

SEGMENT 1

**Austrian and European Political
and Economic Issues**

Austrian Authorities

JOINT VIENNA INSTITUTE

Applied Economic Policy Course (AEP-22)

AA Segment: Austrian and European Political and Economic Issues

Vienna, Austria

May 26-29, 2015

PROGRAM

Tuesday, May 26

Austria's Economy and Economic Policy

08:30 – 09:00	Registration and Administrative Remarks <i>Iwona Kabat Lefèbre, Program Officer, JVI</i>
09:00 – 10:30	Opening Remarks, Getting-to-Know Each Other, and AEP Course Overview <i>Norbert Funke, Director, JVI</i> <i>Martin Schindler, Deputy Director, JVI</i>
10:30 – 10:45	Coffee Break
10:45 – 11:00	Introduction to the AA Segment <i>Elisabeth Hagen, Executive Director, wiiw</i>
11:00 – 12:30	L-1 Key Aspects of Austria's Economic Development since the Crisis <i>Stefan Schiman, Austrian Institute of Economic Research</i>
12:30 – 02:00	Lunch break
02:00 – 03:30	L-2 Austria: Economic Challenges for a Small Open Economy <i>Reiner Buchegger, University of Linz</i>
03:30 – 03:45	Coffee Break
03:45 – 05:15	L-3 Austria's Labour Markets and Labour Market Policies <i>Johannes Schweighofer, Ministry of Social Affairs</i>
05:15 – 05:30	L-4 Introduction to Workshop on the Austrian Economy <i>Reiner Buchegger, University of Linz</i>

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PROGRAM

Wednesday, May 27 **Austria's Economy and Workshop**

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|---------------|-----|--|
| 09:00 – 10:30 | L-5 | The Economy of the Dual Monarchy: Factors of Development and Backwardness
<i>Andreas Resch, Vienna University of Economics and Business</i> |
| 10:30 – 10:45 | | Coffee Break |
| 10:45 – 12:15 | L-6 | Austria's Entry into EU
<i>Fritz Breuss, Austrian Institute of Economic Research</i> |
| 12:15 – 12:30 | | What to Do in Vienna
<i>Elisabeth Hagen, wiiw</i> |
| 12:30 – 02:00 | | Lunch Break |
| 02:00 – 05:00 | W-1 | Workshop on the Austrian Economy
<i>Reiner Buchegger, University of Linz</i> |

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Vienna, Austria

May 26-29, 2015

PROGRAM

Thursday, May 28

EU Economic Policy and Austria

- 09:00 – 10:30 L-7 Challenges for EU Economic Policy: Austria in the EU Context
Kurt Bayer, wiiw & former Director of EBRD
- 10:30 – 10:45 Coffee Break
- 10:45 – 12:30 L-8 EU Economic Policy Coordination in Practice: a National Perspective
Christa Peutl, Federal Chancellery
Alfred Katterl, Ministry of Finance
- 12:30 – 02:00 Lunch Break
- 02:00 – 03:15 L-9 Using Datasets for Macroeconomic Analysis
Alexandra Bykova, wiiw
- 03:15 Leaving for the OeNB Money Museum
- 04:00 – 05:00 Guided Tour of the OeNB Money Museum
Julia Domes, Austrian Central Bank, Money Museum
Venue: Otto-Wagner Platz 3, 1090 Wien

JOINT VIENNA INSTITUTE

Applied Economic Policy Course (AEP-22)

AA Segment: Austrian and European Political and Economic Issues

Vienna, Austria

May 26-29, 2015

PROGRAM

Friday, May 29

EU Institutions and Economic Policy

09:00 – 10:30	L-10 The Role of the EIB in Promoting Growth in the EU and the EU Neighbourhood <i>Wolfgang Nitsche, Ministry of Finance</i>
10:30 – 10:45	Coffee Break
10:45 – 12:30	L-11 EU Institutions and Policy Making from a Practical Perspective <i>Andreas Lernhart, European Council</i> <i>Harald Kandolf, European Parliament</i>
12:30 – 02:00	Lunch Break
02:00 – 05:00	L-12 Economic and Monetary Union <i>Christine Gartner, European Central Bank</i>
05:00 - 05:30	Evaluation of the Course <i>Elisabeth Hagen, wiiw</i>

SEGMENT 2

Macroeconomic Management Issues

IMF/JVI

INTERNATIONAL MONETARY FUND
Joint Vienna Institute
Applied Economic Policy Course: Macroeconomic Management Issues
Vienna, Austria
June 1-12, 2015
PROGRAM¹

Monday, June 1

9:00 a.m. – 9:45 a.m.		Quiz
9:45 a.m. – 12:30 p.m.	L-1	Overview of Basic Macroeconomic Accounts and Interrelationships Mr. Norbert Funke, Director, JVI <ul style="list-style-type: none"> • Main economic sectors and accounts • Role of economic agents • Interrelations between accounts
2:00 p.m. – 5:30 p.m.	L-2	Macroeconomic Stabilization Policies, Structural Reforms, and the Role of the IMF Mr. Klaus Enders, Consultant, IMF <ul style="list-style-type: none"> • Concept of macroeconomic stability • Overview of stabilization policies • Role of the IMF

Tuesday, June 2

9:00 a.m. – 12:30 p.m.	L-3	Economic Growth and Structural Policies Ms. Asel Isakova, Junior Economist, JVI <ul style="list-style-type: none"> • Growth accounting methodology • Economic growth theories • Role of institutions and reforms
2:00 p.m. – 5:00 p.m.	W-1	Workshop on Economic Growth: Growth Accounting and Growth Regressions Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Growth accounting • Estimating potential growth • Growth regressions and role of reforms

¹ Coffee breaks are generally from 10.30 a.m. to 11.00 a.m. and 3.30 p.m. to 4.00 p.m.

Wednesday, June 3

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|------------------------|-----|---|
| 9:00 a.m. – 12:30 p.m. | L-4 | Choice of Monetary and Exchange Rate Policy Framework and Analysis
Mr. Enders <ul style="list-style-type: none"> • Monetary and exchange rate policy objectives • Transmission mechanisms • Factors relevant to the choice of monetary policy and exchange rate |
| 2:00 p.m. – 5:30 p.m. | W-2 | Workshop on the Choice of Monetary/ Exchange Rate Framework: Country Case Studies
Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Choice of monetary and exchange rate regime • Discuss accompanying policies • Discuss alternative scenarios in plenary |
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Thursday, June 4

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|------------------------|-----|---|
| 9:00 a.m. – 12:30 p.m. | L-5 | Role and Objectives of Fiscal Policy
Ms. Isakova <ul style="list-style-type: none"> • How does fiscal policy work? • Measuring the fiscal stance • Fiscal policy in the aftermath of the crisis |
| 2:00 p.m. – 5:30 p.m. | W-3 | Workshop on Calculating the Structural Balance – Online Workshop <ul style="list-style-type: none"> • Definition of Structural Balance • Calculating Structural Balance – Aggregated Approach • Example in Calculating Structural Balance |
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Friday, June 5

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|------------------------|-----|--|
| 9:00 a.m. – 12:30 p.m. | L-6 | Exchange Rate and Exchange Rate Assessment
Mr. Funke <ul style="list-style-type: none"> • CGER • Underlying current account • External balance assessment methodology |
| 2:00 p.m. – 5:30 p.m. | W-4 | Workshop on External Balance Assessment
Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Case study |
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Monday, June 8

