International finance: Medium- and Long-term financing

MASTER'S DEGREE MBA IN INTERNATIONAL MANAGEMENT

UNIVERSIDAD INTERNACIONAL MENÉNDEZ PELAYO

Másteres Universitarios

This document can be used as reference documentation of this subject for the application for recognition of credits in other study programmes. For its full effect, it should be stamped by UIMP Student's Office.

GENERAL DATA

Brief description

The financing of operations is not an isolated and watertight element, but on the contrary is linked to all aspects of a project (technical, logistical, commercial, etc.) and must be taken into account at all times in order to be truly effective. Thus, the financing offered by the exporter to the buyer, i.e. its customer, becomes a differentiating and in many cases decisive element for concluding and executing a commercial contract.

The main objective of the course is to provide general training, both theoretical and practical, on the main elements that characterise the financing of international transactions in the medium and long term.

Name

International finance: Medium- and Long-term financing

Code

102801

Academic year

2024-25

Degree

MASTER'S DEGREE MBA IN INTERNATIONAL MANAGEMENT

ECTS Credits

2

Type

MANDATORY

Duration

Cuatrimestral

Language

Spanish/English

CONTENTS

Contents

SESSION 1:
Introduction to the internationalisation process for companies. Classification of transactions. Risks involved in international transactions.

-Definition of the internationalisation process for companies: export and investment transactions.
-The importance of international trade and trade financing.
-Classification of transactions according to their financing.
-Introduction to risks involved in international transactions.

SESSION 2:
Export transactions. Bank guarantees in foreign trade transactions.

-The actors in the export transaction: the exporter and the importer.
- Typology of goods export transactions: supply and turnkey.
- Ways of awarding an export contract.
- Endorsements and technical guarantees.

SESSION 3:
International Financial Markets. Basic financial products for corporate financing and transactions.

- Common principles applicable to international financial markets.
- Presentation of the main financial markets: capital markets, foreign exchange markets, etc.
- Typologies and costs of different financial products.
- Capital, quasi-capital, loans, credits, bonds, etc.
- Financial institutions. Bank credit as a source of medium- and long-term third-party financing.

SESSION 4:
The financing of export transactions. The OECD Consensus.

- Definition
- Why does it exist?
- Commercial financing; concessional financing.

SESSION 5:
The financing of export transactions. The OECD Consensus (II).

- The regulation of official medium- and long-term financial support for exports: the OECD Consensus.
- The regulation of official medium- and long-term financial support for exports: another OECD regulation.
- Evolution and update of the OECD Consensus.

SESSION 6:
Risk coverage for export transactions. Export credit insurance

- The risks of export transactions
    - Commercial risk
    - Political risk
    - Extraordinary risk
    - Economic risk
    - Risk management by the exporter/creditor

- Insurance as an instrument to cover the risks arising from export transactions
    - Key insurance concepts
    - How insurance works
    - Official export credit insurance

SESSION 7:
Officially Supported Export Credits (I) Credit and Interest Risk. Role of CESCE and ICO

- Specific role of CESCE and ICO in these operations (I)
    - Types of transactions: buyer credit and supplier credit
    - Actors involved
    - CESCE policies covering credit risk: Buyer credit policy
    - The role of the ICO: The Reciprocal Interest Adjustment Contract (CARI)

SESSION 8:
Officially supported export credits (II)

- Potentially acceptable risks for CESCE
- Calculation of the financing base
- The repayment commitment.
- Supervisory body
- Mechanism for approving transactions at CESCE
- Accompanying trade credits

Case study: Brazil CVRD
Case study: Acciona Brazil

SESSION 9:
Officially supported export credits (III).

- Multisourcing appropriations
- Supplier credit
- Other CESCE policies applicable to these transactions
    - Construction and work abroad insurance
    - Working capital policy
    - Guarantee performance policy
    - Other

Case study: electricity distribution in Kazakhstan
Case study: Befesa Chile

SESSION 10:
The financing of export transactions. The Corporate Internationalization Fund (FIEM). Bilateral

and medium and long-term official financing

- The Secretariat for Foreign Trade
- The FIEM
- ICO products
- Case study: Water treatment plant in El Salvador
- Case study: Electrical operation in Kenya.

