

# Foundations of Trade Policy and Trade Policy Data

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|---------------------|------------------------------|
| <b>Semester:</b>    | Spring semester 2023         |
| <b>Root Number:</b> | 477679                       |
| <b>ECTS:</b>        | 3                            |
| <b>Lecturers:</b>   | Selina Hauser and Achim Vogt |
| <b>Dates:</b>       | 12 – 16 June, 2023           |
| <b>Audience:</b>    |                              |

- The CAS TradeMod is aimed at professionals, researchers and graduate students (Masters and PhD), notably in Economics and Social Sciences. Undergraduate students will be considered only if their profile is outstanding.

## Course description

The main objectives of this course are twofold. First, the participants will be provided with theoretical foundations in several areas relevant to trade policy. Specifically, we will discuss welfare effects of the most important trade policy instruments, including non-tariff measures (NTM), as well as the political economy of preferential trade agreements (PTA) and the welfare effects thereof. Second, each of these theoretical sessions will be complemented by applied hands-on sessions on data availability and –handling using some the most commonly applied datasets and software in those fields. Each of the four course days will begin with a theory session in the morning followed by an applied data session in the afternoon.

## Lecturers

### Selina Hauser

Selina Hauser is a PhD candidate in Economics at the World Trade Institute (WTI) under the supervision of Prof. Dr. Joseph Francois. Her research aims to achieve a more comprehensive view on the impact of complex trade networks (global value chains, bilateral regulatory heterogeneity) on international trade flows and labour market transformations. She was part of a team coding data on the relation of global value chains and preferential trade agreements in collaboration with the OECD. Selina, a Swiss citizen, holds a master's degree in Applied Economic Analysis with special qualification in Trade and International Development from the University of Bern.

### Achim Vogt

Achim Vogt is a PhD student at the WTI working on non-tariff measures. Previously, he worked for the economic consultancy Ecorys Netherlands, mainly carrying out impact assessments of trade related policies. Achim holds a double BSc in International Business Administration and International Economics, and an MSc in Maritime Economics and Logistics (cum laude).

### Grading:

Grading will be based on a take home exam where the participants have to solve a data handling problem and/or descriptive exercise in groups of two. Datasets and software code will be made available by the lecturers. The exams are to be handed in until Sunday, June 18, 2023, 23:59 CET via e-mail to [masters@wti.org](mailto:masters@wti.org).

### Computer program

In-class lab sessions and code examples will be provided in R and/or Stata. We expect students to have a working version of R and RStudio, as well as Stata installed before the start of the course, and advise participants to familiarize themselves with basic syntax.

## Course Overview

| Class | Date   | Lecturer | Time        | Hours | Topic                                   |
|-------|--------|----------|-------------|-------|-----------------------------------------|
| 1     | 12.06. | Vogt     | 10:00-12:30 | 2.5   | Theory on Trade Policy Instruments      |
| 2     | 12.06. | Vogt     | 14:00-16:30 | 2.5   | Types of tariff classification and data |
| 3     | 13.06. | Hauser   | 09:00-12:15 | 3.25  | Political economy of PTA formation      |
| 4     | 13.06. | Hauser   | 13:15-15:00 | 1.75  | The DESTA dataset                       |
| 5     | 14.06  | Vogt     | 10:00-12:30 | 2.5   | Economic analysis of PTAs               |
| 6     | 14.06  | Vogt     | 14:00-16:30 | 2.5   | World Bank PTA dataset                  |
| 7     | 15.06. | Vogt     | 10:00-12:00 | 2.0   | Economic theory on NTMs                 |
| 8     | 15.06. | Vogt     | 14:00-16:30 | 2.5   | NTM data                                |

## Session 1 (Morning)

**Lecturer: Achim Vogt**

**Subject: Theory on Trade Policy Instruments**

### Compulsory Reading Material

- Krugman, P.R., Obstfeld, M. & Melitz M. J. (2018): International Economics. Theory and policy. 11<sup>th</sup> edition, Harlow, Essex: Pearson Education. Chapter 9.

### Optional Reading Material

- Arndt, S.W. (2012): Free trade and its alternatives, in: Kreinin M.E. and M.G. Plummer (eds.): The Oxford Handbook of International Commercial Policy. Oxford University Press.
- Bown, C.P., and M.A. Crowley. 2016. "The Empirical Landscape of Trade Policy." In Handbook of Commercial Policy, 1:3–108. Elsevier.
- Josling, T. (2012): Agriculture, in: Kreinin M.E. and M.G. Plummer (eds.): The Oxford Handbook of International Commercial Policy. Oxford University Press.
- Van Marrewijk, C. (2012): International Economics – Theory, application, and policy, Second Edition, Oxford University Press. Chapter 10.

