SEGMENT 1

Austrian and European Political and Economic Issues

Austrian Authorities
## PROGRAM

**Tuesday, May 26**  
**Austria’s Economy and Economic Policy**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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</table>
| 08:30 – 09:00      | Registration and Administrative Remarks  
Iwona Kabat Lefèbre, Program Officer, JVI                                  |
| 09:00 – 10:30      | Opening Remarks, Getting-to-Know Each Other, and AEP Course Overview  
Norbert Funke, Director, JVI  
Martin Schindler, Deputy Director, JVI                                    |
| 10:30 – 10:45      | Coffee Break                                                           |
| 10:45 – 11:00      | Introduction to the AA Segment  
Elisabeth Hagen, Executive Director, wiiw                               |
| 11:00 – 12:30      | L-1  Key Aspects of Austria’s Economic Development since the Crisis  
Stefan Schiman, Austrian Institute of Economic Research                  |
| 12:30 – 02:00      | Lunch break                                                            |
| 02:00 – 03:30      | L-2  Austria: Economic Challenges for a Small Open Economy  
Reiner Buchegger, University of Linz                                       |
| 03:30 – 03:45      | Coffee Break                                                           |
| 03:45 – 05:15      | L-3  Austria’s Labour Markets and Labour Market Policies  
Johannes Schweighofer, Ministry of Social Affairs                           |
| 05:15 – 05:30      | L-4  Introduction to Workshop on the Austrian Economy  
Reiner Buchegger, University of Linz                                        |
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Title</th>
<th>Speaker/Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 10:30</td>
<td>L-5</td>
<td>The Economy of the Dual Monarchy: Factors of Development and Backwardness</td>
<td>Andreas Resch, Vienna University of Economics and Business</td>
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<tr>
<td>10:30 – 10:45</td>
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<td>Coffee Break</td>
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<td>10:45 – 12:15</td>
<td>L-6</td>
<td>Austria’s Entry into EU</td>
<td>Fritz Breuss, Austrian Institute of Economic Research</td>
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<td>12:15 – 12:30</td>
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<td>What to Do in Vienna</td>
<td>Elisabeth Hagen, wiw</td>
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<tr>
<td>12:30 – 02:00</td>
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<td>Lunch Break</td>
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<tr>
<td>02:00 – 05:00</td>
<td>W-1</td>
<td>Workshop on the Austrian Economy</td>
<td>Reiner Buchegger, University of Linz</td>
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<tr>
<td>09:00 – 10:30</td>
<td>L-7 Challenges for EU Economic Policy: Austria in the EU Context</td>
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<td>Kurt Bayer, wiiw &amp; former Director of EBRD</td>
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<td>10:30 – 10:45</td>
<td>Coffee Break</td>
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<td>10:45 – 12:30</td>
<td>L-8 EU Economic Policy Coordination in Practice: a National Perspective</td>
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<td>Christa Peutl, Federal Chancellery</td>
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<td>Alfred Katterl, Ministry of Finance</td>
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<td>12:30 – 02:00</td>
<td>Lunch Break</td>
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<td>02:00 – 03:15</td>
<td>L-9 Using Datasets for Macroeconomic Analysis</td>
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<td>Alexandra Bykova, wiiw</td>
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<td>03:15</td>
<td>Leaving for the OeNB Money Museum</td>
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<td>04:00 – 05:00</td>
<td>Guided Tour of the OeNB Money Museum</td>
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<td>Julia Domes, Austrian Central Bank, Money Museum</td>
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<td>Venue: Otto-Wagner Platz 3, 1090 Wien</td>
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</table>
| 09:00 – 10:30 | L-10 The Role of the EIB in Promoting Growth in the EU and the EU Neighbourhood  
*Wolfgang Nitsche, Ministry of Finance* |
| 10:30 – 10:45 | Coffee Break                                                        |
| 10:45 – 12:30 | L-11 EU Institutions and Policy Making from a Practical Perspective  
*Andreas Lernhart, European Council  
Harald Kandolf, European Parliament* |
| 12:30 – 02:00 | Lunch Break                                                        |
| 02:00 – 05:00 | L-12 Economic and Monetary Union  
*Christine Gartner, European Central Bank* |
| 05:00 - 05:30 | Evaluation of the Course  
*Elisabeth Hagen, wiiw* |
SEGMENT 2

