**AEC 3206 INTERNATIONAL TRADE IN AGRICULTURE**

1. **INSTRUCTORS** Assoc. Prof. Johnny Mugisha(B.Sc. Agric.; M.Sc. Agric.; PhD)

 (Associate Professor)

 Ms. Alobo Sarah (B.Sc. Agric.; M.Sc. Agric. & Applied Econ.)

 (Teaching Assistant)

1. **COURSE TYPE AND LOCATION**: Core for B.Sc. Agric. IV and B.ABM III;Faculty of Agriculture, Department of Agricultural Economics & Agribusiness.
2. **COURSE STRUCTURE**

3 Credit Units: 45 Contact Hours per semester; 30 lecture hours (2 contact hours per week for 15 study weeks) and 30 tutorial hours (1 contact hour per week for 15 study weeks)

1. **COURSE DESCRIPTION:**

Basis for international trade; Theory of comparative advantage & potential gains in trade; Patterns of trade in Agricultural products, Concepts of free trade; Trade policies & practices of export & import nations; Analysis of effects of different measures of protection & intervention; Commodity agreements; Agricultural trade; Policies of common market areas & the role of international institutions - GATT and UNCTAD; Gender analysis of international trade policies.

**6. COURSE OBJECTIVES**

**General objective**

* To introduce students to the concept of international trade.

**Specific objectives**

* To equip students with knowledge and understanding of the worldwide importance of international trade, why we trade, concepts underlying and the overall importance of international trade.
* To enable students improve their ability to evaluate economy wide problems concerning free trade, protectionism, competitiveness, benefits from trade, including other issues and applications on global trade.

**7. RECOMMENDED REFERENCES FOR READING**

1. Dominic Salvatore, 1995. International Economics, 5th edition, Prentice Hall, Englewood Cliffs, New Jersey. (Current edition printed in January 2007)
2. Slamon Samien, 2006. A primer on export diversification:key concepts, theoretical underpinnings and empirical evidence.
3. Fahim Al-ma Rhubi, 2000. Export diversification & growth: an empirical investigation, Applied Economics Letters 7: 559-562
4. Jeremy W. Mattson, Won W. Koo and Richard D. Taylor, 2004. Non-tarriff trade barriers in agriculture. Centre for agricultural policy and trade studies, Agribusiness & Applied economics report No. 531, March 2004.
5. Agricultural trade, policies and principles by Tweeten.

**4. COURSE CONTENT, METHODS OF INSTRUCTION, TOOLS AND EQUIPMENT REQUIRED**

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| **TOPIC** | **CONTENT** | **METHOD OF INSTRUCTION / Time allocated** | **TOOLS / EQUIPMENT NEEDED** |
| **1.BASIS FOR INTERNATIONAL TRADE**  | * Introduction
* Importance of trade
* Why does trade occur
* Comparative advantage & trade

Seminar1: Why countries trade. | Interactive lectures (2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| **2.BASIS FOR INTERNATIONAL TRADE** | * Increasing opportunity costs & trade
* Trade with demand and supply
* Different tastes as a basis for trade
* Measuring gains from trade

Tutorial 1: Exercises on trade with demand & supply; measuring gains from trade. | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **3. INTRODUCTION TO INTERNATIONAL TRADE THEORIES** | * Mercantilist’s views on trade
* Adam Smith’s Absolute Advantage

Tutorial 2: Exercises on absolute advantage & trade | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **4. INTRODUCTION TO INTERNATIONAL TRADE THEORIES** | * Ricardo’s law of comparative advantage (differences in technology)
* Comparative advantage & opportunity

cost theoryTutorial 3: Exercises on comparative advantage & trade | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **5. INTRODUCTION TO INTERNATIONAL TRADE THEORIES** | * Standard theory of international trade
* Hecksher-Ohlin theory of international

