

# International Agricultural Trade, Market, and Policy

Manoj Sharma

## Course Information

**Course Number: Credits:** 3

**Instructor:** Manoj Sharma

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**Office Hours:** Open Door Policy

**Office Room:** TBD

## 1. Catalog Description

The course introduces students to the basic international trade concepts and theories and how they are applied to analyze trade policies in both the developing and developed countries. The neoclassical arguments about comparative advantage, gains from trade, and factor intensities will be emphasized. The course also covers in some depth the institutional arrangements governing world trade such as the World Trade Organization and Regional Trade Agreements. The concepts and trade arguments presented refer to trade in general but they are illustrated with examples from the agricultural sector.

## 2. Course Learning Objectives

The objectives of this course are: 1. Understand the economic gains from trade, comparative advantage of nations, and the issues surrounding the distributional effects of trade. 2. Understand the trade arguments of protection versus free trade debate. 3. Identify the various trade instruments used in both exporting and importing countries in order to influence trade patterns. 4. Understand the principles governing the World Trade Organization and Regional Trade Agreements and their effects on world trade. 5. Introduce students to how the foreign exchange markets function and the effects of currency fluctuation on trade. 6. Enable students to learn how to retrieve trade data from electronic databases and write reports on a country's trade structure and policies.

## 3. Course Learning Outcomes

Upon the successful completion of the course, students will develop/acquire the following knowledge, skills, and competencies:

- **Knowledge:** Demonstrate in-depth knowledge on theory and analytical methods in international agricultural trade.
- **Skills:** The ability to think critically and address problems, especially in a team context.
- **Problem Solving:** The ability to identify, formulate, analyze, and solve economics and business problems.
- **Communication:** The ability to communicate orally and in writing.

- **Contemporary Issues:** Demonstrate knowledge of contemporary issues (e.g., EUDR, Climate Change).

#### 4. Course Learning Strategies

The course will be based on classroom lectures. Lecture slides are provided to students in the beginning of the course so they can prepare ahead of time for a particular lecture. Occasionally external speakers will be invited to provide the local context to what they are learning in the lecture. Students are encouraged to engage in discussion by bringing press/news stories related to trade issues to the class and assess them using the analytical tools learned in the lecture. Writing trade reports in the international trade discipline is very important and students will need to be trained to do so as they are required to submit a paper on a local trade issue. Various reading assignments will be required to familiarize students with WTO related issues.

#### 5. Course Assessment

- **Homework (4):** Will be given to students so they can apply the concepts learned in class and appreciate the relevance of these concepts to real-life issues.
- **Quizzes:** A series of non-announced quizzes will be given, covering materials of the last lecture and concepts worked out in the last homework.
- **Project:** Students will be required to write a paper to analyze trade patterns and policies of a particular country. Each student/group of students will be assigned a country and asked to retrieve trade data from known databases of international organizations involved in trade. The paper should be based on the retrieved data.
- **Exams:** Two examinations, one midterm (1:30 hrs) and one comprehensive final (3:00 hrs) will be administered.

#### 6. Marking Scheme

For this course the marking scheme is based on a series of short quizzes, homework, project, midterm and two examinations.

Component	Weight
Quizzes	15%
Homework	10%
Project	10%
Midterm Exam	25%
Final Exam	40%
<b>Total</b>	<b>100%</b>

#### 7. Required Course Material

- **E-book:** [Policy and Theory of Trade](#)
- **Lecture notes:** PowerPoint presentations.
- **Supplementary material:** Mostly from general websites such as FAO, World Bank, and other international organizations.

## 8. Weekly Schedule

*Combining traditional trade theory with contemporary topics relevant to modern agricultural markets.*

### Part I: Foundations of Trade Theory

#### *Week 1: Introduction to Global Ag Markets*

- Trends in global agricultural trade and the global economy.
- The “Gravity” of trade: Why distance matters.
- **Case Study:** The global trade in Cut Flowers. [\[Read: Cut flowers trade\]](#)

#### *Week 2: The Ricardian Model*

- Comparative advantage and gains from trade.
- **Case Study:** Bangladesh and Vietnam’s apparel exports

#### *Week 3: The Heckscher-Ohlin Model*

- Factor endowments (Land, Labor, Capital).
- Income distribution and trade (Stolper-Samuelson).
- **Case Study:** China Shocks as a case for distributional effects. [Read: Autor, Dorn, & Hanson (2013) - “The China Syndrome” (AER)]

#### *Week 4: New Trade Theory & Firms*

- Economies of scale and imperfect competition in agribusiness.
- Role of multinational firms.
- **Case Study:** Market Power in Global Grain Trading: The “ABCD” companies. [Read: Murphy, Burch, & Clapp (2012) - “Cereal Secrets” (Oxfam)]

### Part II: Trade Policy Instruments

#### *Week 5: Tariffs and Quotas*

- Partial equilibrium analysis.
- Welfare effects in importing countries (Consumer/Producer Surplus).
- **Case Study:** Impact of 2018 Retaliatory Tariffs on US Soybeans.

#### *Week 6: Non-Tariff Measures (NTMs)*

- Sanitary and Phytosanitary (SPS) measures.

- Technical Barriers to Trade (TBT).
- **Case Study:** The US-EU Dispute over Hormone-Treated Beef.

*Week 7: Agricultural Subsidies*

- Export subsidies and countervailing duties.
- Domestic support policies and their trade distorting effects.
- **Case Study:** The WTO US-Brazil Cotton Dispute.

*Week 8: Midterm Exam*

### **Part III: Institutions and Agreements**

*Week 9: The World Trade Organization (WTO)*

- Multilateral Negotiations.
- Dispute Settlement Mechanism.
- **Case Study:** US-China Trade war.

*Week 10: Regional Trade Agreements (RTAs)*

- Trade Creation vs. Trade Diversion.
- Economic Integration: Free Trade Areas vs Customs Unions.
- **Case Study:** USMCA and the dispute over Canadian Dairy Market Access.

### **Part IV: Contemporary Issues in Ag Trade**

*Week 11: Trade and the Environment*

- **Topic:** The EU Deforestation Regulation (EUDR) and its global spillover effects. [Read: European Parliament (2023) - “EU Deforestation Regulation: Implications”] - Carbon border adjustments.

*Week 12: Global Value Chains (GVCs)*

- Vertical coordination in agriculture.
- Competitiveness in the global food economy.
- **Case Study:** The Global Coffee Value Chain. [Read: Ponte (2002) - “The ‘Latte Revolution’?” (World Development)]

*Week 13: Food Security and Trade*

- Trade as a buffer for local supply shocks.
- Export bans and volatility.

- **Case Study:** India's Rice Export Ban and the 2008 Food Price Crisis.

*Week 14: Emerging Markets and Macroeconomics*

- Foreign exchange markets and currency fluctuation effects.
- Rise of South-South trade.
- **Case Study:** The “Samba” Effect: How the weak Real boosts Brazil's exports.

*Week 15: Final Review & Student Presentations*

*Final Exam: Comprehensive (Refer to University Schedule)*