back sales
   1.3 Supply agreement (private label agreement)

2. Direct Exporting
   2.1 Shared sale: Exporting through consortia
   2.2 Exporting through own Export Dot. to local firms abroad
      - Direct Sales and commercial agents..
      - Sales through Distributors
   2.3 Exporting through own Export Dpt. to own local organization abroad (commercial subsidiary).
   2.4 Specific export sales channels
      2.4.1 Sales Through Public Tenders
      2.4.2 Sales to the United Nations Agencies
   2.5 Compensation Trade
      Types of compensation:
      Commercial compensations: barter, counterpurchase
      Industrial compensations: buy-back, off-set
      Financial compensations: debt equity and debt commodity swaps
Second Stage: Cooperative agreements

1. License/Franchising Agreements
   - Definition
   - Circumstances favoring LA

2. Contract Manufacturing Agreements
   - Definition
   - Circumstances favoring CMA

3. Joint-Venture
   - Definition
   - Circumstances favoring JV
   - Conflict of interest
   - Minimizing conflict
   - Achieving Control

Third Stage: Investing abroad

1. Manufacturing in the country of origin: Commercial subsidiary in a foreign country
   - Reasons to set up a commercial subsidiary in a foreign market.
   - Eventual local partners
   - Laws and regulations
   - Spanish and local aids and incentives
   - Acquisition of a local company: Advantages and disadvantages

2. Relocation. Manufacturing in the country of destination: Assembly or Production subsidiary in a foreign country
   - Conditions for a relocation
     First steps
     Essential facts
Shifting to an international organization system

- Reasons for relocation

2.1. Manufacturing abroad

2.2. Assembly operations

3. Greenfield vs acquisition

UNIT II: Exchange Risk

International Sales: alternative currencies:
- Sales in the currency of the seller
- Sales in the currency of the buyer
- Sales in a currency different from that of seller or buyer
- International transactions and exchange risk: Basic principle
- Exchange rates at the time of sale vs Exchange rates at the time of payment

Exchange risk coverage for Exporting companies. Alternatives:

1. Selling in €

2. Selling in a foreign currency. What to do with the risk:

UNIT III

EXPORT AID PROGRAMMES EU, SPANISH CENTRAL GOVERNMENT AND REGIONAL GOVERNMENTS IN SPAIN

Data base: www.gencat.es/8000/cid/owa/fisub.menucerques

1. Information, professional advice and economic support provided by the EU, Spanish Central Government and Regional Governments in Spain. Some examples:

- International Trade Courses and Seminars, Expert advice
- Commercial Promotion and Consultancy Advise (NEX-Pipe 2000)
− International Assessment and Consultancy Advise (NEI)
− Export Consortia and Exporting Groups
− Product adaptation to Foreign Approvals
− Export credit finance

2. List of Organizations to contact:

− CIDEM, ICEX, COPCA, ICO, COFIDES
− Chambers of Commerce
− Professional Associations

SOME EXPORT COURSES AVAILABLE FREE OF CHARGE ON INTERNET

www.export911.com
www.tradeport.org
www.cacex.org

BIBLIOGRAPHY

Comercio Exterior (Curso especialistas)
ICEX

Estrategia internacional más allá de la exportación

Alternativas financieras del Comercio Exterior
Pedro Serantes. ESIC

El Comercio de Compensación
F.Menor / E. Gil-Robles. ESIC

Intercambio compensado

La compensación en el Comercio Internacional. Aspectos prácticos
Rafael Sterling.

Financiación del Comercio Exterior. Pedro Serantes
ICEX,
Medios de pago y financiación de operaciones de comercio exterior
Pedro Serantes. ICEX

Transnational Management
Cristopher A. Bartlett / Sumantra Ghosal

Designing the Global Corporation
Jay R. Galbraith

Multicultural Management 2000
Farid Elashmawi / Philip Harris
Gulf Publishing Co, Houston 2000

Building Cross-Cultural Competence
Humpden-Turner and Trompenaars
Yale University Press, London 2000

Selling Throug Independent Reps
Harold Novick
American Management Association , New York 2000

How to Develop and Manage Successful Distribution Channels In World Markets
William C. Fath
American Management Association , New York 1995

Managing Channels of Distribution
Kenneth Rolnicki
American Management Association , New York 1997

Licensing
Michael Z. Brooke / John M. Skilbeck
Gower Pu Ltd. Haldershot, Hampshire, 1994

International Marketing

The development of International Markets
JOHN WALMSLEY, KLUWER ACADEMIC PUBLISHERS, LONDON 1990

International Marketing
International countertrade contracts

Countertrade and off-set contracts
ICC Publication No. 440/7.

International finance

Exchange rates and international finance
Laurence S. Copeland. Addison-Wesley

RECOMMENDED MAGAZINES

− El Exportador. Monthly magazine. ICEX
− Instituto Español de Comercio Exterior (ICEX)
GRADING POLICY

The course grade will be determined on the following bases:

**Evaluation at the ordinary term:**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Participation in class</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>65%</td>
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</tbody>
</table>

If an student does not take the final exam, the assigned qualification for this item will be zero.

**Evaluation at the extraordinary in September:**

Exam: 100%