Macroeconomic Management Issues

IMF/JVI
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Topic</th>
<th>Speaker</th>
<th>Notes</th>
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<tbody>
<tr>
<td>9:00 a.m. – 9:45 a.m.</td>
<td>Quiz</td>
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</table>
| 9:45 a.m. – 12:30 p.m. | L-1    | **Overview of Basic Macroeconomic Accounts and Interrelationships** | Mr. Norbert Funke, Director, JVI | • 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 | • Concept of macroeconomic stability  
• Overview of stabilization policies  
• Role of the IMF |
| 9:00 a.m. – 12:30 p.m. | L-3    | **Economic Growth and Structural Policies**                          | Ms. Asel Isakova, Junior Economist, JVI | • 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 | • 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.
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<tr>
<th>Wednesday, June 3</th>
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</table>
| **9:00 a.m. – 12:30 p.m.  L-4** | **Choice of Monetary and Exchange Rate Policy Framework and Analysis**  
Mr. Enders  
- 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  
- Choice of monetary and exchange rate regime  
- Discuss accompanying policies  
- Discuss alternative scenarios in plenary |

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<th>Thursday, June 4</th>
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</table>
| **9:00 a.m. – 12:30 p.m.  L-5** | **Role and Objectives of Fiscal Policy**  
Ms. Isakova  
- 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**  
- Definition of Structural Balance  
- Calculating Structural Balance – Aggregated Approach  
- Example in Calculating Structural Balance |

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<tr>
<th>Friday, June 5</th>
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</table>
| **9:00 a.m. – 12:30 p.m.  L-6** | **Exchange Rate and Exchange Rate Assessment**  
Mr. Funke  
- 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  
- Case study |
### Monday, June 8

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Session</th>
<th>Instructor(s)</th>
<th>Topics</th>
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</thead>
<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>L-7</td>
<td><strong>Fiscal and External Sustainability</strong></td>
<td>Mr. Enders</td>
<td>• Overview of the public sector debt sustainability analysis (DSA)</td>
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<td>• External DSA</td>
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<td>• IMF approach to DSA</td>
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<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W-5</td>
<td><strong>Workshop: Public Debt Sustainability</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
<td>• Understanding the debt sustainability algebra</td>
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<td>• Construct debt trajectories in presence of shocks</td>
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<td>• Case study</td>
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### Tuesday, June 9

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<tr>
<th>Time</th>
<th>Location</th>
<th>Session</th>
<th>Instructor(s)</th>
<th>Topics</th>
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<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>L-8</td>
<td><strong>Macro-Financial Linkages</strong></td>
<td>Mr. Funke</td>
<td>• Financial risk cycles</td>
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<td>• Financial accelerator models</td>
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<td>• Financial intermediaries and the macroeconomy</td>
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<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W-6</td>
<td><strong>Workshop on Macroeconomic Policy Frameworks: Country Case Studies</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
<td>• Identify major macroeconomic challenges and fiscal risks</td>
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<td>• Discuss policy measures to respond to challenges</td>
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<td>• Group presentations</td>
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### Wednesday, June 10

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<tr>
<th>Time</th>
<th>Location</th>
<th>Session</th>
<th>Instructor(s)</th>
<th>Topics</th>
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<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>L-9</td>
<td><strong>International Capital Flows: Drivers, Benefits, Risks, Policy Response</strong></td>
<td>Ms. Isakova</td>
<td>• Stylized facts about capital flows</td>
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<td>• Benefits and risks of capital flows liberalization</td>
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<td>• Policy response and IMF’s institutional view</td>
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<td>2:00 p.m. – 5:30 p.m.</td>
<td>GD-1</td>
<td><strong>Group Debates on Key Policy Issues</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
<td>• Pros- and cons of selected policy issues</td>
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<td>• Preparation of group presentations</td>
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<td>• Final group presentations</td>
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### Thursday, June 11

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<tr>
<th>Time</th>
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<th>Event</th>
<th>Presenter(s)</th>
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<tbody>
<tr>
<td>9:00 a.m. – 10:30 p.m.</td>
<td>L-10</td>
<td><strong>IMF Mission Work: Selected Aspects and Introduction to Role Play</strong></td>
<td>Mr. Funke</td>
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<tr>
<td></td>
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<td>• Working of IMF missions</td>
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<td>• Diagnostics</td>
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<td>• Negotiations</td>
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<tr>
<td>11:00 a.m. – 12:30 p.m.</td>
<td>W-7</td>
<td><strong>Case Study and Role Play: Group Preparation</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
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<td>• Demand stimulus versus debt sustainability</td>
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<td>• Implications of infrastructure development</td>
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<td>• Formulate initial policy suggestions</td>
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<td>2:00 p.m. – 3:30 p.m.</td>
<td>W-7</td>
<td><strong>Case Study and Role Play: Simulation of Discussion and Continued Group Preparation</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
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<td>• Discussions between authorities and mission</td>
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<td>• Integrate new information in analyses</td>
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<td>• Refine reform proposals</td>
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<td>4:00 p.m. – 5:30 p.m.</td>
<td>W-7</td>
<td><strong>Case Study and Role Play: Simulation of Discussions</strong></td>
<td>Mr. Enders, Mr. Funke, Ms. Isakova</td>
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<td>• Final policy discussion between authorities and mission</td>
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### Friday, June 12