## Session 2 (Afternoon)

**Lecturer: Achim Vogt**

**Subject: Tariffs & tariff data**

### Compulsory Reading Material

- World Trade Organization, ed. A Practical Guide to Trade Policy Analysis. Geneva: World Trade Organization, 2012. Chapter 2: Quantifying trade policy.

### Optional Reading Material

- Beckman, Jayson, Fred Gale, and Tani Lee. "Agricultural Market Access Under Tariff Rate Quotas." Economic Research Report. Washington DC: USDA, 2021.
- Anderson, James E. and J. Peter Neary. "Measuring the restrictiveness of international trade policy. Cambridge, MA: MIT Press. Chapter 2: Measuring trade policy restrictiveness – a nontechnical introduction.
- Guimbard, Houssein, Sébastien Jean, Mondher Mimouni, and Xavier Pichot. "MAcMap-HS6 2007, An Exhaustive and Consistent Measure of Applied Protection in 2007." International Economics 130 (February 1, 2012): 99–121.
- Mattoo, Aaditya, Nadia Rocha, and Michele Ruta, eds. Handbook of Deep Trade Agreements. Washington DC: World Bank Group, 2020. Chapter 1: Preferential tariffs.

### Comment

Please make sure that you have a functioning account on:

- <https://www.macmap.org>
- <https://wits.worldbank.org>

## Session 3 (Morning)

**Lecturer: Selina Hauser**

**Subject: Political economy of PTA formation**

### Compulsory Reading Material

- Wüthrich, Simon, & Elsig, Manfred. 2021. Challenged in Geneva: WTO Litigation Experience and the Design of Preferential Trade Agreements. *Business and Politics*, 23(3), 344-363. doi:10.1017/bap.2020.20
- Allee, Todd and Manfred Elsig. 2017. "Veto Players and the Design of Preferential Trade Agreements". *Review of International Political Economy*, vol. 24, no. 3, pp. 538-567.
- Allee, Todd, and Manfred Elsig. 2016. "Why do some international institutions contain strong dispute settlement provisions? New evidence from preferential trade agreements". *The Review of International Organizations*, vol. 11, pp. 89-120.

### Optional Reading Material

- Elsig, Manfred and Sebastian Klotz. 2021. "Digital trade rules in preferential trade agreements: Is there a WTO impact?". *Global Policy*, vol. 12, no. 4, pp. 25-36.
- Baccini, Leonardo, Andreas Dür and Manfred Elsig. 2018. "Intra-Industry Trade, Global Value Chains, and Preferential Tariff Liberalization". *International Studies Quarterly*, vol. 62, no. 2, pp. 329-340.
- Allee, Todd, Manfred Elsig and Andrew Lugg. 2017. "The ties between the World Trade Organization and preferential trade agreements: A textual analysis". *Journal of International Economic Law*, vol. 20, no. 2, pp. 333-363.

## Session 4 (Afternoon)

**Lecturer: Selina Hauser**

**Subject: The DESTA dataset**

### Compulsory Reading Material

None

### Optional Reading Material

- Dür, A., Baccini, L., & Elsig, M. (2014). The design of international trade agreements: Introducing a new dataset. *The Review of International Organizations*, 9(3), 353-375.

New DESTA OECD Data:

- Manfred Elsig, Selina Hauser, and Rodrigo Polanco. *Dataset on Global Value Chain (GVC) – related provisions in preferential trade agreements*, Technical Note.
- Selina Hauser and Ana Novik. *Investment-related Measures in RTAs: an Assessment of GVC Linkages using the DESTA OECD Dataset*, Internal Report.
- Codebook DESTA OECD Data

## Session 5 (Morning)

**Lecturer: Achim Vogt**

**Subject: Economic analysis of PTAs**

### Compulsory Reading Material

- Krugman, P.R., Obstfeld, M. & Melitz M. J. (2018): International Economics. Theory and policy. 11th edition, Harlow, Essex: Pearson Education. Chapter 10.
- Van Marrewijk, C. (2012): International Economics – Theory, application, and policy, Second Edition, Oxford University Press. Chapters 10 and 12.
- Baldwin, R. (2016): The World Trade Organization and the future of multilateralism, *Journal of European Perspectives*, 30. 95 – 116.

