



International Agricultural Trade and Commercial Policy

AGEC 4623 Spring 2020

Meets: Tu & Th 11:00AM – 12:15PM

Room: Agriculture Building 0115

Instructor Information:

Dr. Jeff Luckstead

Agricultural Building 223

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Office Hours:

Thursday 3:00PM – 5:00PM
or by appointment

Teaching Assistant:

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: AGECE 1103 and AGECE 2103

Textbook:

Reed, Michael R. International Trade in Agricultural Products. 2nd Edition. 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 and homework: <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:

Class Participation	5%
Homework	15%
Quizzes	20%
Exam I	18%
Exam 2	18%
Final Comprehensive Exam	24%

Total **100%**

- **Class Participation:**
 - Students can also earn participation points by answering and asking questions in class.
- **Homework, Quizzes, and Exams:**
 - The TA grades the homework; I grade the quizzes and exams.

- There will be one homework for each chapter covered in class. Homework is due **before** class on the assigned due date. Late homework is only accepted for university approved absence with documentation.
- I will announce an upcoming quiz the class before.
- No hats may be worn during an exam. Make up exams *may* be permitted and *must* be arranged prior to the exam unless it is a medical emergency.
- **Final Exam** is scheduled for Tuesday May 7 from 10:15am to 12:15pm.
 - The final exam is comprehensive.
 - If your final exam percentage score is higher than the lowest of your Exam 1 or 2 percentage score, then I will replace the lowest Exam 1 or 2 score with your final exam percentage grade. I will not replace a zero score, students **MUST** take both exam 1 and 2 for this policy to apply.
 - I allow each student to create their own 8.5x11 page of notes for the final exam.
 - This page of notes must be **hand written** by **each student**.
 - Typed notes and photocopies are **not allowed**.

NO ELECTRONICS!!!!!!!!!!!!!!

- **PUT YOUR CELL PHONES, TABLETS, AND COMPUTERS AWAY WHEN LECTURE STARTS.**
- If you want to take electronic notes, you must get permission from Dr. Luckstead **AND** sit in the front row.

Class Attendance:

Class attendance is required.

Requirements for Graduate Credit:

Student enrolled for graduate credit are required to:

1. Answer additional questions on exams titled "Graduate Question."
2. Provide a review of literature (minimum of four journal articles) related to agricultural trade topic of the student's choice. The literature review must be 7-pages typed using 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)