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|------------------------|-----|--|
| 9:00 a.m. – 12:30 p.m. | L-7 | <p>Fiscal and External Sustainability
Mr. Enders</p> <ul style="list-style-type: none"> • Overview of the public sector debt sustainability analysis (DSA) • External DSA • IMF approach to DSA |
| 2:00 p.m. – 5:30 p.m. | W-5 | <p>Workshop: Public Debt Sustainability
Mr. Enders, Mr. Funke, Ms. Isakova</p> <ul style="list-style-type: none"> • Understanding the debt sustainability algebra • Construct debt trajectories in presence of shocks • Case study |
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Tuesday, June 9

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|------------------------|-----|--|
| 9:00 a.m. – 12:30 p.m. | L-8 | <p>Macro-Financial Linkages
Mr. Funke</p> <ul style="list-style-type: none"> • Financial risk cycles • Financial accelerator models • Financial intermediaries and the macroeconomy |
| 2:00 p.m. – 5:30 p.m. | W-6 | <p>Workshop on Macroeconomic Policy Frameworks: Country Case Studies
Mr. Enders, Mr. Funke, Ms. Isakova</p> <ul style="list-style-type: none"> • Identify major macroeconomic challenges and fiscal risks • Discuss policy measures to respond to challenges • Group presentations |
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Wednesday, June 10

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|------------------------|------|---|
| 9:00 a.m. – 12:30 p.m. | L-9 | <p>International Capital Flows: Drivers, Benefits, Risks, Policy Response
Ms. Isakova</p> <ul style="list-style-type: none"> • Stylized facts about capital flows • Benefits and risks of capital flows liberalization • Policy response and IMF's institutional view |
| 2:00 p.m. – 5:30 p.m. | GD-1 | <p>Group Debates on Key Policy Issues
Mr. Enders, Mr. Funke, Ms. Isakova</p> <ul style="list-style-type: none"> • Pros- and cons of selected policy issues • Preparation of group presentations • Final group presentations |

Thursday, June 11

9:00 a.m. – 10:30 p.m.	L-10	IMF Mission Work: Selected Aspects and Introduction to Role Play Mr. Funke <ul style="list-style-type: none"> • Working of IMF missions • Diagnostics • Negotiations
11:00 a.m. – 12:30 p.m.	W-7	Case Study and Role Play: Group Preparation Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Demand stimulus versus debt sustainability • Implications of infrastructure development • Formulate initial policy suggestions
2:00 p.m. – 3:30 p.m.	W-7	Case Study and Role Play: Simulation of Discussion and Continued Group Preparation Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Discussions between authorities and mission • Integrate new information in analyses • Refine reform proposals
4:00 p.m. – 5:30 p.m.	W-7	Case Study and Role Play: Simulation of Discussions Mr. Enders, Mr. Funke, Ms. Isakova <ul style="list-style-type: none"> • Final policy discussion between authorities and mission

Friday, June 12

9:00 a.m. – 11:00 a.m.	P-1	Panel Discussion: Rethinking Macroeconomics (Klaus Enders, Norbert Funke, Asel Isakova) <ul style="list-style-type: none"> • Economic thinking before/after the crisis • Implications of the crisis for monetary, fiscal, monetary, and macroprudential policies • The “new normal”
11:30 a.m. – 12:15 p.m.		Quiz
12.15 a.m. – 1:00 p.m.		Segment Evaluation and Concluding Session

May 7, 2015

SEGMENT 3

Financial Programming and Policies

IMF

INTERNATIONAL MONETARY FUND
Joint Vienna Institute
Course on Applied Economic Policies:
Workshop on Financial Programming and Policies
Vienna, Austria
June 15 – 26, 2015
PROGRAM¹

Monday, June 15

9:00 a.m. – 9:30 a.m.		Opening Session: Introductory Remarks Mr. Martin Schindler, Deputy Director, JVI Mr. Adam Gersl, Senior Economist, JVI Mr. Erich Spitaeller, Consultant, IMF
9:30 a.m. – 10:30 a.m.		Quiz
11:00 a.m. – 12:30 p.m.	L-1	Output, Expenditure, and Prices: Accounts, Analysis, and Forecasting Lecture by Mr. Schindler <ul style="list-style-type: none">• Aggregate supply and demand• Inflation• Analysis and forecasting techniques
2:00 p.m. – 5:30 p.m.	W-1	Workshop: Baseline Scenario: Output, Expenditure, and Prices Facilitated by Counselors

Tuesday, June 16

9:00 a.m. – 12:30 p.m.	W-1	Workshop: Baseline Scenario: Output, Expenditure, and Prices (continued) Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-1	Workshop: Baseline Scenario: Output, Expenditure, and Prices (concluded) Facilitated by Counselors

¹ Unless otherwise stated, coffee breaks are during 10:30 a.m. - 11:00 a.m. and 3:30 p.m. - 4:00 p.m. and lunch is during 12:30 p.m.-2:00 p.m.

Wednesday, June 17

9:00 a.m. – 10:30 a.m.	L-2	Balance of Payments Accounts, Analysis, and Forecasting Lecture by Mr. Gersl <ul style="list-style-type: none">• Current and capital & financial account• Assessing a country's external situation• Forecasting techniques
11:00 a.m. – 12:30 p.m.	W-2	Workshop: Baseline Scenario: Balance of Payments Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-2	Workshop: Baseline Scenario: Balance of Payments (concluded) Facilitated by Counselors

Thursday, June 18

9:00 a.m. – 10:30 a.m.	L-3	Fiscal Accounts, Analysis, and Forecasting Lecture by Mr. Schindler <ul style="list-style-type: none">• Revenues and expenditures, budget balance• Fiscal analysis• Forecasting techniques
11:00 a.m. – 12:30 p.m.	W-3	Workshop: Baseline Scenario: Fiscal Sector Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-3	Workshop: Baseline Scenario: Fiscal Sector (concluded) Facilitated by Counselors

Friday, June 19

9:00 a.m. – 10:30 a.m.	L-4	Monetary Accounts, Analysis, and Forecasting Lecture by Mr. Spitaeller <ul style="list-style-type: none">• Assets and liabilities• Monetary analysis• Forecasting techniques
11:00 a.m. – 12:30 p.m.	W-4	Workshop: Baseline Scenario: Monetary Sector Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-4	Workshop: Baseline Scenario: Monetary Sector (continued) Facilitated by Counselors

Monday, June 22

9:00 a.m. – 12:30 p.m.	W-4	Workshop: Baseline Scenario: Monetary Sector (concluded) Facilitated by Counselors
2:00 p.m. – 3:30 p.m.	W-5	Workshop: Discussion of Baseline Scenario Facilitated by Counselors
4:00 p.m. – 5:30 p.m.	L-5	Review of Financial Programming Lecture by Mr. Spitaeller <ul style="list-style-type: none">• Elements of an adjustment program• Issues in program design• Financial programming and IMF arrangements

Tuesday, June 23

9:00 a.m. – 12:30 p.m.	W-6	Workshop: Program Scenario Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-6	Workshop: Program Scenario (continued) Facilitated by Counselors

Wednesday, June 24

9:00 a.m. – 12:30 p.m.	W-6	Workshop: Program Scenario (continued) Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	W-6	Workshop: Program Scenario (concluded) Facilitated by Counselors

Thursday, June 25

9:00 a.m. – 10:30 p.m.		Guest Lecture: “Ukraine and the IMF” [TBC] Mr. Jérôme Vacher, IMF Resident Representative in Ukraine
11:00 a.m. – 12:30 p.m.	O-1	Preparation for Presentations Facilitated by Counselors
2:00 p.m. – 5:30 p.m.	O-2	Preparation for Presentations (continued)

Friday, June 26

9:00 a.m. – 11:30: a.m.	L-6	Presentations: Baseline and Program Scenarios
11:30 a.m. – 12:00 p.m.		Quiz
12:00 p.m. – 12:30 p.m.		Segment Evaluation and Concluding Session