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<th>Time</th>
<th>Location</th>
<th>Event</th>
<th>Presenter(s)</th>
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<tbody>
<tr>
<td>9:00 a.m. – 11:00 a.m.</td>
<td>P-1</td>
<td><strong>Panel Discussion: Rethinking Macroeconomics</strong></td>
<td>(Klaus Enders, Norbert Funke, Asel Isakova)</td>
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<td></td>
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<td>• Economic thinking before/after the crisis</td>
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<td>• Implications of the crisis for monetary, fiscal, monetary, and macroprudential policies</td>
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<td>• The “new normal”</td>
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<td>11:30 a.m. – 12:15 p.m.</td>
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<td><strong>Quiz</strong></td>
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<td>12.15 a.m. – 1:00 p.m.</td>
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<td><strong>Segment Evaluation and Concluding Session</strong></td>
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*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

## PROGRAM

### Monday, June 15

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<tr>
<th>Time</th>
<th>Event</th>
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</table>
| 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. | Output, Expenditure, and Prices: Accounts, Analysis, and Forecasting  
Lecture by Mr. Schindler  
- Aggregate supply and demand  
- Inflation  
- Analysis and forecasting techniques |
| 2:00 p.m. – 5:30 p.m. | Workshop: Baseline Scenario: Output, Expenditure, and Prices  
Facilitated by Counselors |

### Tuesday, June 16

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<thead>
<tr>
<th>Time</th>
<th>Event</th>
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</table>
| 9:00 a.m. – 12:30 p.m. | Workshop: Baseline Scenario: Output, Expenditure, and Prices (continued)  
Facilitated by Counselors |
| 2:00 p.m. – 5:30 p.m. | Workshop: Baseline Scenario: Output, Expenditure, and Prices (concluded)  
Facilitated by Counselors |

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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.
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<thead>
<tr>
<th>Time</th>
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<tbody>
<tr>
<td><strong>Wednesday, June 17</strong></td>
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<tr>
<td>9:00 a.m. – 10:30 a.m.</td>
<td>L–2</td>
<td><strong>Balance of Payments Accounts, Analysis, and Forecasting</strong></td>
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<td>Lecture by Mr. Gersl</td>
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<td>• Current and capital &amp; financial account</td>
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<td>• Assessing a country’s external situation</td>
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<td>• Forecasting techniques</td>
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<td>11:00 a.m. – 12:30 p.m.</td>
<td>W–2</td>
<td><strong>Workshop: Baseline Scenario: Balance of Payments</strong></td>
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<td>Facilitated by Counselors</td>
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<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W–2</td>
<td><strong>Workshop: Baseline Scenario: Balance of Payments (concluded)</strong></td>
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<td>Facilitated by Counselors</td>
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<td><strong>Thursday, June 18</strong></td>
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<tr>
<td>9:00 a.m. – 10:30 a.m.</td>
<td>L–3</td>
<td><strong>Fiscal Accounts, Analysis, and Forecasting</strong></td>
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<td>Lecture by Mr. Schindler</td>
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<td>• Revenues and expenditures, budget balance</td>
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<td>• Fiscal analysis</td>
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<td>• Forecasting techniques</td>
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<td>11:00 a.m. – 12:30 p.m.</td>
<td>W–3</td>
<td><strong>Workshop: Baseline Scenario: Fiscal Sector</strong></td>
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<td>Facilitated by Counselors</td>
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<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W–3</td>
<td><strong>Workshop: Baseline Scenario: Fiscal Sector (concluded)</strong></td>
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<td>Facilitated by Counselors</td>
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<tr>
<td><strong>Friday, June 19</strong></td>
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<td>9:00 a.m. – 10:30 a.m.</td>
<td>L–4</td>
<td><strong>Monetary Accounts, Analysis, and Forecasting</strong></td>
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<td>Lecture by Mr. Spitaeller</td>
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<td>• Assets and liabilities</td>
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<td>• Monetary analysis</td>
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<td>• Forecasting techniques</td>
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<tr>
<td>11:00 a.m. – 12:30 p.m.</td>
<td>W–4</td>
<td><strong>Workshop: Baseline Scenario: Monetary Sector</strong></td>
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<td>Facilitated by Counselors</td>
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<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W–4</td>
<td><strong>Workshop: Baseline Scenario: Monetary Sector (continued)</strong></td>
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<td>Facilitated by Counselors</td>
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### Monday, June 22

