

**Fulbright Economics Teaching Program
Masters in Public Policy 5
Academic Year 2012-2013
Summer 2013 (01st July – 19th August, 2011)**

**SYLLABUS
Trade: Institutions and Impact**

Teaching Team

Instructor: Dinh Cong Khai, Truong Quang Hung
Co-instructor: Mai Hoang Chuong

Class Sessions

Monday and Wednesday: 13:30 -15:00;
Friday: 10:15 to 11:45

Office Hours

Dinh Cong Khai: Friday, 15:00 – 18:00, or by email appointment
Truong Quang Hung: TBA or by email appointment
Mai Hoang Chuong: TBA or by email appointment

Course Objectives and Description

To provide students with the basic theories of international trade in order to explain trade patterns between developed and developing countries, and among developed countries. This course emphasizes an understanding of the institutional environment for international trade, both at the global, regional, and national level and the role of economic integration and GATT/WTO in removing trade barriers. Particular emphasis is placed on the analysis of trade policies used in developed and developing countries and the movement from trade policy to industrial policy to gain comparative advantages. This course also examines Vietnam's trade and FDI performance and policies to promote them.

Literature (by topic order)

- Krugman and Obstfeld, *International Economics*, 5th ed., Addison-Wesley. (Abbreviation **KO5**) (available in Vietnamese in FETP library)
- World Bank (2002), *Development, Trade and the WTO: A Handbook*, World Bank, Washington, DC. (**WB-02**)
- Nguyễn Xuân Thành, *The Catfish War: Tra and Basa Exports to the US*.
- Phạm Đỗ Chí, *When the dragon feels awake*, Labor-Society Press, 2011.
- Athukorala P. (2005), *Trade Policy Reforms and Structure of Protection in Vietnam*.
- Kaplinsky, R. (2000), *Spreading the gains from globalisation: What can be learned from value chain analysis?*
- Kaplinsky R., Morris M. (2000), *A Handbook for value chain research*, 2000.
- Gereffi, G. (2003), *The Global Apparel Value Chain: What Prospects for Upgrading by Developing Countries?*

- Kenta, G. (2007), *Industrial Upgrading of the Vietnamese Garment Industry: An Analysis from the Global Value Chains Perspective*.
- Nadvi, K. (2003), *Challenges to Vietnamese firms in the world garment and textile value chain, and the implications for alleviating poverty*.
- Đặng Thị Tuyết Nhung, *Enhancing the Vietnamese Garment and Textile Industry in the global Garment and Textile Value Chain*, MPP2 Thesis.
- Ohno K., *Vietnam's Industrial Policy Formulation: To Become a Reliable Partner in Integral Manufacturing*, Vietnam Development Forum and National Graduate Institute for Policy Studies, 2006
- *Vietnam's New Industrial Policy – The Role of Sub-national Business Environment in Facilitating FDI*, Record R., Institute for Development Policy and Management, presented in the EADI 12th Conference on Global Governance for Sustainable Development 2008.
- *Who's Afraid of Industrial Policy*, Asia-Pacific Trade and Investment Initiative, UNDP Regional Centre in Colombo, UNDP, 2008.
- Altenburg T., *Industrial Policy in Vietnam* presented in “Industrial Policy for Developing Countries” Seminar Nov. 18-19, 2009.
- *Investment Policy Review, Vietnam*, United Nations Conference on Trade and Development (UNCTAD), UN, New York and Geneva, 2008.
- Antras P., Desai M., and Foley F. (2009), *Multinational Firm, FDI Flows and Imperfect Capital Markets*, The Quarterly Journal of Economics, Vol. 124, Issue 3, pp. 1171-1279.
- Anwar S. và Nguyen L (2002), *Foreign Direct Investment and Economic Growth in Vietnam*, Asia Pacific Business Review, Vol. 16, Nos. 1-2, 2002, pp. 183-202.

Sources of Information

This includes major organizations such as The World Bank, International Monetary Fund, Organization for Economic Cooperation and Development, European Commission, ASEAN, Asia-Pacific Economic Cooperation Forum (APEC), Asian Development Bank, African Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, United Nations (including UNIDO, UNCTAD, FAO, UNESCO, WIPO, WHO, etc), and WTO. The U.S. government also publishes numerous studies about trading partners; see especially the *International Economic Review* of the U.S. International Trade Commission and *National Trade Estimate Annual Report on Foreign Trade Barriers* of the US Trade Representative's Office.

Here are some useful websites:

www.worldbank.org	www.asean.org
www.imf.org	www.apecsecretariat.org
www.oecd.org	www.adb.org
www.sourceoecd.org	www.idb.org
www.europa.int	www.ebrd.org
www.unido.org	www.unctad.org
www.fao.org	www.unesco.org

www.wipo.org www.who.org

www.wto.org www.usitc.gov

www.ustr.gov www.bea.gov

You will also be able to find websites for individual countries through a websearch. Trade and investment data can be found from the IMF, the World Bank, the UN, and other sources.

Generally, there is less information on foreign direct investment (FDI) than there is on trade. Two sources for FDI data that you should consider are the annual *World Investment Reports* by UNCTAD (www.unctad.org), as well as the FDI data held by the U.S.' Bureau of Economic Analysis (www.bea.gov) in its International section.

Teaching Methods

Formal lectures, class discussion, review, problem set and mini paper.

Course Requirements

Participants are expected to attend class regularly, and participate in class discussions. Participants are expected to read the assigned literature before class.