June 1, 2015

SEGMENT 4

Financial Sector Issues

OeNB

OESTERREICHISCHE NATIONALBANK
Joint Vienna Institute
Applied Economic Policy Course: Financial Sector Issues
Vienna, Austria
June 29 – July 3, 2015
PROGRAM

<i>Monday, June 29</i>		<i>Introduction to Financial Sector Issues</i>
9:00 a.m. – 9:10 a.m.		Overview of the Course Ms. Eva Ubl (OeNB)
9:10 a.m. – 10:30 p.m.	L-1	Introduction to Financial Stability Ms. Vanessa Redak (OeNB) <ul style="list-style-type: none"> • Dimensions of financial stability • Systemic risk monitoring and assessment • Financial stability policy • Cross-border linkages • Brief overview of the new supervisory architecture in the EU.
10:30 a.m. – 10:45 a.m.		Coffee break
10:45 a.m. – 12:15 p.m.	L-2	The Austrian Sustainability Package Mr. Stefan Kavan (OeNB) <ul style="list-style-type: none"> • Genesis and current state of play
12.15 p.m. – 1.45 p.m.		Lunch break
1:45 p.m. – 3:15 p.m.	L-3	Introduction to Macroprudential Policy in Austria Mr. Reinhardt Seliger (OeNB) Mr. Peter Strobl (OeNB) <ul style="list-style-type: none"> • Macroprudential analysis and policy framework • Legal mandate and tools • Challenges for macroprudential policy
3:15 p.m. – 3:30 p.m.		Coffee break
3:30 p.m. – 5:00 p.m.	L-4	Progress in Banking Union and the Creation of a Capital Markets Union (CMU) Ms. Michaela Posch (ECB) <ul style="list-style-type: none"> • What comes after the Banking Union?

Tuesday, June 30***Micro- and Macropolicy***

9:00 a.m. – 10:15 a.m.	L-5	Banking Supervision in Austria Mr. Mario Resch (OeNB) <ul style="list-style-type: none"> • Supervisory approach in Austria • Experiences from on-site inspections.
10:15 a.m. – 10:30 a.m.		Coffee break
10:30 a.m. – 12:00 p.m.	L-6	Countercyclical Capital Buffer as a Macroprudential Tool Mr. Adam Gersl (JVI) <ul style="list-style-type: none"> • Objective and design of the countercyclical capital buffer under Basel III
12.00 p.m. – 1.30 p.m.		Lunch break
1:30 a.m. – 3:00 p.m.	W-1	Workshop on Countercyclical Capital Buffers Mr. Adam Gersl (JVI) <ul style="list-style-type: none"> • Workshop on Countercyclical Capital Buffer as a Macroprudential Tool
3:00 p.m. – 3:30 p.m.		Coffee break
3:30 p.m. – 4:45 p.m.	L-7	Macrofinancial Risk and Regulatory Capital Mr. Emanuel Kopp (IMF)

Wednesday, July 1***Risks and Challenges***

9.00 a.m. – 10:00 p.m.	L-8	Foreign Currency Loans Mr. Florian Martin (OeNB) <ul style="list-style-type: none"> • Main risks and challenges from a financial stability view • Monetary and exchange rate policy objectives
10:00 a.m. – 10:20 a.m.		Coffee break
10:20 a.m. – 12:10 p.m.	W-2	Workshop: Case Study of a Distressed Bank Mr. Emanuel Kopp (OeNB) <ul style="list-style-type: none"> • Workshop on stress testing of banks

12.10 p.m. – 1.30 p.m.		Lunch break
1.30 p.m. – 3:00 p.m.	L-8	<p>Liquidity Risk Mr. Benjamin Neudorfer (OeNB) Mr. Robert Ferstl (OeNB)</p> <ul style="list-style-type: none"> • Concepts and methods of liquidity risk assessment, including recent regulatory developments
3:00 p.m. – 3:30 p.m.		Coffee break
3:30 p.m. – 4:45 p.m.	L-9	<p>Why were the Authorities Responsible for Financial Stability not in a Position to Prevent the Recent Financial Crisis? Mr. Gernot Ebner (OeNB)</p> <ul style="list-style-type: none"> • Discussion of the availability, application and effectiveness of instruments for crisis prevention

Thursday, July 2

Topical Financial Sector Issues in the CESEE Region

9.00 a.m. – 10:30 p.m.	L-10	<p>Macrofinancial Issues in the CESEE Region Ms. Julia Wörz (OeNB)</p> <ul style="list-style-type: none"> • Macrofinancial risks and imbalances in the run-up to the crisis • Impact of the crisis on countries in the CESEE region • Lessons learned for macrofinancial stability.
10:30 a.m. – 11:00 a.m.		Coffee break
11.00 a.m. – 12:30 p.m.	L-11	<p>Systemic Risks for Financial Markets beyond Banking Ms. Eva Ubl (OeNB)</p> <ul style="list-style-type: none"> • Systemic risks from other financial intermediaries, insurance, mutual funds and shadow banking
12.30 p.m. – 2.00 p.m.		Lunch break
2:00 p.m. – 3:15 p.m.	L-12	<p>Banking in the CESEE Region: Practitioner's View Mr. Gunter Deuber (Raiffeisen Bank International)</p> <ul style="list-style-type: none"> • Current banking trends and challenges for CESEE banks

3:15 p.m. – 3:45 p.m.		Coffee break
3:45 p.m. – 5:15 p.m.	W-3	Case Study: Liquidity (Part 1) Mr. Benjamin Neudorfer (OeNB) Mr. Robert Ferstl (OeNB) Mr. Emanuel Kopp (IMF)

Friday, July 3
Conclusions

9.00 a.m. – 10:15 p.m.	L-13	Practitioner's View on Regulatory Changes Mr. Gregor Eperjesi (Erste Group Bank) <ul style="list-style-type: none"> • Trends and impact of regulatory changes on a CEE banking group
10:15 a.m. – 10:30 a.m.		Coffee break
10.30 a.m. – 11:30 p.m.	W-3	Case Study: Liquidity (Part II) Mr. Benjamin Neudorfer (OeNB)
11:30 a.m. – 12:00 p.m.		Closing Session, Segment Evaluation Ms. Eva Ubl (OeNB) <ul style="list-style-type: none"> • Summary of the main lessons • Discussion of their applicability in the jurisdictions of course participants • Segment evaluation

June 2, 2015

SEGMENT 5

Trade Policy and International Trade Regimes

WTO

COURSE OUTLINE

APPLIED ECONOMIC POLICY COURSE

TRADE POLICY AND INTERNATIONAL TRADE REGIMES

JOINT VIENNA INSTITUTE

Vienna, Austria

July 6 - July 10, 2015

The segment offered jointly by the World Bank Group (WBG) and the World Trade Organization (WTO) deals with issues of economic management in an open world focusing on trade policy issues relevant for transition economies. The objective is to understand the role of trade policy in structural transformation and economic growth from the perspective of integration of the economies in transition into the world economy and the international trading system. Although the course will focus on trade policy issues, because of the importance of the macroeconomic context, linkages between macroeconomic policies and trade reforms will be also covered in the course.

Course Objectives

The segment aims to provide participants with:

- (i) analytical tools to assess the effects of trade policy on economic performance, along with an application to issues in transition economies;
- (ii) knowledge about the institutions and processes that shape trade policy, particularly the WTO (WTO Agreements and current trade negotiations).

Course Content

This one week course covers the fundamentals and some frontier issues regarding international trade and trade policy. The segment will cover the following:

- The motivation to trade and its impact on the economy, and the determinants of trade patterns.
- The various policy instruments used to intervene with free trade and their effects.
- Avenues of global integration- the role of preferential trading arrangements, and their relation to multilateralism.
- The trade impact of the global recession and the trade policy response to the recession.
- The law and economics of the multilateral trading system, WTO rules and the state of play in the ongoing negotiations under the Doha Development Agenda (DDA).
- The evolving issues in the post- crisis global trade environment.

