International Agricultural Trade and Commercial Policy

AGEC 4623     Fall Semester 2014

Meets: Tu & Th 11:00AM – 12:15PM     Room: CHEM 132

Instructor Information:
Dr. Jeff Luckstead     Agricultural Building Room 223     479-575-3253     jluckste@uark.edu

Office Hours:  Tu & Th 3:00PM – 5:00PM or by appointment

Teaching Assistant:
Sandratra Razafinjoelina     aeabta07@uark.edu

Description in Course Catalog:
Analysis of agricultural market competition and performance in a global economy. The impact of domestic and international agricultural policies on domestic and international markets and welfare. Economic principles applied to the interaction of economic events in the world food economy. Prereq: AGEC 1103 and AGEC 2103

Textbook:
Reed, Michael R.  International Trade in Agricultural Products.  Upper Saddle River, New Jersey: Prentice Hall, 2001.  (Reading from other sources will also be assigned during the semester).

Course Objectives:
1. To better understand the configuration of economic and other forces influencing the conduct and performance of food and agricultural markets in today’s globally integrated economy.

2. To examine problems, conflicts, and interdependency in the global and domestic food economy in the context of impacts on producers, consumers, and taxpayers.

3. To examine problems, conflicts, and interdependency in the global and domestic food economy in the context of how marketing and agriculture trade strategies interrelate.

Blackboard:
Lectures, homework, and old exams will be available on Blackboard, which you can reach http://learn.uark.edu.

Grading: According to the UA instructions for reporting final grades, they generally will reflect the following:

A – Outstanding achievement (90%+)
B – Good achievement (80%+)
C – Average achievement (70%+)
D – Poor, but passing work (60%+)
F – Failure, given for unsatisfactory work (any grade below 60%)

Grade breakdown:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Homework</td>
<td>25%</td>
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<tr>
<td>Quizzes</td>
<td>15%</td>
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<td>Exam I</td>
<td>25%</td>
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<td>Final Exam</td>
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<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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Exams:
No hats may be worn during an exam. Students cannot drop any of the exams given during the semester. Make up exams may be permitted and must be arranged prior to the exam unless it is a medical emergency (personal or close family).

Class Attendance:
You will be excused for two class absences with permission. Any absences beyond two will lead to reduction in scores. For the first absence, you lose one percent of the score; for the second absence, you lose two percent of the score; for the third absence, you lose three percent of the score. Thus, if you miss five classes, you will lose 15% of the grade scores.

Requirements for Graduate Credit:
Student enrolled for graduate credit are required to:

1. Answer additional questions on problem sets and exams titled “Graduate Question.”
2. Read three journal articles related to agricultural and food trade policy. Turn in a typed 2-page summary. Use 12 pt font, double spacing, and 1 in margins.

3. Develop a research idea based on the topics learned in class. Complete a typed 2-page research topic proposal that describes the idea and how it relates to what we have learned in class. Use 12 pt font, double spacing, and 1 in margins.

Cell Phones:
Please turn off cell phones during class. The use of your phone is a distraction to both me and other students in the class.

Students with Disabilities:
If you want to request reasonable accommodations for this class due to a disability, you must first register with the Center for Educational Access (CEA) and hand-deliver an official Accommodation Letter from the CEA to me during my office hours or after class.

Academic Dishonesty:
"As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail."

"Each University of Arkansas student is required to be familiar with and abide by the University’s ‘Academic Integrity Policy’ which may be found at http://provost.uark.edu/. Students with questions about how these policies apply to a particular course or assignment should immediately contact their instructor."

Inclement Weather:
If the University is open, we will have class. See UA Inclement Weather Policy at http://emergency.uark.edu/11272.php. As the instructor, I reserve the right to cancel class due to inclement weather. Students will be notified by email and blackboard if this is the case.

Dropping this Class:
Situations can arise that warrant dropping a class. However, please see me before you drop the class so we can properly assess whether this is in your best interest (things may not be as bad as you think). Please do not drop without talking to me first.

I look forward to working with all of you this semester!

Topic Outline

Introduction: Globalization and Agricultural Market Performance

Overview of US and World Agricultural Trade (Reed, Ch 1)
FAOSTAT World Agricultural Statistics Data Base
Gains from Trade in an Open Economy (Reed, Ch 2)
  Simple Comparative Advantage
  Gains from trade, Two goods
  Partial Equilibrium, One good
  Interregional/International Markets-Introducing the World Market
  Transportation, Market Arbitration and Specialization-Introducing Transport Cost
  Border Prices as Indicators of Economic Efficiency (Pearson, et. al.)

Government Intervention and Trade: Tariff, Nontariff, and Export Subsidy Border Interventions

Trade Policies of Importing Countries (Reed, Ch 3)
  Major Types of Import Barriers
  Reasons for Trade Barriers
  Effects of Specific Import Policies
Trade Policies of Exporting Countries (Reed, Ch 4)

Technical Barriers to Trade

Technical Barriers to Trade (Reed, Ch 5)

International Trade Agreements

Multilateral Trade Negotiations: The GATT and WTO (Reed, Ch 6)
Protectionism, Fair Competition, Rent Seeking and Beggar thy Neighbor Bargaining. Preferential Trade Agreements (Reed, Ch 7).

**Macroeconomics and International Trade Effects of Exchange Rate Change**

Macroeconomics and its Influence on International Trade (Reed, Ch 8)

**Trade and the Environment**

(Reed, Ch 9)

**European Union Agriculture and Policy**

European Agriculture (Reed, Ch 10)

**Market Structure and Foreign Trade**

Foreign Direct Investment and Processed Food Trade (Reed, Ch 11)

Economies of Scale and External Economies

Contestable Markets and Competition in an Open Economy

**International Commodity Stabilization Schemes**

Commodity Control Schemes and the Free Rider Issue (Schmitz, et. al.)

Market Stability and International Trade (Houck)

Gains from Trade under Unstable Supply (Bigman)

**Comparative Advantage, Competitive Advantage, and Competitiveness in the Global Food Economy**

Competitiveness in the Global Food Economy (Reed, Ch 12)

Market Competitive Advantage Analysis using Global Border Price Budgeting (Handout).

**International Marketing**

Analyzing Opportunities (Reed, Ch 13)

Developing an International Strategy (Reed, Ch 14)