

UNIVERSITY OF GUELPH
Department of Agricultural Economics and Business

FARE 6980
Agricultural Trade Relations

COURSE OUTLINE
Winter 2010

<u>TITLE:</u>	Agricultural Trade Relations		
<u>MEETING TIME AND PLACE:</u>	Monday	2:00 - 3:30	101 McLN
	Wednesday	2:00 - 3:30	101 McLN
<u>PREREQUISITES:</u>	Intermediate economic theory at the level of ECON-3710 or FARE-6380.		
<u>INSTRUCTORS:</u>	Karl Meilke Room 307 (824-4120, Ext. 52769) Email: kmeilke@uoguelph.ca		
<u>READINGS:</u>	Koo, W. W. and L. P. Kennedy. 2005. <i>International Trade and Agriculture</i> . Blackwell Publishing. Houck, J.P. 1986. <i>Elements of Agricultural Trade Policies</i> . Waveland Press. Assignments will also be made from books, journals and research reports.		
<u>GRADES:</u>	Students' grades will be based on: term assignments (20%), class participation (5%), major project (30%) and final exam (45%). Course policy related to missing assignments or exams. Students who wish to claim illness or compassionate reasons for missing assignments or mid-terms must submit the appropriate certificates or verification as indicated in the <i>University of Guelph Undergraduate Calendar</i> , which can be found at: http://www.uoguelph.ca/undergrad_calendar/c08/c08-ac.shtml		

COURSE CONTENT:

This course is concerned with the factors which influence the trade flows of agricultural products, with a particular emphasis on trade interventions and institutions. Partial equilibrium microeconomic theory will be the primary tool of analysis. As such, students should not consider this course a replacement for a systematic treatment of general equilibrium trade theory. Attention is given to the development of theoretical concepts, research procedures and empirical findings in this area of study. Policy impacts and implications will be emphasized.

STUDENT COURSE EVALUATIONS:

Course evaluations are used in the Department of Agricultural Economics and Business to provide feedback to instructors and to improve the teaching of individual courses. Course evaluations are also used by the Department Chair and the Department Promotion and Tenure Committee in making recommendations regarding promotion, tenure and faculty salary increases.

Students are assured that **NO** faculty member sees the results of the course evaluations or any written comments before the final grades for the course are submitted.

University policy states that students' **unsigned** written comments can only be seen by the course instructor. **Signed** written comments can be read by the faculty member, Department Chair and the Department Promotion and Tenure Committee.

In order for student written comments to have the most influence on improving teaching in the Department of Agricultural Economics and Business we **strongly recommend that all written comments be signed.**

EXAMINATION POLICY:

The final examination in FARE 6980 is designed to test the individual student's comprehension of the course material. During the examination students should not talk to their classmates, ask(answer) any questions of(for) classmates, exchange notes with their classmates, attempt to read their classmates examination papers or use any notes that have not been explicitly approved by the instructor for use. Cheating on an examination, in any way, is a very serious offence and the penalties proscribed by the University for a student caught cheating are severe. If you have any question about acceptable behaviour during an examination please ask your instructor prior to beginning the examination.

TOPICAL OUTLINE:

- A. The WTO, the Uruguay Round and Canadian Trade Policy: Background
- B. Basic Concepts and Current WTO Issues
- C. Gains from Trade
- D. Partial Equilibrium Analysis
- E. Tariffs, Quotas and Non-Tariff Barriers

- F. Trade Effects of Domestic Policies
- G. Export Subsidies
- H. Price Discrimination
- I. Exchange Rates
- J. Regional Trade Agreements
- K. Measures of Protection
- L. Contingent Protection

BASIC TRADE THEORY:

Five particularly good books are:

Enders, W. and H. Lapan 1987. *International Economics: Theory and Policy*. Toronto: Prentice Hall.

Gaisford, J. D. and W. A. Kerr. 2001. *Economic Analysis for International Trade Negotiations: The WTO and Agricultural Trade*. Cheltenham: Edward Elgar.

Markusen, J.R. and J.R. Melvin 1988. *The Theory of International Trade*. New York: Harper and Row.

Reed, M. R. 2001. *International Trade in Agricultural Products*, Prentice Hall.

Vousden, N. 1990. *The Economics of Trade Protection*. Cambridge: Cambridge University Press.

Trade Policy

Bhagwati, J. 2002. *Free Trade Today*. Princeton University Press.

Bhagwati, J. 2004. *In Defence of Globalization*. Oxford University Press.

Corden, W. M. 1974. *Trade Policy and Economic Welfare*. Oxford: Clarendon Press.

Hart, Michael. 1998. *Fifty Years of Canadian Trade: Canada at the GATT 1947-1997*. Ottawa: Centre for Trade Policy and Law.

Irwin, D. A. 2002. *Free Trade Under Fire*. Princeton University Press. 2002.