Methods of Instruction

1. Lectures on trade policy issues, illustrated by country studies and complemented by discussions of the experiences in participants' countries and elsewhere;
2. Preparatory workshops and exercises in which participants work together on problems and topics distributed by the lecturers.
3. Presentations by participants addressing an assigned trade policy issue.

Segment Directors

Alexander Keck, World Trade Organization (alexander.keck@wto.org)

Ravindra Yatawara, World Bank Group (ryatawara@worldbank.org)

Office hours: Daily after lectures.

Course Material

Pdf files of PowerPoint slides that accompany the lectures are available in the softcopy.

Key readings essential to the lecture are designated by (*) and are provided to students in pdf format. Additional recommended readings are selectively available in pdf format for students.

While the lectures are meant to be self-contained, participants may find it beneficial to periodically consult a standard text book in International Economics. There are many good texts with varying strengths. Among the widely used texts are

- *International Economics: Theory and Policy*, by Paul Krugman and Maurice Obstfeld, Addison-Wesley. (KO)
- *International Economics*, Robert C. Feenstra & Alan M. Taylor, Worth Publishers
- *International Trade: Theory and Evidence*, by James Markusen, James Melvin, William Kaempfer, and Keith Maskus, McGraw-Hill,

Advanced graduate texts:

- *Advanced International Trade: Theory and Evidence*, by Robert C. Feenstra
- *Lectures on International Trade*, Second edition. Bhagwati, Jagdish N., Arvind Panagariya, and T.N. Srinivasan. 1998 MIT Press.

A copy of KO will be made available for reference.

Useful Resources on the Web:

Data

- World Integrated Trade Solutions (WITS): <http://wits.worldbank.org>
- A comprehensive data bank on current trade trends and policies for all countries is: World Bank, **World Trade Indicators**, at www.worldbank.org/wti. World Trade Indicators Database, Trade-at-a Glance tables and Country Briefs. (updated 2011)
- World Bank Trade Data: includes the new Exporter Dynamics Database; Services Trade Restrictions database, Temporary Trade Barriers Database, UNESCAP/World Bank International Trade Costs Database, Global Preferential Trade Agreement database. <http://wits.worldbank.org/gptad/>.
- Many trade data variables are included in the **World Development Indicators** (WDI) database <http://data.worldbank.org/data-catalog/world-development-indicators>
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/TRADE/0,,contentMDK:21685771~menuPK:4777014~pagePK:210058~piPK:210062~theSitePK:239071,00.html>
- Links to databases on trade in goods and services and links to a large array of indices on barriers to trade in goods and services.
http://www.wto.org/english/res_e/statis_e/data_day_may09_e/data_day_may09_e.htm
- OECD/WTO Trade in Value Added (TiVA) Web Page
www.oecd.org/trade/valueadded
- Trade data visualization
<http://atlas.media.mit.edu>

General

- WTO trade policy reviews and trade monitoring reports
http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm
http://www.wto.org/english/tratop_e/tpr_e/trade_monitoring_e.htm
- WTO economic research and analysis, including annual World Trade Reports
http://www.wto.org/english/res_e/reser_e/reser_e.htm
- World Bank Trade Department
www.worldbank.org/trade
- All World Bank Policy Research Working Papers (PRWP) since 1994 available to download, i.e. PRWP #1238 onwards
<http://www.worldbank.org/html/dec/Publications/Workpapers/master.html>
- Trade Policy and WTO Accession for Russia and other CIS countries
<http://go.worldbank.org/TCSZLJI830>
- Most EBRD Working Papers available to download
<http://www.ebrd.org/english/region/workingp/index.htm>
- The Annual World Economic Outlook from the IMF
<http://www.imf.org/external/ns/cs.aspx?id=29>
- The Annual Global Economic Prospects (GEP) from the World Bank
<http://www.worldbank.org/en/publication/global-economic-prospects>
- CEPR and NBER working paper abstracts (with papers available for a fee) and is downloadable at
<http://www.cepr.org> and <http://www.nber.org>
- Digital Library of UNCTAD Publications, CD-ROMs and On-line Data Sources is downloadable at
<http://www.unctad.org/Templates/Page.asp?intItemID=1397&lang=1>
- VOXEU on Trade
<http://www.voxeu.org/index.php?q=node/36>

Useful readings on the web addressing the WTO rules:

http://www.wto.org/english/tratop_e/trips_e/trips_e.htm
http://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm
http://www.wto.org/english/tratop_e/sps_e/sps_e.htm
http://www.wto.org/english/tratop_e/cusval_e/cusval_e.htm
http://www.wto.org/english/tratop_e/roi_e/roi_e.htm
http://www.wto.org/english/tratop_e/adp_e/adp_e.htm
http://www.wto.org/english/tratop_e/scm_e/scm_e.htm
http://www.wto.org/english/tratop_e/safeg_e/safeg_e.htm
http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm
http://www.wto.org/english/tratop_e/statra_e/statra_e.htm
http://www.wto.org/english/tratop_e/invest_e/invest_e.htm
http://www.wto.org/english/tratop_e/comp_e/comp_e.htm

International organizations homepages

<http://www.wto.org/>, <http://www.worldbank.org/>, <http://www.imf.org/>, <http://www.unctad.org/>,
<http://www.oecd.org/>, <http://ec.europa.eu/>, etc.

COURSE OUTLINE

World Bank Segment

Lectures from Monday to Wednesday morning will cover the economics of trade and trade policy, as well as experiences with trade reforms in transition economies. It also covers current issues related to integration options into the global economy, the trade policy response to the global recession, enhancing competitiveness and frontier issues in the post-crisis global environment. Key readings essential to the lecture are designated by (*) and are provided to participants in pdf format.

Monday, July 6 (Day 1)

Session 1: Stylized Facts, Neoclassical Trade Theory and Gains from Trade (9:00-10:30)

- Stylized Facts on Trade
- Historical perspective on globalization
- Different models to explain the volume and composition of trade
- Ricardo and Heckscher-Ohlin-Samuelson models
- Gains from trade and distributional aspects

Lecture notes: [Trade1_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*WTO (2013) "Trends in International Trade" in World Trade Report 2013: Factors Shaping the Future of World Trade, Geneva: Pp 44-89

*Davis, Donald (2001) Competitive Trade Theory (Davis.pdf)

Baldwin, Richard (2011) "Trade and Industrialisation after Globalisation's 2nd Unbundling : How Building and Joining a Supply Chain are Different and Why it Matters?" NBER WP 17716, December

Taylor, Alan. M. (2002), "Globalization, Trade, and Development: Some Lessons from History," NBER WP#9326 [Taylor.pdf]

Session 2: New and "Newer" Trade Theory (11:00-12:30)

- Intra-industry trade: economies of scale and monopolistic competition
- The gravity equation
- Heterogeneous firms in international trade
- Trade in tasks

Lecture notes : [Trade 2_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*Melitz, Marc J. and Stephen J. Redding (2014) "Heterogeneous Firms and Trade" Handbook of International Economics-Elsevier. (also NBER Working paper 2013)

*Antràs, Pol and Stephen R. Yeaple (2014) "Multinational Firms and the Structure of International Trade" *Handbook of International Trade* (also NBER Working Paper 2013)

*Helpman, E. "The Structure of Foreign Trade," Journal of Economic Perspectives, Spring 1999, 13(2), 121-44. (Helpman.pdf)

*Anderson, J.E., "The Gravity Model."_NBER Working Paper Series 16576, 2010

Bernard,A., J.B. Jensen, S. Redding and P.K. Schott (2007) "Firms in International Trade," Journal of Economic Perspectives, Vol 21(3), 2007

