

Unit 35: European Business

Unit code: F/601/1089

QCF level: 5

Credit value: 15 credits

- Aim

To provide learners with an understanding of the importance of international trade and in particular UK trade with the European Union.

- Unit abstract

As an open economy the UK not only engages in international trade, its very survival depends on it. Despite having a sophisticated and highly productive agricultural sector we can feed only approximately 50 per cent of our population.

It is important, therefore, that learners seeking employment in the business world realise that if we do not export sufficient goods or services we can not afford to import the food and raw materials we need to maintain our economic wellbeing.

The first part of the unit focuses on international trade in general and the balance of payments as a monitoring device, whilst the second part concentrates on the EU and the economic theories that underpin its creation. The unit then examines the role and significance of the main EU institutions, particularly in relation to their policy-making and implementation functions. Finally, the unit requires learners to research a particular area of economic activity and then apply the discipline of action planning to a hypothetical UK company seeking to begin operating within the EU.

- Learning outcomes

On successful completion of this unit a learner will:

- 1 Understand the significance of international trade and the balance of payments to open economies such as the UK
- 2 Understand the economic rationale underpinning the European Union (EU)
- 3 Understand the role of the major EU institutions
- 4 Be able to develop an action plan for a specific UK company wishing to trade within the EU.

Unit content

1 Understand the significance of international trade and the balance of payments to open economies such as the UK

International trade: imports and exports; visibles and invisible; open and closed economies; comparative and absolute advantage; the terms of trade; exchange rates

Balance of payments: structure – current account; capital account; visible trade balance; invisible trade balance; current account balance; capital transfer balance; balancing items; equilibrium; surplus and deficit; the significance of long term deficits

2 Understand the economic rationale underpinning the European Union (EU)

Exchange rates: fixed and floating

Single currency: arguments for and against the Euro; The Euro Zone/Area (EMU)

Free trade versus protectionism: tariffs, quotas, competition, regulation/deregulation

Factor mobility: geographic and occupational mobility of labour and capital/funds

3 Understand the role of the major EU Institutions

Institutions: the European Parliament, the Council of the European Union, the European Council, the European Commission, The European Court of Justice, The European Court of Auditors. The European Central Bank, The Presidency

Policy outcomes: European Directives and European Funding eg European Regional Development Fund (ERDF), European Social Fund (ESF), the Cohesion Fund

4 Be able to develop an action plan for a specific UK company wishing to trade within the EU

The EU as a trading bloc: composition, size, infrastructure, The Euro Zone/Area (EMU)

Barriers to trade: linguistic, cultural, logistical and environmental

EU Directives: policy initiatives and directives relevant to the chosen company

EU funding streams: EU funding streams that may be available to the chosen company

Learning outcomes and assessment criteria

Learning outcomes On successful completion of this unit a learner will:	Assessment criteria for pass The learner can:
LO1 Understand the significance of international trade and the balance of payments to open economies such as the UK	1.1 explain the importance of international trade to an open economy such as the UK 1.2 assess the significance of comparative advantage, absolute advantage, the terms of trade and exchange rates 1.3 describe the structure of the balance of payments 1.4 explain the terms 'surplus' and 'deficit' and the significance of long-term deficits to open economies
LO2 Understand the economic rationale underpinning the European Union (EU)	2.1 explain the role played by exchange rates in international trade 2.2 analyse the advantages attributed to the adoption of a single European currency 2.3 explain the difference between free trade and protectionism and the role played by tariffs, quotas and deregulation within the EU 2.4 evaluate the importance of geographic and occupational mobility in wealth creation
LO3 Understand the role of the major EU Institutions	3.1 explain the role of the main EU institutions in determining and legitimising policy 3.2 assess the role played by EU directives 3.3 evaluate the structure and purpose of the main EU funding streams such as the ERDF and the ESF
LO4 Be able to develop an action plan for a specific UK company wishing to trade within the EU	4.1 produce a profile of the EU as a trading bloc 4.2 evaluate the significance of linguistic, cultural, logistical and environmental barriers to EU operations 4.3 carry out an audit of possible EU funding streams that may be available and relevant directives 4.4 produce an action plan which lists the actions necessary to begin such a venture.

Guidance

Links

This unit links with other units within this specification relating to European Business

Essential requirements

Learners will need access to a large map of the European Union, a chart indicating the main EU institutions and their interconnection and UK National Accounts such as the Blue Book.

