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UK and the European Union Example

BTEC Level 4 Professional Diploma in International Trade UNIT NO: 5 UNIT TITLE: International Business
ASSIGNMENT NO: 1 ASSIGNMENT TITLE: GB International UNIT OUTCOMES COVERED: 5.1 Understand how the UK is affected by being a member of the **European Union**. 5.2 Understand the **international business environment** and how **cultural differences** affect international trade. **GRADING OPPORTUNITIES AVAILABLE**

Outcomes/ Grade Descriptors P5.1 P5.2 P5.3 P5.4 M1 M2 M3 D1 D2 D3

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DATE SET: 29/04/14 DUE DATE: 18/07/14 STUDENT: _____

OUTCOMES/GRADE DESCRIPTORS ACHIEVED (please tick)

Outcomes/ Grade Descriptors P5.1 P5.2 P5.3 P5.4 M1 M2 M3 D1 D2 D3

Declaration of Authenticity

Hand-in policy: You must present this assessment on or before the specified date. If you experience difficulties you must inform your unit tutor.

Late work policy: Due consideration will be given to students who have good reason for late submission due to illness or other causes. The unit tutor has the right to examine students assignments by viva voce in addition to the assessments specified.

Plagiarism: The college takes a very serious view of the use of unfair means to enhance performance. All sources used must be properly referenced in the text and listed in the bibliography. You must declare that this assessment is your own work when you submit by signing the statement below: "I declare that this assignment is my own work. I am aware that plagiarism is a serious offence and the penalties severe." **Learner's name and signature:..... Date:.....**

Assignment Brief

Scenario

Countries throughout the world have become increasingly aware of the need to trade internationally. With such a global platform, it is important for businesses to take full advantage of the opportunities available. The enlargement of the European Union (EU) has enabled more countries to carry out trade. The BRICS (Brazil, Russia, India, China and South Africa) countries have added a new dimension to global trading. UK and most of the countries throughout the world have fully embraced this new international trading environment. However, businesses organisations in respective countries need to fully understand the benefits and problems that may arise as a result of international trading. Setting up a foreign office means expenses for staff, business taxes, utility bills and many other expenses, including travel. These costs can be avoided by if one exports without leaving home. Distributors and Partners handle the essentials in the destination markets and are offered all the help via telephone, internet, Skype and email without the need to travel and spend cash on staff in an overseas office. Sales can increase when not encumbered by high fixed cost expenses. This 'arm's length' business model can work very well with enthusiastic distributors. What's the secret of exporting without a foreign office? Your product needs to secure a 40 per cent price premium to cover third party distributor and shipping costs and the rest covers your UK based costs and profit. What if you don't have a distributor yet? Go on the Internet, find someone in the trade and send them a link to your YouTube channel which explains your product. No bricks and mortar so this approach to exporting costs nothing but your time. Distributors will also want exclusivity but don't give it formally. You should work on order per order basis and both parties can walk away. So there are 'no strings' attached. Your local Chamber of Commerce branch has contacted you (as someone who is currently carrying out extensive studies in international trade) and asked you to produce a comprehensive document titled 'GB International'. You will carry out research into UK and foreign businesses and analyse how these trade internationally. **Note : This assignment covers Unit 5 - Learning Outcomes 5.1 and 5.2**

Tutor Notes

- Your assignment should be handed in by the deadline.
- This assignment must be your own work and original. You confirm that no part of this assignment has been plagiarised in any way.
- All sources of reference must be included using the Harvard System
- You will be expected to check spelling mistakes and grammar

Tasks

Task 1

Your first task is to provide the members of the Chamber with up to date information on EU and its impact on countries which are part of the Union.

1. Carry out research into the past and current state of the EU. **Describe the nature and purpose of the EU.**

Produce a presentation on this subject, which will be delivered to the members of the Chamber.

2. The EU has in the past and is constantly bringing new 'directives'. Produce an up-to-date mini guide on EU directives which impact on UK domestic and international trade.

3. Since its creation, the EU has seen a gradual expansion in its composition. Several East European countries have become members. Other countries such as Turkey are aiming to become part of the EU community. The expansion has various consequences on the member states. Write a report exploring the consequences of the expansion of the EU on the UK and other member countries. In your report, ensure you take into consideration the special interests of your local Chamber of Commerce members with regard to the EU.