Bernard, Andrew B., J. Bradford Jensen, Stephen J. Redding and Peter K. Schott (2011) “The Empirics of Firm Heterogeneity and International Trade”, NBER Working Paper 17627 November
International Economics textbook- KO -Chap 3,4,6

Session 3: Commercial Policy Instruments and their Impact (14.00-15.30)

- Motivation for protection
- Import tariffs
- Non-tariff measures and barriers (NTMs and NTBs)
- Exchange rate undervaluation
- Determinants of the cost of protection

Lecture notes: [Trade 3_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*International Economics text book-KO Chap 8

*“Classification of NTMS” [classification-NTMS.pdf]

C. Carrère and J.de Melo (2009) “Notes on Detecting the Effects of NTMs” [ntm-measures-all.pdf]

B. Hoekman and A. Nicita (2008) “Trade Policy, Trade Costs, and Developing Country Trade”, PRWP #4797 [Hoekman-Nicita.pdf]

*Rodrik, Dani (2009) “Growth after Crisis”, Harvard University mimeo

Session 4: Trade Costs, Competitiveness, Global Value Chains and Exporter Dynamics: Concepts and Indicators (16.00-17.30)

- Understanding trade costs at the border, behind the border and beyond the border
- Integration through accessing global value chains, role of multinational firms
- Indicators of trade policy, other trade costs and trade outcomes

Lecture notes: [Trade 4_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*World Bank, “World Trade Indicators” www.worldbank.org/wti

*World Bank, “Trade Competitiveness Toolkit.”

Havrylyshyn, Oleh, (2010) “Trade and Institutional Environment: The International; Experience and Position of CAREC Countries. Manila, April 2010

World Bank (2014), [Connecting to Compete: Trade Logistics in the Global Economy](#)

Tuesday, July 7 (Day 2)

Session 5: Regional Integration: The Basics and Implementation Issues (9:00-10:30)

- Traditional Effects: Trade Creation and Trade Diversion
- Evidence on spillovers to third countries
- “Non-Traditional Effects” of PTAs
- Rules of origin

Lecture notes: [Trade 5_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*Baldwin, Richard, “Economics” in Preferential Trade Agreement Policies for Development: A Handbook (ed) J-P Chaffour and J-C Maur, 2011

*Chaffour. J-P and J-C Maur, “Beyond Market Access” in Preferential Trade Agreement Policies for Development: A Handbook (ed) J-P Chaffour and J-C Maur, 2011

*Baldwin, Richard and Caroline Freund, “Preferential Trade Agreements and Multilateral Liberalization” in Preferential Trade Agreement Policies for Development: A Handbook (ed) J-P Chaffour and J-C Maur, 2011

Bhagwati, Jagdish Termites in the Trading System: How Preferential Agreements Undermine Free Trade. Oxford University Press, 2008

*De Melo “Regionalism and Developing Countries: A Primer” [regionalism primer.pdf]

O. Cadot and J. de Melo (2008) “Why OECD Countries Should Reform Their Rules of Origin” [wbro_roo.pdf]

Session 6: Trade and Growth, and Trade Developments under the Global Recession (11:00- 12:30)

- Trade, growth and poverty
- Trade trends prior to the crisis and during the crisis.
- Analyzing effects by income groups and regions.
- Impact on goods versus services trade, FDI and remittances
- Explaining the dramatic collapse in trade

Lecture notes: [Trade 6_JVI.ppt]

Lecturer: Ravi Yatawara

Readings:

*Yatawara, Ravi (2011) “Recent Trade Developments” in “Trade Under Crisis” World Bank (RY_CHAP2.pdf)

Baldwin, Richard (2009) ed The Great Trade Collapse, Causes, Consequences and Prospects, VOXEU

Eaton J, S. Kortum, B. Neiman, and J. Romalis (2011) *Trade and the Global Recession*, NBER

Singh, Tarlok, Does International Trade Cause Economic Growth? A Survey. *The World Economy*, Vol. 33, No. 11, pp. 1517-1564, 2010.

Session 7: Trade and Macro Policy Instrument Choice: An Application to the Global Recession (14.00 -15:30)

- Instrument choice issue –optimal taxation and targeting
- Identifying main policy responses to recession –both trade and non-trade
- Within trade policy – what instruments were more frequently used?
- Why was there no return to protectionism similar to the time of the Great Depression?

Lecture notes: [Trade 7_JVI.ppt]

Lecturer: Ravi Yatawara

Readings

*Yatawara, Ravi (2011) “Policy Responses” in “Trade Under Crisis” World Bank (RY-CHAP3.pdf)

Session 8 Integration of Transition Economies (16:00-17:30)

- Evolution of trade patterns-trade expansion and increased openness
- Geographic reorientation
- Change in export structure and comparative advantage
- Regional differences
- Trade liberalization, WTO accession, EU membership, Association, FTA

Lecture notes: [Trade 8_JVI.ppt]

Lecturer: Ravi Yatawara

Readings

*Havrylyshyn, Oleh (2008), “Structural Change in Transition 1990-2005” p.17-45 in Ruslan Grinberg, Peter Havlik and Oleh Havrylyshyn, GHH (eds.) (2008), Economic Restructuring and Integration in Eastern Europe Baden-Baden: Nomos Publishers [PDF]

*Broadman, Harry, ed (2005). HB. From Disintegration to Reintegration: Eastern Europe and the Former Soviet Union in International Trade. Washington, the World Bank, [pp.1-29] [PDF]

*Mitra, Pradeep, “International Trade” in Innovation, Inclusion and Integration: From Transition to Convergence in Eastern Europe and the former Soviet Union World Bank, 2008

Havlik, Peter, “Structural Change and Trade Integration on EU-NIS Borders” [from GHH PDF]

Wednesday, July 8 (Day 3)

Session 9: Case Study Presentations on Trade Policy Issues (09.00-10:30)

Assignment: Group Powerpoint Presentations (5-10 minutes)

- In the context of the theoretical and empirical analysis in the preceding parts of the course, this session will be a discussion of trade policy issues and options facing the region. Participant will work in groups and make presentations on the following topics.
- *Export diversification: How important is export diversification for resource rich and resource poor economies? What direction would you take a resource rich economy?*
- *Trade Competitiveness: What are the key dimensions of competitiveness in Russia, Turkey and Georgia? What constraints are restricting competitiveness in these economies, and what reforms are needed to address them.*
- *Integration options and competitiveness: For a small open economy, what are the impacts of differing integration options from joining a customs union, to EU accession to WTO accession, on trade competitiveness? What direction would you take the economy? Consider the impact of the Turkey –EU customs union.*

Readings

*World Bank (2014) "Diversified Development: Making the Most of Natural Resources in Eurasia"

World Bank (2013) “Kazakhstan: Beyond Oil”

Varela, G (2013) “Export Diversification in Twelve European and Central Asian Countries and the Role of the Commodity Boom?” World Bank Policy Research Working Paper

*World Bank (2014) “Trading Up to High Income: Turkey Country Economic Memorandum”

*World Bank (2014) “Georgia Competitiveness Diagnostic

* World Bank (2013) “Russian Federation: Export Diversification through Competition and Innovation: A Policy Agenda” Report No. 68447-RU, April

*World Bank (2014) “Evaluation of the EU-Turkey Customs Union”

World Bank (2012) “Golden Growth: Restoring the Lustre of the European Economic Model”

*Aslund, Anders, “Why doesn’t Russia Join the WTO?” Washington Quarterly, 2010

*Tarr, D. and N. Volchkova “Russian Trade and Investment Policy at the Crossroads”, World Bank Policy Research Working paper 5255, 2010

International Centre for Policy Studies, Kyiv (2007), “Policy Recommendations for Ukraine” [PDF]

Session 10: Trade Strategies in the Post-Crisis Global Environment (11:00-12:30)

- Is the export-led growth model still applicable?
- What are the new realities in post-crisis global environment?
- Jobs, multi-polar global economy, gender, climate change, global value chains
- What strategies would best harness the benefits of integration?

