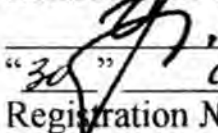


**Educational Establishment
Belarus State Economic University**

APPROVED

Rector of
Belarus State Economic University


V.N. Shimov
"30" 06 2017
Registration № УД 3321-17/уч.

INTERNATIONAL TRADE THEORY AND POLICY

The higher education establishment course program for the major
1-25 81 01 International Economics and Trade Policy

2017

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COURSE INTRODUCTION

The International Trade Theory and Policy course is a major component of the Master's Degree Program in International Economics and Trade Policy. It focuses on theoretical and methodological aspects of international trade and closely examines the mechanisms of various trade policies and impacts they make on countries and their market agents.

The purpose of the course is to equip students with knowledge, tools and skills to analyze international trade issues and policies.

The aims of the module:

- to provide detailed knowledge and in-depth understanding of theoretical and methodological aspects of international trade and trade policy;
- to explore the mechanisms and evaluate the effects of tariff and non-tariff measures used by different countries;
- to strengthen the analytical skills of the students and enable them to formulate their personal vision of the trade- and trade policy- related issues.

On completion of this course, Master's Degree students should

know:

- the major theoretical aspects of international trade and trade policy;
- the institutions responsible for trade policy implementation at different levels;
- the instruments (tariff and non-tariff) of trade policy and their effects on resource allocation and welfare;
- the interdependencies between domestic and trade policies;
- the ways trade policies affect market imperfections.
- historical context and current trends in international trade and trade policy development;

be able to:

- analyze the level of trade protection at a country and industry scale;
- estimate the outcomes of various types of trade policies, implemented by trading partners;
- defend their point of view in the debate on the current issues in international trade and policy.

The International Trade Theory and Policy course is aimed to develop the following **academic skills:**

- to assimilate and critically analyze data from an appropriate range of sources;
- to understand and use tools and techniques of quantitative research;
- to deploy theoretical arguments and apply them to empirical case studies.

Interdisciplinary relationships. The International Trade Theory and Policy course builds on previous courses in International Economics or World Economy. It implies familiarity with a number of basic concepts and models studied within Calculus and Statistics courses.

Total student study time – 128 hours, including lectures – 40 hours, seminars – 2 hours.

The form of knowledge control – exam.

CONTENTS

Topic 1. Introduction to International Trade Theory and Policy

Subject, learning objectives and structure of the teaching module International Trade Theory and Policy.

International trade: historical context, current trends. Sectoral and regional developments in international trade. Measuring international trade: methodology.

Recent trade controversies. Obstacles to trade at national level. Trade restrictiveness indices. The enabling trade index.

Trade in value added: issues, measures, and challenges.

Trade policy: institutions, levels of implementation. Governmental and non-governmental international trade-related organizations. From the GATT to the WTO.

Topic 2. Trade Restrictions: Tariffs

Tariff types: import tariff, export tariff, transit tariff; specific tariff, ad valorem tariff, compound tariff. Functions of tariffs. Tariff schedules features: most-favored nation treatment, national treatment, generalized system of preferences, preferential duties. Measurement of tariffs: unweighted average tariff, weighted average tariff, bound tariff, tariff peaks.

Partial equilibrium analysis of a tariff. Partial equilibrium effects of a tariff: consumption effect, production effect, trade effect, revenue effect. Effects of a tariff on consumer and producer surplus. Costs and benefits of a tariff. The theory of tariff structure: the rate of effective protection, escalated tariff structure.

General equilibrium analysis of a tariff in a small country: price and welfare effects. General equilibrium analysis of a tariff in a large country: price and welfare effects. The optimum tariff.

Tariff regulation: an overview of historical and current trends.

Topic 3. Non-Tariff Measures of Trade Policy

Classifications of non-tariff measures (NTMs): Trade Analysis and Information System of the United Nations Conference on Trade and Development database, GATT/WTO classification, alternative classifications.

Measuring and estimating the tariff-equivalent of NTMs.

Import licensing and quotas: types, administrative issues. Import quotas: large/small country welfare and price effects.

Export subsidies, voluntary export restraints, export taxes: large country welfare and price effects.