Course Assessment

Class participation	20%
Class assignments	20%
Mini paper	30%
Final paper	30%

Course Schedule

Week 1

☐ Monday 1st July, 2013

Dinh Cong Khai

Introduction

Review

- Supply and Production Possibilities
- Demand and Indifference Curve
- General Equilibrium in Open and Closed Economy
- Gains from trade

☐ Wednesday 3rd July, 2013

Dinh Cong Khai

Labor Productivity and Comparative Advantage: The Ricardian Model

- KO5: Chapter 2
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☐ **Friday 5th July, 2013**

Dinh Cong Khai

Specific Factors and Income Distribution

- KO5: Chapter 3

Week 2

☐ **Monday 8th July, 2013**

Truong Quang Hung

Resources and Trade: The Heckscher-Ohlin Model

- KO5: Chapter 4
- PS1 distributed (due on July 19th @ 13:20)

☐ **Wednesday 10th July, 2013**

Truong Quang Hung

Economies of Scales, Imperfect Competition, and International Trade

- KO5: Chapter 6
- Rodrik D., *Imperfect Competition, Scale Economies and Trade Policy in Developing Countries*

☐ **Friday 12th July, 2013**

Mai Hoang Chuong

Review: International Trade Theories

Week 3

☐ **Monday 15th July, 2013**

Dinh Cong Khai

The Instruments of Trade Policy and Anti-Dumping Policy in Developing Countries

- KO5: Chapter 8
- Readings from www.wto.org
- Nguyễn Xuân Thành, *The Catfish War: Tra and Basa Exports to the US.*

☐ **Wednesday 17th July, 2013**

Dinh Cong Khai

Regional Economic Integration

- Antras and Foley, *Regional Trade Integration and Multinational Firm Strategies*
- WB-02: Benefiting from Regional Integration

☐ **Friday 19th July, 2013**

Truong Quang Hung

Global Trade Institutions

- Readings on Global Trade Organization
PS1 due, PS2 distributed (due on July 26th)

Week 4

- ☐ **Monday 22nd July, 2013** **Truong Quang Hung**

Trade Policy in Developing Countries

- KO5: Chapter 10

- ☐ **Wednesday 24th July, 2013** **Truong Quang Hung**

Trade Policy in Developing Countries

- KO5: Chapter 11

- ☐ **Friday 26th July, 2013** **Mai Hoang Chuong**

Review and Discuss PS 1&2

PS 2 due

Week 5

- ☐ **Monday 29th July, 2013** **Truong Quang Hung**

From Trade Policy to Industrial Policy

- Ohno K., *Vietnam's Industrial Policy Formulation: To Become a Reliable Partner in Integral Manufacturing*, Vietnam Development Forum and National Graduate Institute for Policy Studies, 2006.
- *Vietnam's New Industrial Policy – The Role of Sub-national Business Environment in Facilitating FDI*, Record R., Institute for Development Policy and Management, a presentation at the 12th EADI General Conference Global Governance for Sustainable Development.
- *Who's Afraid of Industrial Policy*, Asia-Pacific Trade and Investment Initiative, UNDP Regional Centre in Colombo, UNDP, 2008.
- Altenburg T., *Industrial Policy in Vietnam*, presented at the conference on “Industrial Policy for Developing Countries” dated 18th -19th Nov. 2009.

- ☐ **Wednesday 31st July, 2013** **Dinh Cong Khai**

Trade Policy in Vietnam

- Nguyễn Thị Hà Trang, Nguyễn Ngọc Anh, Nguyễn Đình Chúc, Current Account Deficit: Causes and Solutions In “When the Dragon Feels Awake”.

- Athukorala P. (2005), *Trade Policy Reforms and Structure of Protection in Vietnam*.

☐ **Friday 2nd Aug., 2013**

Dinh Cong Khai

Value Chain

- Kaplinsky R., Morris M. (2000), *A Handbook for Value Chain Research*, 2000
- Kaplinsky, R. (2000), *Spreading the gains from globalisation: What can be learned from value chain analysis?*
- Gereffi, G. (2003), *The Global Apparel Value Chain: What Prospects for Upgrading by Developing Countries?*
- Kenta, G. (2007), *Industrial Upgrading of the Vietnamese Garment Industry: An Analysis from the Global Value Chains Perspective*.
- Đặng Thị Tuyết Nhung, MPP2 Thesis

Week 6

☐ **Monday 5th Aug., 2013**

Truong Quang Hung

Foreign Direct Investment and Its Effects on Host Countries

- Antras P., Desai M., and Foley F. (2009), *Multinational Firm, FDI Flows and Imperfect Capital Markets*, *The Quarterly Journal of Economics*, Vol. 124, Issue 3, pp. 1171-1279.
- Aitken và Harrison (1999), *Do Domestic Firms Benefit from Foreign Investment? Evidence from Venezuela*, *The American Economic Review*.
- Grossman và Rossi-Hansberg (2008), *Trading Tasks: A Simple Theory of Offshoring*, *The American Economic Review*, 98:5, 1978-1997

☐ **Wednesday 7th Aug., 2013**

Dinh Cong Khai & Truong Quang Hung

FDI in Vietnam: Impacts and policies to attract FDI

- Anwar S. và Nguyen L (2002), *Foreign Direct Investment and Economic Growth in Vietnam*, *Asia Pacific Business Review*, Vol. 16, Nos. 1-2, 2002, pp. 183-202.
- *Investment Policy Review, Vietnam*, United Nations Conference on Trade and Development (UNCTAD), UN, New York and Geneva, 2008.

☐ **Friday 9th Aug., 2013**

Guest lecture (FETP)

Week 7

☐ **Monday 12th Aug., 2013**

Guest lecture (From Ministry of Trade and Industry)

Wednesday 14th Aug., 2013

Dinh Cong Khai & Truong Quang Hung

Group Presentation

Friday 16th Aug., 2013

Dinh Cong Khai & Truong Quang Hung

Group Presentation

Week 8

Monday 19th Aug., 2013

Dinh Cong Khai & Truong Quang Hung

Final exam