Lecture notes: [Trade 10_JVI.ppt]

Lecturer: Ravi Yatawara

*Havrylyshyn , Oleh (2010), “Does The Global Crisis Mean the End of Export-led, Open-Economy Strategies?” Draft paper prepared for World Bank. PREMTRD: read pp. 1-21, 62-65

*World Bank (2014), Global Economic Prospects June 2014

*Yatawara, Ravi (2013) “Gender Dimensions of Competitiveness,” World Bank mimeo.

*_____ (2011) “Re-thinking Trade Policy” World Bank (RY_TRADE_RETHINK.pdf)

_____ (2011)“Overview” in “Trade Under Crisis”, World Bank (RY_Ovierview.pdf)

World Economic Forum (2014) “Mega-regional Trade Agreements Game changers or Costly Distractions for the World Trading System”, July

*World Bank (2014) Global Economic Prospects: ECA Regional Update , June

WTO segment

The second segment of the course (Wednesday afternoon to Friday) will provide an introduction to the law and economics of the multilateral trading system. After a short introduction to the multilateral trading system, the first set of lectures will focus on the GATT/WTO as a forum for negotiations in relation to further market opening. The second part examines the existence of rules aimed at securing the benefits from trade cooperation. This includes a discussion of principal WTO disciplines in this regard. In order to prepare for each session and for further reference, a number of readings are suggested. Key readings are identified by an asterisk (*). The following comprehensive texts are recommended as general references:

*WTO (2007) *World Trade Report 2007: Six Decades of International Trade Cooperation*, Geneva: WTO.

*WTO (2008) *World Trade Report 2008: Trade in a Globalizing World*, Geneva: WTO.

*WTO (2013) *World Trade Report 2013: Factors Shaping the Future of World Trade*, Geneva: WTO.

*WTO (2014) *World Trade Report 2014: Trade and Development: Recent Trends and the Role of the WTO*, Geneva: WTO.

General Agreement on Tariffs and Trade (GATT) Secretariat (1994) *The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts*, Geneva: WTO.

WTO (1999) *Guide to the Uruguay Round Agreement*, The Hague and Geneva: Kluwer Law International and WTO.

Wednesday, July 8 (Day 3 cont.)

Session 11: GATT/WTO Overview, Doha Work Program, Bali Package (14:00-15.30)

The agreement reached at the WTO Ministerial Meeting in Bali in December 2013 covers three main elements: trade facilitation, agriculture and food security, and development issues. This agreement, while comprising a much smaller scope of issues than the original Doha agenda, has given renewed incentive to negotiations on the outstanding Doha issues, among them Non-Agricultural Market Access (NAMA), agriculture and services. Moreover, Ministers have instructed the Trade Negotiations Committee “to prepare within the next 12 months, a clearly defined work programme on the remaining Doha Agenda issues”. This session will provide historical developments of multilateralism; introduction to the GATT/WTO system; the WTO: basic principles, activities and functioning; rounds of multilateral trade negotiations from Geneva to Doha, State of play of the Bali Package and Doha Round negotiations. A discussion of WTO at 20 will also be provided.

- Trade Policy Principles and the WTO (Why is trade beneficial; What type of trade policy is best; and How might WTO help);
- The WTO framework (From GATT to the WTO; Functions and Structure of the WTO; and Decision-making in the WTO);
- The Doha Development Agenda and the Bali Package (State of play; Bali Package; and preparing for the 10th WTO Ministerial Conference);
- WTO at 20 – Successes and Lessons Learnt.

Lecture notes: [11_Intro_WTO.ppt]

Lecturers: Mukela Faustin Luanga

Readings (WTO general):

*WTO (2013) 'Ministerial Declaration and Decisions' in WTO/MIN(13)DEC, Geneva: WTO: 11 December 2013.

*WTO (2013) 'Prospects for Multilateral Trade Cooperation' in WTO (2013) *World Trade Report 2013*, Geneva: WTO: 266-290.

*WTO (2005) *Understanding the WTO*, Geneva: WTO: 9-22 and 104-116.

WTO (1995) 'Accession to the World Trade Organization: Procedures for Negotiations under Article XII - Note by the Secretariat', WTO document WT/ACC/1, Geneva: WTO.

WTO (2010) 'Technical Note on the Accession Process - Note by the Secretariat', WTO document WT/ACC/10/Rev.4, Geneva: WTO.

Readings (DDA):

*WTO (2005) *Understanding the WTO*, Geneva: WTO: 80-96.

*Fontagné, L., Fouré, J. and Keck, A. (2014) 'Simulating World Trade in the Decades Ahead: Driving Forces and Policy Implications', WTO Working Paper ERSD-2014-05, Geneva: WTO.

Anderson, K., Martin, W. and van der Mensbrugghe, D. (2005) 'Doha Merchandise Trade Reform: What's at Stake for Developing Countries', Centre for Economic Policy Research (CEPR) Discussion Paper No. 5156, London: CEPR.

Bouet, A. and Laborde, D. (2008) 'Assessing the Potential Cost of a Failed Doha Round', IFPRI Issue Brief No. 56, Washington D.C.: IFPRI.

Decreux, Y. and Fontagné, L. (2011), 'Economic Impact of Potential Outcome of the DDA II', Paris, CEPII-CIREM, Final Report.

Hufbauer, G. C. and Schott, J. J. (2013) *Payoff From the World Trade Agenda 2013*, Washington DC: Peterson Institute for International Economics Report to the ICC Research Foundation.

Hufbauer, G. C., Schott, J. J., Adler, M., Brunel, C. and Foong, W. (2010), 'Figuring Out the Doha Round', Washington DC, Peterson Institute for International Economics, Policy Analyses in International Economics 91.

Van der Mensbrugghe, D. (2006) 'Estimating the Benefits of Trade Reform: Why Numbers Change', in: Newfarmer, R. (ed.) (2006) *Trade, Doha, and Development: A Window into the Issues*, Washington, D.C.: World Bank: 59-76.

WTO (2001) 'Ministerial Declaration Adopted on 14 November 2001', WTO document WT/MIN(01)/DEC/1, Geneva: WTO.

WTO (2004) 'Doha Work Programme: Decision Adopted by the General Council on 1 August 2004', WTO document WT/L/579, Geneva: WTO.

WTO (2005) 'Doha Work Programme: Ministerial Declaration Adopted on 18 December 2005', WTO document WT/MIN(05)/DEC, Geneva: WTO.

Session 12: Introduction to Non-Agricultural Market Access (NAMA) General Issues: Tariffs, schedules of concessions, HS, tariff negotiations (16:00-17.30)

This session will cover the key basic elements of market access issues such as the definition of duties; their difference with regard to other charges and duties; explanation of the list of concessions; brief introduction to the Harmonized System; and particularities of multilateral trade negotiations on goods. The session will also provide an introduction to the non-tariff barriers as well as a brief introduction to NAMA draft modalities.

- Bound vs. applied tariffs
- Schedules of commitments
- State of play of current negotiations

Lecture notes: [12_NAMA.ppt]

Lecturer: Mukela Faustin Luanga

Readings:

*WTO (2005) *Understanding the WTO*, Geneva: WTO: 25-26 and 33-35.

*WTO (2008) 'Draft Modalities for Non-Agricultural Market Access', Negotiating Group on Market Access, Document TN/MA/W/103/Rev.3 Geneva: WTO.