Josling, T. E., S. Tangermann and T. K. Warley. 1996. *Agriculture in the GATT*. New York: St. Martin's Press.

Fun Reading

Bhagwati, J. 2002. *Free Trade Today*. Princeton University Press.

Bhagwati, J. 2008. *Termites in the Trading System*. Oxford University Press.

Blustein, P. 2009. *Misadventures of the Most Favored Nations: Clashing Egos, Inflated Ambitions, and the Great Shambles of the World Trade System*. Public Affairs: New York.

Hart, M., B. Dymond and C. Robertson. 1994. *Decision at Midnight*. UBC Press.

Irwin, D. A. 1996. *Against the Tide: An Intellectual History of Free Trade*. Princeton University Press.

Krugman, P. 1994. *Peddling Prosperity*. W.W. Norton.

Roberts, R.D. 1994. *The Choice*. Prentice Hall.

Stiglitz, J. 2001. *Globalization and Its Discontents*. W.W. Norton.

A. The WTO, the Uruguay Round and Canadian Trade Policy: Background

1. WTO. *What Is the WTO?* www.wto.org
2. WTO. 1994. *Agreement on Agriculture*. www.wto.org
3. IATRC. 1994. *The Uruguay Round Agreement on Agriculture: An Evaluation*. Commissioned Paper No. 9. www.iatrcweb.org
4. IATRC. 1997. *Implementation of the Uruguay Round Agreement on Agriculture and Issues for the Next Round of Agricultural Negotiations*. Commissioned Paper No. 12. www.iatrcweb.org
5. Bagwell, K. and R. W. Staiger. 2001. "The WTO and a Mechanism for Securing Market Access Property Rights: Implications for Global Labor and Environmental Issues." *J. Econ. Perspectives* 15(3):69-88.
6. Rude, J. and K. D. Meilke. 2006. "Canadian Agriculture and the Doha Development Agenda: The Challenges." *The Estey Journal of International Law and Trade Policy* 7(1):32-48.

B. Basic Concepts and Current WTO Issues

1. Houck, J.P. 1986. *Elements of Agricultural Trade Policies*. Chapters 1 and 3.
2. WTO. 2004. *WTO: Agriculture Negotiations: Background*. http://www.wto.org/english/tratop_e/agric_e/neqs_bkgrnd00_contents_e.htm

3. WTO. 2004. *Doha Work Programme*.
www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm
4. WTO. 2008. *Revised Draft Modalities for Agriculture*.
http://www.wto.org/english/tratop_e/agric_e/agchairtxt_dec08_a_e.pdf
5. Anderson, Kym. 2005. "Setting the Trade Policy Agenda: What Roles for Economists?" *Journal of World Trade* 39(2):341-381.
6. Evenett, S. 2008. "The Trade Policy Jungle: A Survival Guide for Academic Economists." *The World Economy* 31(4): 498-516.

C. Introduction to Trade Policy and Welfare Measures

1. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapters 2 and 3.
2. Houck, J.P. 1986. *Elements of Agricultural Trade Policies*. Chapter 2.
3. Baldwin, R. 2006. *Globalization: The Great Unbundling(s)*. Economic Council of Finland. Prime Minister's Office. September.
http://hei.unige.ch/~baldwin/AcademicPapers/AcademicPaperFiles/Baldwin_06-09-20.pdf
4. Markusen, J.R. and J.R. Melvin 1988. *The Theory of International Trade*. New York: Harper and Row.

D. Partial Equilibrium Analysis

1. Houck, J.P. 1986. *Elements of Agricultural Trade Policies*. Chapter 4.
2. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapter 6.

E. Tariffs, Quotas and Non-Tariff Barriers

1. Houck, J.P. 1986. *Elements of Agricultural Trade Policy*. Ch. 5, 7 and 8.
2. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapters 7 and 8.
3. Moschini, G. 1991. "Economic Issues in Tariffication: An Overview." *Agricultural Economics* 5(1):101-120.
4. Moschini, G. and K.D. Meilke 1991. "Tariffication with Supply Management: The Case of the U.S.-Canadian Chicken Trade." *Can. J. Agr. Econ.* 39(1):55-60.
5. Coughlin, C.C. and G.E. Wood 1989. "An Introduction to Non-Tariff Barriers to Trade." *Federal Reserve Bank of St. Louis Review* 71(1):32-46.