Task 1 covers assessment criteria 5.1.1, 5.1.2 and 5.1.3

Task 2 International trading has led to different ways of carrying out business. The UK and countries around the world have embraced the new 'globalisation' phenomenon. However, since countries have their own identities, it is not always easy to carry out business on an international level. Members of your local Chamber of Commerce have however, shown an interest in subscribing to 'globalisation'.

1. Create a series of posters that could be used during an open evening with a theme of 'International trading, globalisation and emergence of multinational corporations'.

2. Carry out research into countries which are currently carrying out business internationally. Using illustrations and facts from your report, write a report on cultural differences and barriers to international trade.

Task 2 covers assessment criteria 5.2.1, 5.2.2 and 5.2.3

Task 3 Refer to the report that you produce in task 1c. Following new member states joining the EU, European companies hope to benefit from this. Carry out further research exploring the opportunities of European companies. a) Amend your report from task 1c and add extra sections to describe the opportunities that you have identified for European companies. Ensure that members of your local Chamber of Commerce are able to understand the possible benefits of these opportunities. **Task 3 covers assessment criteria 5.2.4**

Translation of the general grading criteria to this assignment

Outcomes 5.1 & 5.2

Pass 5.1 Understand how the UK is affected by being a member of the European Union 5.2 Understand the international business environment and how cultural differences affect international trade.

Merit Present and communicate appropriate findings

Distinction Use critical reflection to evaluate own work and justify valid conclusions

1. Describe the nature and purpose of the EU
 2. Identify EU directives that impact on UK domestic and international trade
 3. Explore potential consequences (for the UK and other EU members) of the expansion of the EU
 1. Explore changes in the nature of international trading companies including globalisation and the emergence of multinational corporations
 2. Investigate the effect of cultural differences on international trade
 3. Identify the main barriers to international trade
 4. Explore how opportunities for European companies are increased as a result of the EU
- M3** Information about EU and international business environment has been **analysed** and presented to members of the Chamber of Commerce in different formats. The style of presentation must suit different needs and audience. **Analysed** Information including facts and figures are clear, concise and coherent and address the needs of members.
- D1** Careful **evaluation and justification** of information collected on EU and international business. An evaluation of EU's directives and cultural differences and how these impact on organizations planning to trade internationally. This must lead to accurate decisions made by members of the Chamber of Commerce.

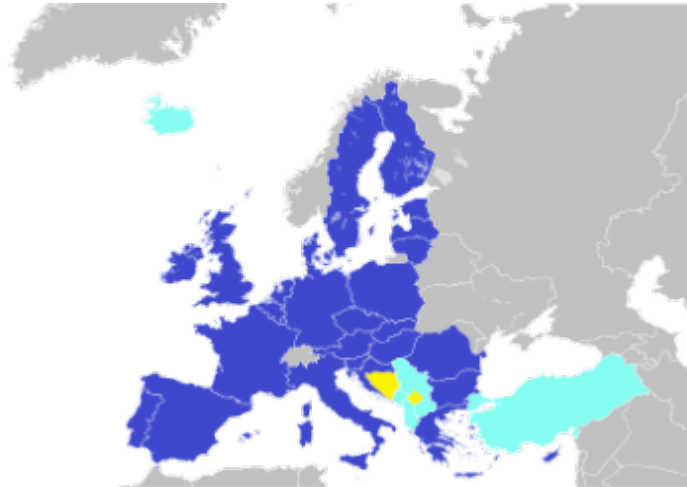
COLLEGE OF CENTRAL LONDON **BTEC Level 4 Professional Diploma in International Trade** UNIT NO: 4 UNIT TITLE: **International Business** ASSIGNMENT NO: 1 WILAWAN MCALLISTER ASSIGNMENT TITLE: **GB International**

CONTENT TASK 1C Since its creation, the EU has seen a gradual expansion in its composition. Several East European countries have become members. Other countries such as Turkey are aiming to become part of the EU community. The expansion has various consequences on the member states. Write a report exploring the consequences of the expansion of the EU on the UK and other member countries. In your report, ensure you take into consideration the needs of your local Chamber of Commerce members with regards to the EU. **Task 1 C)**

Write a report exploring the consequences of the expansion of the EU on the UK and other member countries. In your report, ensure you take into consideration the needs of your local Chamber of Commerce members with regards to the EU. **REPORT To:** Chamber of Commerce Members **From:** Wilawan McAllister **Subject:** The

Expansion/Enlargement Of the European Union This report sets out to examine the history of European Union enlargement and the consequences of continued EU enlargement to the UK and other EU member states.

