### SESSION PLAN

**COURSE:** ABE Level 5 International Business Economics and Markets

**ELEMENT:** Element 4 – International financial aspects

## **LEARNING OUTCOME 4**

**4 Discuss the key aspects of international finance (Weighting 10%)**

4.1 Analyse the aims and roles of key international institutions in the financial aspects of world trade.

4.2 Evaluate the impact of foreign currency exchange and interest rates on international business

4.3 Analyse the trading position of a country with reference to balance of trade/payments.

**NUMBER OF SESSIONS:** Three - approximately 12 hours in total, plus self-study

**SESSION TOPICS:** Session 1: Key international financial institutions in world trade

Session 2: The impact of foreign currency exchange and interest rates on international business

Session 3: A country’s Balance of Payments and Balance of Trade

**Note to tutors: this is the recommended session plan for learning outcome 4, element 4 of ABE Level 5 International Business Economics and Markets. You should follow the plan, using the resources (referenced as ‘slides’ here) and activities provided. It is important to enhance all sessions with local examples and case studies, involving the learners ACTIVELY wherever possible.**

### SESSION 1: Key international financial institutions in world trade

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative Assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **5UIBE Tutor Presentation E4**  The learning outcome for this session is 4.1 – Learners should be able to analyse the aims and roles of key international institutions in the financial aspects of world trade. | 1-5 |  |  |
|  | Class discussion:  Call on individuals to give you their answers to these questions, and write the best answers on the board:  What are the roles of these organisations?   * The World Bank * International Monetary Fund * The European Central Bank   Discuss answers and refer to study guide to ensure the roles are well understood. | 6  7-10 | Class discussion: Roles of international financial institutions |  |
| World Bank | Three-person activity:  Organise learners into teams of three to work on ACTIVITY 1 to research a question and present findings on the World Bank  Challenge each person to find an example of the World Bank enforcing conditions on governments when it provides aid to countries.  The group of three should be able to find three examples between them. |  | Three-person activity: World Bank influence on governments. | **5UIBE E4 LO4 Activity 1 – World Bank** |
| International Monetary Fund | Class exercise: Organise learners into teams of 3-5 and challenge them to prepare an answer to this question and present it to the group:  *How did the IMF help to deal with the financial crisis in Greece?*  Teams will need to go online to research the Greek crisis. Presentations should use visual aids. | 11 | Class exercise: Working in a team of 3-5, research and prepare an answer to this question and present it to the group:  *How did the IMF help to deal with the financial crisis in Greece?* |  |
| European Central Bank | Class discussion:  Call on individuals to give you their ideas on these questions, and write the best answers on the board:  *What is the role of the European Central Bank?*  *How did it contribute to dealing with the Greek crisis?*  This builds on the previous activity to include the role of the ECB in the Greek crisis. | 12 | Class discussion: The ECB role in the Greek crisis. |  |
| Review of session and learning outcomes | Remind learners to study section 4.2 of the Study guide - *The impact of foreign currency exchange and interest rates on International business* - before the next session. | 13 | Individual reflective exercise: What did I learn? Write a 200-250 word summary of the main points. |  |