Trade (differences in factor endowments)Tutorial 4: Exercises on Hecksher-Ohlin & trade | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **6. THE TERMS OF TRADE**  | * Terms of trade
* Calculating a country’s terms of trade
* Determinants of terms of trade

Tutorial 5: Exercises on Calculating a country’s terms of trade | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **7. THE CONCEPTS OF FREE TRADE** | * Relationship between imports & exports
* Optimal trade policy
* Benefits of free trade

Seminar 2: Arguments for & against free trade.Test : covering topics 1-7 | Interactive lectures (2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| **8. TRADE POLICIES & PRACTICES OF EXPORT & IMPORT NATIONS** | * Modern trade theory & trade policy
* Strategic trade policy
* Instruments of strategic trade policy:

Tariffs and quotas, Domestic product standards, product regulations, and other NTBs* Export subsidies
* Support for R&D, investments,

production, labor training, education, etc - what we often call industrial policy* Problems with strategic trade policy:

Seminar 3: Free trade, strategic trade & the modern trade theory | Interactive lectures ( 2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| **9. TRADE POLICIES & PRACTICES OF EXPORT & IMPORT NATIONS** | * Export competitiveness: definition &

Measurement* Economies of scale & competitive strategies
* Export diversification: definition, rationale &

MeasurementTutorial 6: Exercises on export competitiveness & export diversification | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **10.TRADE POLICIES & PRACTICES OF EXPORT & IMPORT NATIONS** | * Uganda’s export incentives & trade policy
* Trade policy instruments: Tarriffs &

non-tarriff barriers to tradeSeminar 4: Trade policy instruments  | Interactive lectures (2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| **11.TRADE POLICIES & PRACTICES OF EXPORT & IMPORT NATIONS** | * Welfare effects of trade policy

InstrumentsTutorial 7:Exercises on welfare effects of Employing different trade policy instrumentsCourse work assignment 1: On trade policies & practices of export & import nations | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| 12. ECONOMIC INTERGRATION  | * Forms of economic integration: trade creating and trade diverting customs unions,
* conditions for maximizing welfare impacts of customs unions.

Seminar 5 : Economic intergration | Interactive lectures (2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| 13. ECONOMIC INTERGRATION  | * Static welfare effects of customs unions

Tutorial 8: Exercises on welfare effects of customs unions | Interactive lectures (2 hrs)Tutorial (2 hrs) | Chalk / BB or Markers / Flip charts |
| **14. POLICIES OF COMMON MARKET AREAS & THE ROLE OF INTERNATIONAL INSTITUTIONS**  | * International institutions for trade:
* ITO
* GATT / WTO: functions & principles
* UNCTAD, COMESA, EAC,etc
* IMF, World Bank, etc
* OECD, OPEC, etc
* Regional integration
* FDI policy
* Industrial policy

Seminar 6: Institutions for modern trade policyCourse work assignment 2: On the role of international institutions in promoting trade | Interactive lectures (2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts  |
| **15.GENDER ANALYSIS OF INTERNATIONAL TRADE POLICIES** | * Gender & international trade: issues & applications:
* How does trade, trade policies and WTO rules contribute to or diminish gender inequalities, gendered markets, female poverty and discrimination?
* How do the reproductive tasks by women interact with trade and trade related activities?

Seminar 7: Gender analysis of trade agreements | Interactive lectures ( 2 hrs)Seminar (2 hrs) | LCD Projector,Chalk / BB or Markers / Flip charts |
| **16 - 17** | * Revision time
* Final Examination
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**9. SUMMARY OF TIME NEEDED**

Lectures 30 hrs

Tutorials and Seminars 15 hrs

**10. COURSE ASSESSMENT:**

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| Continuous assessment (test): | There will be 1 test arising from tutorials, seminars and topics covered, during week 7 of the semester | 20% |
| Continuous assessment (assignment): | Students will write 2 course work assignments | 20% |
| University Examination: | Final examination during week 16-17 of the semester | 60% |