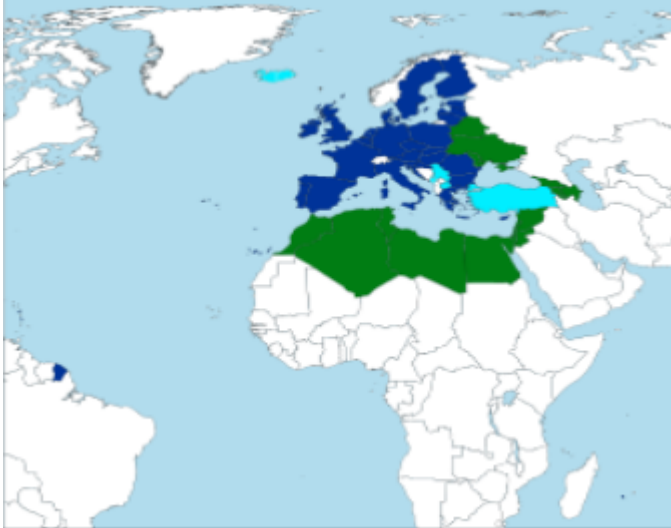
European Union Enlargements The European Union (EU) was formed through the inclusion of member states, which began with the Inner Six, who formed the European Coal and Steel Community (ECSC) in 1952. Recently, the EU's membership has grown twenty-eight and completed with Croatia who joined the EU in 2013. The EU has the potential to expand further with other countries interested in membership such as the Turkey, Kosovo and other former soviet union states. The map below shows the enlargements and potential future enlargements of the EU.



Map of EU Member states and Potential Enlargement

Member states Candidates: Albania, Macedonia (formal candidates), Iceland; Montenegro, Turkey, Serbia, (EU entry negotiations) Potential candidates who did not apply for membership: Bosnia, Kosovo* (status disputed) and Herzegovina **European Union Neighbouring Countries** EU neighbouring countries including North Africa countries through their historic ties to European countries may in the future wish to have closer ties to the EU. The Treaty of Maastricht (Article 49), prescribes that any European country that respects the principles of the European Union

has the possibility to request consideration for membership. Extending membership to non European countries is not mentioned, though an exception has already been made for Cyprus and has been seen by some for states as setting a precedent. EU Neighbouring countries are shown on the map below. **Map of EU Neighbouring Countries**



European Union Official candidates European Neighbouring

Countries Some non-European countries have different qualifications of integration with the EU specified by agreements, which allow a certain amount of trade with the EU but do not provide membership to the EU.

Membership of the European Union To obtain membership to the EU, the country needs to follow economic and political conditions which are referred to as the Copenhagen criteria, that require stable political conditions under democratic government and respect for the rule of law, its corresponding freedoms and institutions. Regarding the Maastricht Treaty, each current EU member and the European Parliament must concur to any expansion. Regarding the EU treaties, the EU's membership is open to any European State which respects its values and is committed to promoting them. The values include "respect for human dignity, freedom, democracy, the rule of law and respect for human rights, equality, which include the rights of persons belonging to minorities." The Madrid European Council has revised the membership criteria and included a condition for the member country's integration to be appropriate of its administrative structures in December 1995. It is significant that the European Community