- *WTO (2006) 'Giving Legal Effect to Commitments on Non-Tariff Barriers: Background note by the Secretariat', Negotiating Group on Market Access, Document TN/MA/S/20/Rev.1, Geneva: WTO.
- Bacchetta, M. and Bora, B. (2003) 'Industrial Tariff Liberalization and the Doha Development Agenda', WTO Discussion Paper No. 1, Geneva: WTO.
- Low, P., Piermartini, R. and Richtering, J. (2005) 'Multilateral Solutions to the Erosion of Non-Reciprocal Preferences in NAMA', Staff Working Paper ERSD-2005-05, Geneva: WTO.
- WTO (2012) *World Trade Report 2012: Trade and public policies: A closer look at non-tariff measures in the 21st century*, Geneva: WTO.
- WTO Secretariat 'Market access negotiations: A simple guide to NAMA negotiations', downloadable at: http://www.wto.org/english/tratop_e/markacc_e/nama_negotiations_e.htm

**Thursday, July 9
(Day 4)**

Session 13: Agriculture (9.00-10.30)

This session will address various aspects of the Doha agriculture agenda, including market access, domestic support, export competition, and public stockholding.

- Agriculture in GATT and the WTO
- Types of agricultural policies
- State of play of current negotiations

Lecture notes: [13_Agriculture.ppt]

Lecturer: Mukela Faustin Luanga

Readings:

- *WTO (2005) *Understanding the WTO*, Geneva: WTO: 27-30.
- *WTO (2011), 'Negotiating Group on Agriculture: Report by the Chairman, H.E. Mr. David Walker, to the Trade Negotiations Committee', Document TN/AG/26 dated 21 April 2011, Geneva
- *WTO (2008) 'Unofficial Guide to the 6 December 2008 Revised Draft Modalities – Agriculture', mimeo, http://www.wto.org/english/tratop_e/agric_e/ag_modals_dec08_e.pdf
- Anderson, K. and Martin, W. (eds.) (2005) 'Agricultural Trade Reform and the Doha Development Agenda', Washington, D.C.: World Bank.
- Anderson, K. and Swinnen, J. (2009) 'Distortions to Agricultural Incentives in Eastern Europe and Central Asia', Agricultural Distortions Working Paper No. 48624, Washington D.C.: World Bank.
- Bureau, J.-C. and Jean, S. (2013) 'International Agricultural Trade and Negotiations: Coping with a New Landscape', FOODSECURE working paper no. 08.
- Croser, J. and Anderson, K. (2010) 'Changing Contributions of Different Agricultural Policy Instruments to Global Reductions in Trade and Welfare,' Policy Research Working Paper No. 5345, Washington D.C.: World Bank.
- WTO (2006) 'The incidence of agricultural subsidies', in: WTO (2006) *World Trade Report 2006: Exploring the links between subsidies, trade and the WTO*, Geneva: WTO: 120-156.
- WTO Secretariat background papers, downloadable at:
http://www.wto.org/english/tratop_e/agric_e/negoti_secretariat_papers_e.htm
http://www.wto.org/english/tratop_e/agric_e/chair_texts08_e.htm

Session 14: Services (11.00-12.00)

Services account for the largest part of production and employment in most countries of the world. Efficiency-enhancing reforms in major service sectors such as finance, telecom and transport, have been a major contributor to overall economic expansion in developed and developing countries alike. Starting with an explanation of basic GATS provisions, this session will discuss the potential role of the Agreement in creating a predictable, reliable framework for trade in these and other service sectors. The presentation will also discuss the mandate, core concepts of the current state of play in the Services negotiations. Particular reference will be made to provisions intended to ensure the increasing participation of developing countries in world trade, and of ways and means of implementing them in the course of the round.

- Overview of the GATS
- Modes of supply
- Sectoral coverage
- Commitments
- State of play of current negotiations

Lecture notes: [14_Services.ppt]

Lecturer: Mukela Faustin Luanga

Readings:

*WTO (2005) *Understanding the WTO*, Geneva: WTO: 36-41.

*WTO (2006) 'The General Agreement on Trade in Services: An Introduction', mimeo, Geneva: WTO.

Adlung, R. (2006) 'Services Negotiations in the Doha Round: Lost in Flexibility?', *Journal of International Economic Law* 9, 4: 865-893.

Adlung, R. (2006) 'Public Services and the GATS', *Journal of International Economic Law* 9, 2: 455-485.

Eschenbach, F. and Hoekman, B. (2005) 'Services Policy Reform and Economic Growth in Transition Economies, 1990-2004', World Bank Policy Research Working Paper No. 3663, Washington, D.C.: World Bank.

Hoekman, B. and Mattoo, A. (2006) 'Services, Economic Development and the Doha Round: Exploiting the Comparative Advantage of the WTO', Centre for Economic Policy Research (CEPR) Discussion Paper No. 5628, London: CEPR.

Marchetti, J. A. (2004) 'Developing Countries in the WTO Services Negotiations', Staff Working Paper ERSD-2004-06, Geneva: WTO.

Mattoo, A., Stern, R. M. and Zanini, G. (eds.) (2008) *A Handbook of International Trade in Services*, Oxford University Press.

Session 15: Trade Facilitation (12.00-13.00)

This session will explain the background leading to the adoption of the Trade Facilitation Agreement (TFA) in Bali. It will look at the key provisions of the TFA (Section I of the TFA). The session will also discuss the entire range of S&D provisions for LDCs envisaged in the TFA (Section II of the TFA). Discussion will include various provisions relating to designation and scheduling of commitments.

- What is trade facilitation?
- GATT 1994 Articles V, VIII and X
- Trade costs and why Trade Facilitation at the WTO.
- The WTO Agreement on Trade Facilitation

Lecture notes: [15_Trade_Facilitation.ppt]

Lecturer: Mukela Faustin Luanga

Readings:

- *WTO (2005) *Understanding the WTO*, Geneva: WTO: 31-32 and 53-55.
 - *WTO (2013) 'Agreement on Trade Facilitation - Ministerial Decision', Document WT/MIN(13)/36 or WT/L/911, Geneva: WTO.
 - *Moisé, E. and Sorescu, S. (2013), 'Trade Facilitation Indicators: the Potential Impact of Trade Facilitation on Developing Countries' Trade', Paris, Organization for Economic Cooperation and Development (OECD) Trade policy paper No. 144.
 - *Moisé, E. (2013), 'The Costs and Challenges of Implementing Trade Facilitation Measures', Paris, Organisation for Economic Co-operation and Development (OECD), Trade Policy Papers No.157.
- OECD trade facilitation indicators, at <http://www.oecd.org/tad/facilitation/indicators.htm>
- World Bank (2006) 'Trade Facilitation Challenges and Opportunities in Eastern Europe and the Former Soviet Union, World Bank Report, Washington D.C.: World Bank.
- WTO (2005) 'Article V of GATT 1994 – Scope and Application: Note by the Secretariat', Negotiating Group on Trade Facilitation Document TN/TF/W/2, Geneva: WTO.
- WTO (2005) 'Article VIII of GATT 1994 – Scope and Application: Note by the Secretariat', Negotiating Group on Trade Facilitation Document TN/TF/W/3, Geneva: WTO.
- WTO (2005) 'Article X of GATT 1994 – Scope and Application: Note by the Secretariat', Negotiating Group on Trade Facilitation Document TN/TF/W/4, Geneva: WTO.