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<th>Time</th>
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<th>Activity</th>
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<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>W-4</td>
<td><strong>Workshop: Baseline Scenario: Monetary Sector (concluded)</strong> Facilitated by Counselors</td>
</tr>
<tr>
<td>2:00 p.m. – 3:30 p.m.</td>
<td>W-5</td>
<td><strong>Workshop: Discussion of Baseline Scenario</strong> Facilitated by Counselors</td>
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<td>4:00 p.m. – 5:30 p.m.</td>
<td>L-5</td>
<td><strong>Review of Financial Programming</strong> Lecture by Mr. Spitaeller</td>
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<td></td>
<td></td>
<td>• Elements of an adjustment program</td>
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<td>• Issues in program design</td>
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<td>• Financial programming and IMF arrangements</td>
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### Tuesday, June 23

<table>
<thead>
<tr>
<th>Time</th>
<th>Venue</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>W-6</td>
<td><strong>Workshop: Program Scenario</strong> Facilitated by Counselors</td>
</tr>
<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W-6</td>
<td><strong>Workshop: Program Scenario (continued)</strong> Facilitated by Counselors</td>
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### Wednesday, June 24

<table>
<thead>
<tr>
<th>Time</th>
<th>Venue</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9:00 a.m. – 12:30 p.m.</td>
<td>W-6</td>
<td><strong>Workshop: Program Scenario (continued)</strong> Facilitated by Counselors</td>
</tr>
<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>W-6</td>
<td><strong>Workshop: Program Scenario (concluded)</strong> Facilitated by Counselors</td>
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### Thursday, June 25

<table>
<thead>
<tr>
<th>Time</th>
<th>Venue</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9:00 a.m. – 10:30 p.m.</td>
<td></td>
<td><strong>Guest Lecture: “Ukraine and the IMF” [TBC]</strong> Mr. Jerôme Vacher, IMF Resident Representative in Ukraine</td>
</tr>
<tr>
<td>11:00 a.m. – 12:30 p.m.</td>
<td>O-1</td>
<td><strong>Preparation for Presentations</strong> Facilitated by Counselors</td>
</tr>
<tr>
<td>2:00 p.m. – 5:30 p.m.</td>
<td>O-2</td>
<td><strong>Preparation for Presentations (continued)</strong></td>
</tr>
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### Friday, June 26

<table>
<thead>
<tr>
<th>Time</th>
<th>Venue</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9:00 a.m. – 11:30 a.m.</td>
<td>L-6</td>
<td><strong>Presentations: Baseline and Program Scenarios</strong></td>
</tr>
<tr>
<td>11:30 a.m. – 12:00 p.m.</td>
<td></td>
<td><strong>Quiz</strong></td>
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<tr>
<td>12:00 p.m. – 12:30 p.m.</td>
<td></td>
<td><strong>Segment Evaluation and Concluding Session</strong></td>
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SEGMENT 4

Financial Sector Issues

OeNB
<table>
<thead>
<tr>
<th>Monday, June 29</th>
<th>Introduction to Financial Sector Issues</th>
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<tbody>
<tr>
<td>9:00 a.m. – 9:10 a.m.</td>
<td>Overview of the Course</td>
</tr>
<tr>
<td>Ms. Eva Ubl (OeNB)</td>
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<tr>
<td>9:10 a.m. – 10:30 p.m.</td>
<td>Introduction to Financial Stability</td>
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<tr>
<td>Ms. Vanessa Redak (OeNB)</td>
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<tr>
<td>• Dimensions of financial stability</td>
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<td>• Systemic risk monitoring and assessment</td>
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<td>• Financial stability policy</td>
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<td>• Cross-border linkages</td>
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<td>• Brief overview of the new supervisory architecture in the EU.</td>
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<tr>
<td>10:30 a.m. – 10:45 a.m.</td>
<td>Coffee break</td>
</tr>
<tr>
<td>10:45 a.m. – 12:15 p.m.</td>
<td>The Austrian Sustainability Package</td>
</tr>
<tr>
<td>Mr. Stefan Kavan (OeNB)</td>
<td></td>
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<tr>
<td>• Genesis and current state of play</td>
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<tr>
<td>12.15 p.m. – 1.45 p.m.</td>
<td>Lunch break</td>
</tr>
<tr>
<td>1:45 p.m. – 3:15 p.m.</td>
<td>Introduction to Macroprudential Policy in Austria</td>
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<tr>
<td>Mr. Reinhardt Seliger (OeNB)</td>
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<td>Mr. Peter Strobl (OeNB)</td>
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<tr>
<td>• Macropolicies and policy framework</td>
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<td>• Legal mandate and tools</td>
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<td>• Challenges for macroprudential policy</td>
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<tr>
<td>3:15 p.m. – 3:30 p.m.</td>
<td>Coffee break</td>
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<tr>
<td>3:30 p.m. – 5:00 p.m.</td>
<td>Progress in Banking Union and the Creation of a Capital Markets Union (CMU)</td>
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<tr>
<td>Ms. Michaela Posch (ECB)</td>
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<tr>
<td>• What comes after the Banking Union?</td>
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<tr>
<td><strong>Tuesday, June 30</strong></td>
<td><strong>Micro- and Macropolicy</strong></td>
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</table>
| 9:00 a.m. – 10:15 a.m. | L-5 | Banking Supervision in Austria  
Mr. Mario Resch (OeNB)  
- 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)  
- 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)  
- 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) |

