**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 theory  Tutorial 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 &   Measurement  Tutorial 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 trade  Seminar 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   Instruments  Tutorial 7:Exercises on welfare effects of  Employing different trade policy instruments  Course 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 policy  Course 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 |  |  |

**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% |