Countervailing duties; dumping, antidumping duties. Rules of origin, local content requirements. Sanitary and phytosanitary measures. Technical barriers to trade, administrative regulations.

Financial instruments and other measures of trade facilitation and export promotion.

Non-tariff regulation: an overview of historical and current trends.

Topic 4. Domestic Policies and International Trade

Types of domestic policies. Domestic policy versus trade policy price effects. Domestic policies as a basis for trade. Welfare effects of domestic policies in small trading economies.

Domestic production subsidies, domestic consumption taxes: effects in a small importing country.

Innovation, industrial and cluster policies: international trade focus.
Equivalency between domestic and trade policy.

Topic 5. Political Economy and International Trade

Features of a Democratic Society.
The Economic Effects of Protection.
The Consumers' Lobbying Decision. The Producers' Lobbying Decision. The Government's Decision.
The Lobbying Problem in a Democracy

Topic 6. Trade Policies with Market Imperfections and Distortions

Market imperfections and distortions. The theory of the second best.
Unemployment and trade policy.
The infant industry argument and dynamic comparative advantage.
The case of a foreign monopoly. Monopoly and monopsony power and trade.
Public goods and national security.
Trade and the environment.
Trade and poverty.


Topic 7. Evaluating the Controversy between Free Trade and Protectionism

Protectionism vs. free trade: a historical overview of the debates. Schools of economic thought: from mercantilism and classical school to contemporary approaches to free trade and protectionism. Types of protectionism.
Import substitution policy. Export oriented industrialization.
Economic efficiency effects of free trade.
Free trade and the distribution of income.
Free trade as the "pragmatically optimal" policy choice.

Educational and Methodological Course Outline

| Topic No. | Topic name, topic contents | Lectures | Practical classes | Seminars | Laboratory studies | Managed (controlled) student independent learning | Literature | Form of control |
|--------------|--|-----------|-------------------|----------|--------------------|---|------------|--|
| 1 | Introduction to International Trade Theory and Policy | 4 | - | | | | 1-21 | Quizzes, mini-tests |
| 2 | Trade Restrictions: Tariffs | 6 | - | | | | 1-21 | Quizzes, case-studies, group discussions |
| 3 | Non-Tariff Measures of Trade Policy | 12 | 2 | | | | 1-21 | Quizzes, case-studies, group discussions |
| 4 | Domestic Policies and International Trade | 4 | - | | | | 1-21 | Quizzes, case-studies, group discussions |
| 5 | Political Economy and International Trade | 2 | - | | | | 1-21 | Quizzes, case-studies, group discussions |
| 6 | Trade Policies with Market Imperfections and Distortions | 6 | - | | | | 1-21 | Quizzes, case-studies, group discussions |
| 7 | Evaluating the Controversy between Free Trade and Protectionism | 6 | - | | | | 1-21 | Quizzes, case-studies, group discussions |
| Total | | 40 | 2 | | | | | |

PROTOCOL OF COORDINATION OF THE TRAINING PROGRAM

| Name of the discipline with which to negotiate | Name of the department | Proposals for changes in the content of the curriculum studied academic discipline | Action taken by the Department that developed the curriculum (with date and non-Protocol) |
|--|---------------------------------|---|---|
| 1 | 2 | 3 | 4 |
| Macroeconomic (advanced level) | Department of economic theories | <i>No</i> Vorob, ev V.A.  | No changes are required. Protocol № 10 09.03.2017 |
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ДОПОЛНЕНИЯ И ИЗМЕНЕНИЯ К УЧЕБНОЙ ПРОГРАММЕ УВО
на ____ / ____ учебный год

| № п/п | Дополнения и изменения | Основание |
|----------|------------------------|-----------|
| | | |

Учебная программа пересмотрена и одобрена на заседании кафедры
_____ (название кафедры) (протокол № ____ от _____ 201_ г.)

Заведующий кафедрой

_____ (ученая степень, ученое звание)

_____ (подпись)

_____ (И.О.Фамилия)

УТВЕРЖДАЮ
Декан факультета

_____ (ученая степень, ученое звание)

_____ (подпись)

_____ (И.О.Фамилия)