



## Level 5 Diploma in Business Economics (870) 139 Credits



|  |   |
|--|---|
| <b>Unit:</b> International Trade & Policy  | <b>Guided Learning Hours:</b> 200   |
| <b>Exam Paper No.:</b> 3   | <b>Number of Credits:</b> 20  |
| <b>Prerequisites:</b> Knowledge of accounting and business terminology.  | <b>Corequisites:</b> A pass or higher in Certificate in Business Studies or equivalence.  |
| <p><b>Aim:</b> This unit covers research in international trade theory including topics of imperfect competition, firm heterogeneity, trade policies, trade liberalisation, gains from trade, outsourcing, political economy and endogenous growth; with the aim of bringing learners to the forefront of international trade through gained knowledge. The aim is that learners will be able to: identify and explain motivations for trade, effects of trade policy and trade liberalisations and distributional consequences of trade; explain central mechanisms in the covered trade models; compare, contrast and relate different trade models to each other; apply the analytical tools/models of the course in an independent analysis of a specific problem within the topics covered; reflect on the importance of assumptions and model structure for model results, and to evaluate how this affects the generality and applicability of the results; reflect on the consequences of adding new features to known trade models.</p> |   |
| <b>Required Materials:</b> Recommended Learning Resources.   | <b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.  |
| <b>Special Requirements:</b> The unit requires a combination of lectures, demonstrations and discussions.  |   |
| <p><b>Intended Learning Outcomes:</b></p> <p>1 The effects of international economic activities in producing resources and consumer preferences.</p> <p>2 The patterns and consequences of transactions and interactions between the inhabitants of different countries, including trade, investment and migration.</p> <p>3 The relationship between international trade and economic growth calculations; rules of trade between nations.</p>  | <p><b>Assessment Criteria:</b></p> <p>1.1 Explain international trade, international investment and international migration</p> <p>1.2 Analyse the global economy, policies and issues</p> <p>1.3 Describe trade flows, capital flows and the balance of payments</p> <p>1.4 Outline international production, finance and development</p> <p>2.1 Describe the economic circular flow diagram</p> <p>2.2 Analyse the factor proportions model and approach of comparative advantage</p> <p>2.3 Describe the different types of regional and multilateral trade agreements</p> <p>2.4 Describe aggregate production and the flow of income</p> <p>2.5 Explain the absolute advantage theory</p> <p>2.6 Describe the general equilibrium model of international trade</p> <p>2.7 Identify the welfare gains from exchange measurements</p> <p>2.8 Compare and contrast inter-industry vs intra-industry trade</p> <p>3.1 Demonstrate the Solow growth model</p> <p>3.2 Describe international trade regulations and their effects</p> <p>3.3 Describe policy coordination, monetary union and target zones</p> <p>3.4 Explain the politics of international trade</p> <p>3.5 Describe tariff economics</p> <p>3.6 Outline how government regulators safeguard the interests of consumers</p> <p>3.7 Explain the causes of clashes between domestic and international policymakers</p> |

|   |   |
|---|---|
| <p>4 The collection of rules and regulations which pertain to trade, the purpose of trade policy and issues associated with trade policies.</p>   | <p>4.1 Define trade policy<br/>4.2 Explain the functions of the World Trade Organisations (WTO)<br/>4.3 Explain discriminatory issues in trade policies<br/>4.4 Describe the purpose of regulating international trade<br/>4.5 Explain advantages and disadvantages of innovation<br/>4.6 Describe the effect of taxes<br/>4.7 Explain advantages and disadvantages of trade barriers</p>   |
| <p>5 Understand how the financial centres around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock, with the exception of weekends.</p>   | <p>5.1 What are functions of the Central Bank<br/>5.2 Explain the foreign exchange trading markets<br/>5.3 Describe the history of the exchange rate system<br/>5.4 Analyse foreign exchange transaction process<br/>5.5 Demonstrate the effects of exchange rate variations<br/>5.6 Describe a country's balance of payments and what it measures<br/>5.7 Compare and contrast floating vs fixed exchange rates<br/>5.8 Describe Purchasing Power Parity (PPP)<br/>5.9 Demonstrate interest yields, interest rate risk and derivative securities</p> |
| <p>6. Understand how economic, political and social issues determine international trade policies, rules, regulations and negotiation process.</p>  | <p>6.1 Describe General Agreement on Tariffs &amp; Trade (GATT) framework<br/>6.2 Define trade protectionism<br/>6.3 Describe domestic and foreign allocated quotes<br/>6.4 Analyse regional trade agreements and their effects<br/>6.5 Compare and contrast price discrimination vs dumping</p>  |
| <p>7. Understand the importance of international investment, growth enhancement strategies, sustainable development and its implementation.</p>   | <p>7.1 Define international investment<br/>7.2 Explain advantages and disadvantages of international investment<br/>7.3 Explain reasons why companies operate in many countries<br/>7.4 Explain advantages and disadvantages of international competition<br/>7.5 Analyse the effects of exchange rates on international investors</p>  |
| <p><b>Methods of Evaluation:</b> A 2½-hour written examination paper with five essay questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework in International Trade &amp; Policy with a weighting of 100%.</p> |   |

### Recommended Learning Resources: International Trade & Policy

|                      |  |
|----------------------|--|
| <b>Text Books</b>    | <ul style="list-style-type: none"> <li>• The Politics of International Trade in the 21st Century: by Dominic Kelly and Wyn Grant. ISBN-10: 1403904847</li> <li>• Handbook on International Trade Policy by William A. Kerr, James D Gaisford and James D. Gaisford. ISBN-10: 1848443129</li> <li>• International Trade Theory and Policy (Paperback) by Giancarlo Gandolfo. ISBN-10: 3540643168</li> </ul> |
| <b>Study Manuals</b> | BCE produced study packs   |

|  |                    |
|--|--------------------|
|                     |                    |
| <b>CD ROM</b><br>   | Power-point slides |
| <b>Software</b><br> | None               |

Business & Computing Examinations (BCE)