legislation is reflex in nation legislation, it is important that the revise is implement effective through appropriate administrative and juridical structures. Given the conditions set forth for membership of the EU it is unlikely that the majority of non-european countries would be able to meet the requirements and therefore it is probable that the majority of EU neighbouring countries would not qualify for EU membership if this option existed. **Continued Enlargement of the EU** Enlargement of the EU has been one of its most successful foreign policies, providing economic strength to the union and allowing political influence in countries wishing to obtain membership. However enlargement has been the subject of opposition from its inception with French President Charles de Gaulle opposed to British membership fearing that this would lead to influence from the USA. French President Francois Mitterand was initially unsupportive of the Greek, Spanish and Portuguese applications for consideration for membership, fearing that the countries would not be able to meet the membership criteria and he feared that the EU would just become a free trade area. The premise for establishment of the EEC and its initial expansion was generally considered to be solely economic. The second and subsequent enlargements were more political as well as economical and included inclusion of the southern mediterranean countries and former soviet bloc countries which had adopted democracy which the EU wished to encourage. Due to the recent large enlargements to the EU, the general public sentiment of a number of EU countries including the UK has turned against further expansion. **Consequences of EU Enlargement** The world is increasingly and dividing into trade blocs. Economic powerhouses such as the European Union, and the United States, have each established trade blocs with neighbouring countries and deny trade access to rivals. Exporting countries in Asia Pacific have also established trading blocs which predominantly concentrate on agricultural products. Free trade zones and trade blocs have the potential to create increased trade between the member countries and this may be seen as a positive. Trade blocs however may create protectionist markets and may actually hinder international trade. The main reason for increasing the number of member states of the EU is to establish a larger market combined with economic stability. This will offer companies the opportunity to trade in a larger market and reduce the trade barriers currently faced between EU and non EU members by increasing the number of EU members. Currently, EU is considered to be the most powerful global trading union. The creation of the European single currency adopted by the majority of EU member states has led to closer economic links. Not all member states have signed up to the single currency such as the UK which does not see the benefit of the single currency. The EU has

demonstrated protectionist policies with regards to agriculture, as it appears to hold the ideal that the EU should remain self-sufficient in agriculture and therefore imposes limits on agricultural imports from non-EU countries. The European Union Trade Flow: exports \$813bn, imports \$801bn. The potential to trade with increased number of countries with trade barriers removed, may result in increased trade for the current EU member states with positive economic effects. The inclusion of further states in European single currency, which removes the risk of exchange rate fluctuation for the member states which adopt the single currency, may either stabilise or destabilise the EU single currency. In the current world financial situation destabilisation is probably more likely. Enlargement of the EU to neighbouring countries may encourage democracy and adherence to EU legislation in the neighbouring countries, which in turn may improve security within the EU. Enlargement of the EU to neighbouring countries would increase the number of migrant workers able to travel to the existing EU member states. This may enhance the skill pool within the EU or could potentially swamp existing labour markets. Given the current security concerns the enlargement of the EU and the free travel of its members may increase insecurity with the EU countries.

The need for international trade:

1. The need for exchange of capital, goods and services.
2. Import and exports a significant share of GDP.
3. Industrialisation, advanced transportation, globalisation, multinational organisations and outsourcing influence international trade.
4. Importing and exporting goods from factors of production.
5. The effects of comparative advantage.
6. The effects of absolute advantage e.g. crude oil not available except by import.
7. Supply and demand factors.
8. Cheaper Imports

Benefits to companies within the EU

1. The free movement of goods
2. The free movement of persons
3. The free movement of services
4. The free movement of capital.

CONCLUSION Enlargement of the EU would potentially bring economic benefits to the UK and the current other EU member states. However enlargement may bring further immigration, instability to the EU single currency and potentially further insecurity to the EU. If the EU does not consider further enlargement then competing trading blocs will continue to be formed which may encourage protectionism and may result in a negative impact on international trade. To negate this the EU or individual member states may have to adopt individual free trade agreements with competing trade blocs. The findings of a British Chamber of Commerce survey of over 7500 companies concluded that UK businesses value free trade with other EU states. They are however likely to be sceptical or unsure about the current level of integration in the EU and if it is beneficial to their prospects. The BCC survey covered small, medium and large companies relating to their type of trading

relationship with other EU member states. The companies surveyed when questioned on the type of trading relationship they would like with Europe, over 50% of the companies surveyed expressed no opinion. The companies which did respond, 51% of the exporting companies favour a 'free trade area'. Only 31% supported an 'economic union'. Over half (55%) of all companies which responded to the survey were unsure which trading relationship with Europe would be of most benefit to them. In summary it would appear that further enlargement of the EU would not appear to be favourable with British companies and free trade agreements with non EU countries would appear to be the preferred option. **REFERENCE**

<https://www.britishchambers.org.uk/press-office/press-releases/uk-businesses-want-more-free-trade-in-europe,-but-less-integration.html> [accessed 4.1.15] <https://www.revisionguru.co.uk/economics/blocsex.htm> [accessed 3.1.15] <https://www.revisionguru.co.uk/economics/blocsex.htm> [accessed 3.1.15] https://en.wikipedia.org/wiki/Enlargement_of_the_European_Union [accessed 9.1.15] created/updated by: Raouf Nobeex MSc MBCS CertED DipRSA