<table>
<thead>
<tr>
<th><strong>Wednesday, July 1</strong></th>
<th><strong>Risks and Challenges</strong></th>
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</thead>
</table>
| 9:00 a.m. – 10:00 p.m. | L-8 | Foreign Currency Loans  
Mr. Florian Martin (OeNB)  
- 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)  
- 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  **Liquidity Risk**
Mr. Benjamin Neudorfer (OeNB)
Mr. Robert Ferstl (OeNB)
  • 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  **Why were the Authorities Responsible for Financial Stability not in a Position to Prevent the Recent Financial Crisis?**
Mr. Gernot Ebner (OeNB)
  • Discussion of the availability, application and effectiveness of instruments for crisis prevention

<table>
<thead>
<tr>
<th>Thursday, July 2</th>
<th>Topical Financial Sector Issues in the CESEE Region</th>
</tr>
</thead>
</table>
| 9.00 a.m. – 10:30 p.m.  L-10  **Macrofinancial Issues in the CESEE Region**
Ms. Julia Wörz (OeNB)
  • 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  **Systemic Risks for Financial Markets beyond Banking**
Ms. Eva Ubl (OeNB)
  • 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  **Banking in the CESEE Region: Practitioner's View**
Mr. Gunter Deuber (Raiffeisen Bank International)
  • 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)

<table>
<thead>
<tr>
<th>Friday, July 3</th>
<th>Conclusions</th>
</tr>
</thead>
</table>
| 9.00 a.m. – 10:15 p.m. L-13 | Practitioner's View on Regulatory Changes
Mr. Gregor Eperjesi (Erste Group Bank)
- 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)
- 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


Advanced graduate texts:

- *Advanced International Trade: Theory and Evidence*, by Robert C. Feenstra

A copy of KO will be made available for reference.

Useful Resources on the Web:

Data

- 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](http://www.wto.org/english/res_e/statis_e/data_day_may09_e/data_day_may09_e.htm)
- Trade data visualization [http://atlas.media.mit.edu](http://atlas.media.mit.edu)
General

- WTO trade policy reviews and trade monitoring reports
  http://www.wto.org/english/tratop_e/trpr_e/trpr_e.htm
  http://www.wto.org/english/tratop_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

- Trade Policy and WTO Accession for Russia and other CIS countries
  http://go.worldbank.org/TCSZLJ1830

- Most EBRD Working Papers available to download
  http://www.ebrd.org/eng/region/workingp/index.htm

- The Annual World Economic Outlook from the IMF

- The Annual Global Economic Prospects (GEP) from the World Bank

- CEPR and NBER working paper abstracts (with papers available for a fee) and is downloadable at

- 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

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

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:
*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

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:

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]
*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, “Trade Competitiveness Toolkit.”
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:
* De Melo “Regionalism and Developing Countries: A Primer” [regionalism primer.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)

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
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


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”


*World Bank (2014) “Georgia Competitiveness Diagnostic
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

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:


**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):**


Readings (DDA):


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:


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 Secretariat background papers, downloadable at: http://www.wto.org/english/tratop_e/agric_e/negoti_secretariat_papers_e.htmhttp://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:**


**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:


OECD trade facilitation indicators, at http://www.oecd.org/tad/facilitation/indicators.htm


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):


Readings (trade remedies):

* WTO website explanations of the Anti-Dumping, Subsidies and Countervailing Duties as well as Safeguard Agreements (on E-CAMPUS, as Word-file).


**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:


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 (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.
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.