### Optional Reading Material

- Kreinin, M.E. and M.G. Plummer (2012): Theory and economic modeling of preferential trade arrangements, in: Kreinin M.E. and M.G. Plummer (eds.): The Oxford Handbook of International Commercial Policy. Oxford University Press.
- Krueger, A. (1999): Are preferential trading arrangements trade-liberalizing or protectionist?, *Journal of Economic Perspectives*, 13. 105 – 124.
- Limao, N. 2016. "Preferential Trade Agreements." In *Handbook of Commercial Policy*, 1:279–367. Elsevier.
- Maggi, Giovanni, and Ralph Ossa. 2021. "The Political Economy of Deep Integration." *Annual Review of Economics* 13 (1): 19–38.
- McCulloch, R. (2012): The international trading system and its future, in: Kreinin M.E. and M.G. Plummer (eds.): The Oxford Handbook of International Commercial Policy. Oxford University Press.





## Session 6 (Morning)

**Lecturer: Achim Vogt**

**Subject: World Bank PTA dataset**

### Compulsory Reading Material

None

### Optional Reading Material

- Breinlich, Holger, Valentina Corradi, Nadia Rocha, Michele Ruta, J.M.C. Santos Silva, and Tom Zylkin. "Machine Learning in International Trade Research: Evaluating the Impact of Trade Agreements." Working Paper. Policy Research Working Paper. Washington DC: World Bank, 2021. <https://doi.org/10.1596/1813-9450-9629>.
- Fontagné, Lionel, Nadia Rocha, Michele Ruta, and Gianluca Santoni. "A General Equilibrium Assessment of the Economic Impact of Deep Trade Agreements." Working Paper. Policy Research Working Paper. World Bank, 2021. <https://doi.org/10.1596/1813-9450-9630>.
- Mattoo, Aaditya, Nadia Rocha, and Michele Ruta, eds. *Handbook of Deep Trade Agreements*. Washington DC: World Bank Group, 2020.

## Session 7 (Morning)

**Lecturer: Achim Vogt**

**Subject: Economic theory on NTMs**

### Compulsory Reading Material

- Disdier, A.-C. and Fugazza Marco (2019): A practical guide to the economic analysis of non-tariff measures. World Trade Organization and UNCTAD.
- Burfisher M. (2016): Introduction to computable general equilibrium models. Cambridge University Press. Chapter 9.

### Optional Reading Material

- Beghin, John, Anne-Célia Disdier, Stéphan Marette, and Frank Van Tongeren. 2012. "Welfare Costs and Benefits of Non-Tariff Measures in Trade: A Conceptual Framework and Application." *World Trade Review* 11 (3): 356–75.
- Beverelli, Cosimo, Mauro Boffa, and Alexander Keck. 2019. "Trade Policy Substitution: Theory and Evidence." *Review of World Economics* 155 (4): 755–83.
- Ederington, J., and M. Ruta. 2016. "Nontariff Measures and the World Trading System." In *Handbook of Commercial Policy*, edited by Kyle Bagwell and Robert W. Staiger, 1:211–77. North-Holland.
- Herghelegiu, Cristina. 2018. "The Political Economy of Non-Tariff Measures." *The World Economy* 41 (1): 262–86.

## Session 8 (Afternoon)

**Lecturer: Achim Vogt**

**Subject: NTM data**

### Compulsory Reading Material

None.

### Optional

General overview of NTMs and data:

- Disdier, Anne-Célia, and Marco Fugazza. A Practical Guide to the Economic Analysis of Non-Tariff Measures. UN, 2020. <https://doi.org/10.18356/b9cc8a8d-en>.
- Cadot, Olivier, and Mariem Malouche, eds. *Non-Tariff Measures: A Fresh Look at Trade Policy's New Frontier*. Chapter 2: How Much Light Do WTO Notifications Shed on NTMs? London: CEPR, 2012.
- Rau, Marie-Luise, and Achim Vogt. "Nontariff Measures: Data Concepts and Sources." In *Behind-the-Border Policies: Assessing and Addressing Non-Tariff Measures*, edited by Bernard Hoekman and Joseph Francois, 11–47. Cambridge: Cambridge University Press, 2019. <https://doi.org/10.1017/9781108751698.002>.
- UNCTAD. "UNCTAD TRAINS: The Global Database on Non-Tariff Measures." Geneva: UNCTAD, 2017.

For a classification of NTMs:

- UNCTAD. "International Classification of Non-Tariff Measures 2019." Geneva: UN, 2019. <https://doi.org/10.18356/33bf0bc6-en>.

Online resources for NTM data:

- <https://trains.unctad.org>
- <http://i-tip.wto.org/goods/default.aspx?language=en>