6. Skully, D. W. 2001. *Economics of Tariff-Rate Quota Administration*. Technical Bulletin 1893. ERS/USDA.
7. Huff, K., K. D. Meilke and R. Amedei. 2000. "Canada-United States Chicken Trade: A Re-Evaluation". *Can. J. Agr. Econ.* 48(4)421-32.
8. IATRC. 2001. *Market Access: Issues and Options in the Agricultural Negotiations*. Commissioned Paper 14. International Agricultural Trade Research Consortium. www.iatrcweb.org
9. IATRC. 2001. *Agriculture in the WTO: The Role of Product Attributes in the Agricultural Negotiations*. Commissioned Paper 17. International Agricultural Trade Research Consortium. www.iatrcweb.org

F. Trade Effects of Domestic Policies

1. Houck, J.P. 1986. *Elements of Agricultural Trade Policies* - Ch. 6, 7, 8, 9
2. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapter 9.
3. Brink, Lars. 2007. *Classifying, Measuring and Analyzing WTO Domestic Support in Agriculture: Some Conceptual Distinctions*. Working Paper 2007-2-3. Canadian Agricultural Trade Policy Research Network. <http://www.uoguelph.ca/~catprn/PDF/Working%20Paper%202007-2.pdf>
4. Blandford, D. 2000. "Are Disciplines Required on Domestic Support?" *Estey Journal of International Law and Trade Policy*. www.esteyjournal.com
5. IATRC. 2001. *Agriculture in the WTO: Domestic Support: Issues and Options in the Agricultural Negotiations*. Commissioned Paper 16. International Agricultural Trade Research Consortium. www.iatrcweb.org
6. Barichello, R., J. Cranfield and K. Meilke. 2009. "Options for the Reform of Supply Management in Canada with Trade Liberalization." *Canadian Public Policy* 35(2):203-217.
7. Blandford, D. 2007. *Information Deficiencies in Agricultural Policy Design, Implementation and Monitoring*. OECD Food, Agriculture and Fisheries Working Paper 2 No. 6.

G. Export Subsidies

1. Houck, J.P. 1986. *Elements of Agricultural Trade* - Ch. 10, 12.
2. IATRC. 2001. *Agriculture in the WTO: Export Competition: Issues and Options in the Agricultural Negotiations*. Commissioned Paper 15. International Agricultural Trade Research Consortium. www.iatrcweb.org

H. Price Discrimination

1. Bressler, R. G. and R. A. King. 1970. *Markets, Prices and Interregional Trade*. John Wiley and Sons. Chapter 12.

I. Exchange Rates

1. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapter 12 and 13.
2. Schuh, E. 1974. "The Exchange Rate and U. S. Agriculture. *Amer. J. Agr. Econ.* 56(1):1-13.
3. Coleman, J, R. and K. D. Meilke. 1988. "The Influence of Exchange Rates on Red Meat Trade between Canada and the United States." *Can. J. Agr. Econ.* 36():401-424.

J. Regional Trade Agreements

1. Koo, W. W. and L. P. Kennedy. 2005. *International Trade and Agriculture*. Chapter 11.
2. Markusen, James, James R. Melvin, William H. Kaempfer and Keith E. Maskus 1995. *International Trade: Theory and Evidence*. McGraw-Hill, Inc. New York - Chapter 18
3. Meilke, K., J. Rude and S. Zahniser. 2006. *The Search for NAFTA Plus and a Strategic Bargain in the North American Agrifood Sector*. <http://naamic.tamu.edu/calgary/meilke.pdf>
4. Bhagwati, J. 1992. "Regionalism versus Multilateralism" *The World Economy* 15(5):535-556.
5. Baldwin, R. E. 2006. "Multilateralising Regionalism: Spaghetti Bowls as Building Blocs on the Path to Global Free Trade." *The World Economy* 29(11):1451-1518.

K. Measures of Protection

1. Houck, J.P. 1986. *Elements of Agricultural Trade Policies*. Ch. 13.
2. Anderson, K. 2003. "Measuring the Effects of Trade Policy Distortions: How Far Have We Come?" *The World Economy* 26(4):413-40.
3. OECD. 2008. *Agricultural Policies in OECD Countries: Monitoring and Evaluation*.
4. Gibson, P., et. al. 2001. *Profiles of Tariffs in Global Agricultural Markets*. Agricultural Economic Report 796. ERS/USDA.

L. Contingent Protection

1. Meilke, K. D. And R. Sarker. 1997. "Four Case Studies of Agri-Food CVDs and a Proposal for Reforming National Administered Protection Agencies." *Agricultural Economics* 17():147-164.
2. Hudec, R. 1998. *Does the Agreement on Agriculture Work? Agricultural Disputes After the Uruguay Round*. Working paper 98-2. International Agricultural Trade Research Consortium. www.iatrcweb.org
3. Wainio, J., L. M. Young and K. Meilke. 2003. "Trade Remedy Actions in NAFTA: Agriculture and Agri-Food Industries." *The World Economy* 26(7):1041-65.
4. Moschini, G. and K. D. Meilke. 1992. "Production Subsidy and Countervailing Duties in Vertically Related Markets: The Hog-Pork Case Between Canada and the United States." *American Journal of Agricultural Economics* 74(4):951-61.