SESSION 11:
Private Insurance, Forfaiting and Leasing

- Main characteristics of the private insurance market
- Lloyds market and the role of large insurers in export credit insurance.
- Ways to access the market.
- Products available.
- Complementarity of public and private insurance.
- Introduction to forfaiting and leasing.
- Public and private insurance participation in leasing and forfaiting transactions.

SESSION 12:
Resolution of case studies (I)

- Complementarity between public and private insurance.

    Case study: Lubango Angola case study
    Case study: Elecnor Project / Paraguay
    Case study: OHL / Ancap / Uruguay
    Case study: Cobra / India

COMPETENCES

Conocimientos

CO1 - To learn about business management analytics in dynamic and complex environments, such as the international environment.

CO2 - To acquire a body of theoretical and practical knowledge and learning skills, which will enable those who remain interested to pursue further, more specialised studies in the field of advanced research or doctoral studies.

CO3 - To master the basic tools of information and communication technologies for exercising of their profession and for learning.

CO4 - To understand the concepts, theories and instruments for analysing and developing business internationalisation plans.

CO5 - To understand the nature of problems in the organisation and therefore the application of suitable tools by developing analytical skills.

CO6 - To acquire the skills for professional document drafting and reporting in the field of international business.

CO7 - To know the structure and functioning of the organisations and institutions that support companies’ internationalisation.

CO9 - To be familiar with different methodologies and the technical, economic and legal characteristics of international tenders organised by multilateral organisations and by public institutions and companies in different countries.

CO11 - To learn to assess the risks for companies when dealing with complex international projects, as well as to know some essential aspects that determine the success or failure of projects.

CO13 - To learn to incorporate the concept of sustainability in business and institutional projects, identifying its specific areas of practical application.

CO14 - To learn to incorporate other SDG concepts, which are also relevant for international companies, in their projects, identifying their specific areas of practical application.

Habilidades

S1 - To apply the theoretical and practical knowledge acquired, with a high degree of independence, in both national and international companies, be they small or medium-sized or companies of a more multinational dimension, and even in non-business organisations whose management requires an international vision.

S2 - To apply the analytical skills acquired in defining and approaching new problems and in

searching for solutions both in a national and international business context.

S3 - To be able to collect, record and interpret macroeconomic data, country information, industry and business information, financial and accounting data, statistical data, and relevant research results to systematise business decision-making processes in international environments.

S4 - To apply the appropriate procedure to achieving an international business objective.

S5 - To assess the relationship between enterprises and the institutional framework in which activities are carried out.

S6 - To manage digital platforms, technological, audiovisual and computer media to search for information and for effective communication of business projects.

S7 - To manage software and statistical programmes for data recording and analysis.

S8 - To analyse the results of market and competition research to propose strategic orientations and operational actions.

Competencias

C1 - To work in multidisciplinary and multicultural teams, in highly demanding situations in terms of time (deadlines for designing and executing projects and cases) and results.

C2 - To develop business and personal activities within the strictest ethical and socially responsible behaviours, as well as to develop sensitivity towards social and environmental issues.

C3 - To express themselves correctly, both orally and in writing, in Spanish and English, maintaining an appropriate image in their professional activity.

C5 - To work in a team, prioritising the precision of the results and the soundness and originality of the proposals. .

C6 - To lead and develop international business negotiation processes.

LEARNING PLAN

Training activities

Type of activity	Hours	% On site
TA1.- Master classes	11	100
TA2.- Practical classes	7	100
TA3.- Individual and group work	10	5
TA4.- Tutorials	2	100
TA5.- Individual student work	20	0

Teaching methods

The module will be based on the analysis and presentation of the different theoretical sections with face-to-face classes, supported by case studies.

Each of the sessions will be devoted to a specific topic relating to instruments and products for medium and long-term financing of exports and investments, with a special focus on the instruments that the Spanish Administration has developed to support these transactions. All topics will have corresponding case studies, some of which will have to be solved by the students and presented by them in class.