### SESSION 2: The impact of foreign currency exchange and interest rates on international business

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **5UIBE Tutor Presentation E4**  The learning outcome for this session is 4.2. Learners should be able to evaluate the impact of foreign currency exchange and interest rates on international business.  Class discussion:  Call on individuals to give you their answers to this questions, and write the best answers on the board:  *What are the three possible general approaches to hedging exchange risk?*  Answers should include risk avoidance, risk adaptation and risk transfer.  Ask for definitions for each of these approaches and some different examples to write on the board for each.  Class exercise: Ask learners to write an explanation of these definitions – on their own, and then share and compare with two other learners. | 14  15-17  18  19-22  23 | Class discussion: Approaches to hedging exchange risk.  Class exercise: Write an explanation of three ways of hedging exchange risk. Share and compare your work with two others. |  |
|  | Risk avoidance | Class exercise: Ask learners to go online and find an example of risk avoidance exchange risk strategy. This can be a real case or a fictional example. Ask learners to write their own description of this example in around 200 words. (This exercise and the next two may need to be completed in a break or as homework.)  Call on individuals to share their example with the group. | 24 | Class exercise: Go online and find an example of risk avoidance exchange risk strategy. This can be a real case or a fictional example. Write your own description of this example in 200 words.  Be prepared to share this example with the group if called on. |  |
|  | Risk adaptation | Repeat for risk adaptation. | 25 | Class exercise: Go online and find an example of risk adaptation exchange risk strategy. This can be a real case or a fictional example. Write your own description of this example in 200 words.  Be prepared to share this example with the group if called on. |  |
|  | Risk transfer | Repeat for risk transfer. | 26 | Class exercise: Go online and find an example of risk transfer exchange risk strategy. This can be a real case or a fictional example. Write your own description of this example in 200 words.  Be prepared to share this example with the group if called on. |  |
|  | Diversification | Class discussion:  Call on individuals to give you their ideas on these questions, and write the best answers on the board:  *What is a diversification strategy of risk reduction?*  *How does diversification mitigate exchange risk?*  Class exercise: Organise the group into teams of 3-5 and challenge the teams to prepare an answer to this question and present it to the group:  *Consider the $2 Store case in 4.2 in the study guide. How would you minimise exchange risk? Rank the options given from best to worst and explain why.*  Presentations should include visual aids and show calculations. | 27  28  29 | Class exercise: Working in a team of 3-5, prepare an answer to this question and present it to the group:  *Consider the $2 Store case in 4.2 of the study guide. How would you minimise exchange risk? Rank the options given from best to worst and explain why.* |  |
|  | Currency devaluation | Individual activity: ACTIVITY 2  Learners should consult the study guide and go online to research an answer to this.  Call on individuals to share their list and explanations with the group and continue until all benefits of currency devaluation seem to have been covered. |  |  | **5UIBE E4 LO4 Activity 2 – Currency Devaluation** |
|  | Review of session and learning outcomes | Remind learners to study section 4.3 of the Study guide - *A country’s Balance of Payments and Balance of Trade* - before the next session. | 30 | Individual reflective exercise: What did I learn? Write a 200-250 word summary of the main points. |  |

### SESSION 3: A country’s Balance of Payments and Balance of Trade

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **5UIBE Presentation E4**  The learning outcome for this session is 4.3 Learners should be able to analyse the trading position of a country with reference to balance of trade/payments. | 31 |  |  |
|  | Balance of Payments and Balance of Trade | Class discussion:  Call on individuals to give you their ideas on these questions, and write the best answers on the board:  *How can we define Balance of Payments?*  *How can we define Balance of Trade?*  *How are these two things different?*  Continue until clear definitions are written on the board.  Suggest learners make a written note of these.  Individual activity: ACTIVITY 3  Writing – Mini Essay  This activity requires learners to also write explanations of visible and invisible trade, with local examples. | 32-36 | Class discussion: Balance of Payments and Balance of Trade  Individual activity: ACTIVITY 3  Writing – Mini Essay | **5UIBE E4 LO4 Activity 3 – Visible and Invisible Trade** |
|  | Current Account Deficits | Class exercise: Organise learners into teams of 3-5, and challenge them to prepare an answer to this question and present it to the group:  Does your country run a Current Account Deficit? How big is it and what do politicians say about it? Go online a see what you can find out.  Is it a problem or not? Explain why.  Class discussion:  Call on individuals to give you their ideas on these questions, and write the best answers on the board:  *Under what circumstances can a Current Account Deficit be justified?*  *When is a Current Account Deficit a problem?* | 37-39  40 | Class exercise: Working in a team of 3-5, prepare an answer to this question and present it to the group:  Does your country run a Current Account Deficit? How big is it and what do politicians say about it? Go online a see what you can find out.  Is it a problem or not? Explain why.  Class discussion |  |
|  | Review of session and learning outcomes | Class discussion: What have I learned and how will it help me?  As this is the final session for this unit, ask selected learners to share their reflective exercise and talk about what they have learned over the course of the unit, and especially how it might help them in their future careers. Provide guidance on revision planning and examination preparation. | 41 | Individual reflective exercise: What did I learn? Write a 200-250-word summary of the main points.  As this is the last session, also write another 200-250 words in which you reflect on what you have learned in studying this unit and how it might help you in your future career.  Consider your revision plan for the examination.  Class discussion: What have I learned and how will it help me? |  |