

SYLLABUS

ITRN 710

Finance and Investment

ROOM: 268 – Wednesdays, 7:30-10:00 pm

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Overview: Focuses on techniques for financing of trade and on payment methods, including open account, letters of credit, documentary acceptance, countertrade and other approaches. Covers issues of direct concern in the financing of international business operations, such as preparing financing proposals, arranging credit insurance, minimizing international taxation, establishing pricing policies, hedging against currency risks, and managing other economic, political and commercial uncertainties in doing business overseas. Examines systems for foreign direct investment, including strategic alliances, acquisitions, joint ventures and other methods for investing overseas. Examines the special requirements of international finance and investment institutions and relates the theories behind international capital transfers to actual case studies and current situations.

Textbook: Exporting From Start to Finance 3rd Edition, by Wells and Dulat, Liberty Hall Press of McGraw-Hill, Inc. 1996.

Grading Policy: One-third classroom participation, one-third mid-term exam, one-third final examination

Course Outline

Week	Subject	Readings from Text
1.	Standard techniques of trade finance and related documentation (cash payment, open account, documentary collections, letters of credit)	Ch 19-23 pp. 246-309
2.	Other techniques of trade finance (Barter, countertrade, factoring, forfaiting, TradeCard, etc.)	Ch 38 Pp. 444-452
3.	Preparing a corporate financing plan (considering issues of complexity, cost, leverage, cash flow, currency fluctuations and other risks, corporate control, taxation, etc.)	

4. Working with commercial banks on trade financing (working capital lines, bankers acceptances, term loans, etc.) Ch. 35-37
pp. 413-443
5. Working with export credit agencies on trade financing (programs, mechanics, instruments, terms and conditions, application and procurement process, reporting requirements, etc.) Ch. 40
pp. 462-486
6. Applying for export credit insurance (coverage, process, instruments, costs, reporting, etc.) Ch. 25
pp. 319-340
7. Working with multilateral and regional development banks (program mechanics, instruments, terms and conditions, procurement process, reporting requirements, etc.) Ch. 13
pp. 151-176
8. The decision-making process for foreign direct investment (types of FDI, stimulus, process, options, etc.) Ch. 14-17
pp.179-228
9. Applying for investment insurance (coverage offered, instruments, term and conditions, costs, process, etc.) Ch. 41
pp. 487-493
10. Arranging debt and equity in public markets (types, instruments, terms and conditions, arrangement process, reporting requirements, etc.
11. Analyzing country risks affecting international finance and investment (political, economic, commercial, etc.)
12. Preparing project financing proposals (nature of project finance, guiding principles, project structure, financing plan, project phases, feasibility study, finance checklist, etc.)
13. Methods of mitigating project financing risks (types of insurance, spreading risks between parties, supply contracts, off-take agreements, government commitments, etc.)
14. General issues affecting international finance and investment and summary of regional progress, problems and prospects.