Debate and interaction with the students will be sought at all times, with the aim of using the face-to-face classes to promote effective understanding of the knowledge imparted during the course. For this purpose, it is highly advisable for the student to have worked on the documentation before addressing each topic during the face-to-face classes.

Learning outcomes

• To identify the common elements in all financing of medium and long-term transactions.

• To differentiate between the different financing structures applicable depending on whether the transaction takes place in an emerging or developed country.

• To analyse the terms and conditions of the commercial contract that affect the financing of medium and long-term transactions.

• To analyse and identify the most viable type of financing according to the characteristics of the transaction: type of contract, buyer, seller, country, guarantees, etc.

• To understand how the dynamics of financial markets and the global risk perspective affect these transactions.

• To know the risk coverage in the different phases for executing a project or contract.

• To analyse the different bilateral instruments to support exports of capital goods and turnkey plants.

• To update and relax the OECD Consensus and its influence on medium- and long-term finance.

• To be familiar with the activities and products of multilateral entities applicable to these transactions.

EVALUATION

Evaluation system

The evaluation of the course in its ordinary exam session is made up of:

1/3: Partial exam in the middle of the course period.

2/3: Final exam for the course that will include resolving one or more practical cases.

The lecturer may increase or decrease the final grade achieved by up to +/- 10% according to the participation of each student both quantitatively (number of interventions) and qualitatively (timeliness and quality of interventions) during the teaching sessions. Likewise, this section will also assess the practical cases submitted by the students that have been proposed by the lecturer during the module period.
The detection of errors in the documentation by the students will be particularly valued, together with the corresponding proposal for modification in order to achieve greater clarity.

In the 2nd and subsequent sessions, 100% of the grade will depend exclusively on the exam, which may be a multiple-choice test and/or essay and/or oral exam, the format of which will be announced sufficiently in advance.

FACULTY

Coordinator/s

Oliveira de Miguel, Eduardo

Ingeniero Agrónomo Universidad Politécnica y Master Dirección Financiera.

Consultor Financiación Internacional - Socio Director Albadia.

Lecturers

Fernández González, Víctor

Doble licenciado Derecho y Administración y Dirección de Empresas - Máster en Gestión Internacional de la Empresa.

Jefe de Servicio en la S.G. de Fomento Financiero de la Internacionalización.

Universidad Carlos III de Madrid/Ministerio de Economía, Comercio y Empresa.

Aguirre Uzquiano, Miguel

Doctor en Economía (UCM)

Director Operaciones de Riesgo Político COFACE en España.

Frutos Ibor, Rocío

Licenciada en Ciencias Económicas.

Vocal Asesora.

Instituto de Estudios Fiscales

Aceña Moreno, Fernando

Licenciado en Derecho/Máster en Dirección Internacional de Empresas.

Director Talento y Tecnologías.

COFIDES, S.A., S.M.E..

Fajardo Bullón, Miguel Ángel

Licenciado en Economía.

Financiación a medio y largo plazo en Comercio Internacional.

Ministerio de Economía, Comercio y Empresa.

BIBLIOGRAPHY AND LINKS

Bibliography

Students will be provided with the following work material:

- Module documentation prepared by the lecturer, including cases relating to the types of financing described.

- Practical cases and examples provided by the lecturer for carrying out certain activities

- Sites to consult:

www.cesce.es
www.comercio.es
www.cofides.es
www.ico.es
www.bbva.es
www.icc.com
www.caixa.es
www.santander.es
www.coface.com
www.zurich.com
www.lloyds.com

In addition, students will be able to broaden their knowledge by consulting the following complementary bibliography:

- Saúl Álvarez Martínez, “Las Garantías Bancarias en el Comercio Internacional”, Monograph on International Trade published by the Official Chamber of Commerce and Industry of Madrid; 2002.

- Various authors, “Manual de Corporate Finance y Banca de Inversión”, Editorial Delta 2013.

- D.B Cox, “International Trade Finance”, published by Northwick Publishers.