Session 16: Economics of Trade Agreements, Trade Policy Flexibility and WTO Rules on Trade Remedies (14.00-15.30)

- Recap: The economics of trade agreements:
 - Reasons for international cooperation on trade policy
 - Rationale for reciprocity, most-favoured nation and national treatment
- The economic rationale for flexibility in trade agreements
- What are trade remedies?
- Key WTO rules on trade remedies

Lecture notes: [16_Trade_agreements_remedies.ppt]

Lecturer: Alexander Keck

Readings (Economics of trade agreements):

- *WTO (2007) 'The Economics and Political Economy of International Trade Cooperation', in WTO (2007) *World Trade Report 2007*, Geneva: WTO: 35-110.
- *WTO (2007) 'Securing the Gains from Liberalization', in WTO (2007) *World Trade Report 2007*, Geneva: WTO: 145-151.
- Bagwell, K. and Staiger, R. W. (2004) 'Economic Theory and the Interpretation of the GATT/WTO', in Szenberg, M. and Ramrattan, L. (eds.) (2004) *New Frontiers in Economics*, Cambridge: Cambridge University Press: 205-234.
- Baldwin, R. and Robert-Nicoud, F. (2006) 'Protection for Sale Made Easy', Centre for Economic Policy Research (CEPR) Discussion Paper No. 5452, London: CEPR.
- Horn, H. (2006) 'National Treatment in the GATT', *American Economic Review*, 96, 1: 394-404.
- Horn, H. and Mavroidis, P. (2001) 'Economic and Legal Aspects of the Most-Favoured Nation Clause', *European Journal of Political Economy* 17, 2: 233-279.

- Maggi, G. and Rodriguez-Clare (2007) 'A Political-Economy Theory of Trade Agreements', *American Economic Review*, 97, 4: 1374-1406.
- Ossa, R. (2011) 'A "New Trade" Theory of GATT/WTO Negotiations', *Journal of Political Economy*, 119, 1: 122-152.

Readings (trade remedies):

- *WTO (2009) 'Contingency Trade Policies: Economics, Disciplines and Practices', in WTO (2009) *World Trade Report 2009*, Geneva: WTO: 47-126.
- *WTO (2005) *Understanding the WTO*, Geneva: WTO: 48-51.
- *WTO website explanations of the Anti-Dumping, Subsidies and Countervailing Duties as well as Safeguard Agreements (on E-CAMPUS, as Word-file).
- Bagwell, K. and Staiger, R. (2005) 'Enforcement, Private Political Pressure and the GATT/WTO Escape Clause', *Journal of Legal Studies* 34, 2: 471-513.
- Bown, C. P. (2014) 'Trade Policy Instruments over Time', Policy Research Working Paper No. 6757, Washington D.C.: World Bank.
- Horn, H., Maggi, G., and Staiger, R. (2008) 'Trade Agreements as Endogenously Incomplete Contracts', Centre for Economic Policy Research (CEPR) Discussion Paper No. 6037, London: CEPR.
- Rosendorff, B. P. and Milner, H. V. (2001) 'The Optimal Design of International Trade Institutions: Uncertainty and Escape', *International Organization* 55, 4: 829-857.

Session 17: Special Trade Policy Flexibilities for Developing Countries: Special and Differential Treatment (S&D) (16.00-17.30)

- Economic rationales for increased flexibility for developing countries
- Exemptions from WTO rules for developing countries
- Empirical evidence on industrial policies
- Current debates and new approaches to S&D

Lecture notes: [17_Developing_countries_S&D.ppt]

Lecturer: Alexander Keck

Readings:

- *WTO (2014) *World Trade Report 2014: Trade and Development: Recent Trends and the Role of the WTO*, Geneva: WTO.
- *WTO (2005) *Understanding the WTO*, Geneva: WTO: 97-103.
- *WTO (2001) 'Implementation of Special and Differential Treatment Provisions in WTO Agreements: Note by Secretariat', Document WT/COMTD/W/77/Rev.1 and addenda and corrigenda, Geneva: WTO.
- *Keck, A. and Low, P. (2005) 'Special and Differential Treatment in the WTO: Why, When and How?', in: Evenett, S. and Hoekman, B. (eds.) (2005) *Economic Development and Multilateral Trade Co-operation*, New York and Washington, D.C.: Palgrave Macmillan and World Bank: 147-188.
- Hausman, R. and Rodrik, D. (2003) 'Economic development as self-discovery', *Journal of Development Economics* 72, 2: 603-633.
- Melitz, M. J. (2005) 'When and how should infant industries be protected?' *Journal of International Economics* 66, 1: 177-196.

- Panagariya, A. (2000) ‘Evaluating the Case for Export Subsidies’, Policy Research Working Paper No. 2276, Washington D.C.: World Bank.
- Pack, H. and Saggi, K. (2006) ‘The case for industrial policy: a critical survey’, Policy Research Working Paper No. 3839, Washington, D.C.: World Bank.
- Rodriguez-Clare, A. (2005) ‘Coordination Failures, Clusters and Microeconomic Interventions’, Inter-American Development Bank (IADB) Working Paper No. 544 Washington, D.C.: IADB.
- Rodrik, D. (2004) ‘Industrial Policy for the Twenty-First Century’, Centre for Economic Policy Research (CEPR) Discussion Paper No. 4767, London: CEPR.
- Subramanian, A., Roy, D. (2001), ‘Who Can Explain the Mauritian Miracle: Meade, Romer, Sachs, or Rodrik?’, International Monetary Fund (IMF) Working Paper WP/01/116, Washington D.C.: IMF.
- Tokarick, S. (2006) ‘Does Import Protection Discourage Exports’, IMF Working Paper WP/06/20, Washington D.C.: IMF.

Friday, July 10 (Day 5)

Session 18: Enforcement and WTO Dispute Settlement (9.00-10.30)

- Enforcement of trade agreements
- Rules and procedures on dispute settlement from the GATT to WTO
- Performance of the dispute settlement system
 - Utilization of dispute settlement procedures and outcomes
 - Discussions in the literature on possible improvements
- Economic analysis in WTO dispute settlement

Lecture notes: [18_Dispute_settlement.ppt]

Lecturer: Alexander Keck

Readings:

- *WTO (2007) ‘The Evolution of Dispute Settlement Procedures: Strengthening the Rule of Law’, in WTO (2007) *World Trade Report 2007*, Geneva: WTO: 261-288.
- *WTO (2005) *Understanding the WTO*, Geneva: WTO: 59-65.
- *WTO (2005) ‘Quantitative Economics in WTO Dispute Settlement’, in WTO (2005) *World Trade Report 2005*, Geneva: WTO: 171-212.
- Keck, A. and Schropp, S. (2008) ‘Indisputably Essential: The Economics of Dispute Settlement Institutions in Trade Agreements’, *Journal of World Trade* 42, 5: 785-812.
- Marceau, G. (ed.) (2015) *A History of Law and Lawyers in the GATT/WTO: The Development of the Rule of Law in the Multilateral Trading System*, Cambridge University Press.
- WTO (without year) WTO Dispute Settlement: One-Page Case Summaries, Geneva: WTO : e.g. 1, 2, 3, 8-9, 14-16, 20, 37-39, 47, 51-52, 58, 63, 65, 72, 74, 79, 91, 92, 97, 98, 103-104, 106.

Session 19: Trade Policy Exercises (11.00-12.00)

In a case study, the economic situation and commitments of a hypothetical WTO Member are given. Participants are advisers to the Minister of Commerce. The Minister seeks their opinion on the WTO compatibility and economic impact of different policies (s)he intends to implement following pressure from lobby groups.

Lecture notes: [19_Trade_policy_exercise.doc]

Lecturer: Alexander Keck

Session 20: Quiz (12.00-13.00)

Through a set of multiple choice questions in a dynamic group competition context, all topics covered in the WTO part of the segment are reviewed jointly in class.

Lecture notes: [20_Quiz.ppt]

Lecturer: Alexander Keck