



**CAPACITY-BUILDING OF THE GEORGIAN LEADERSHIP
COMMUNITY FOR IMPROVED DECISION-MAKING
AND NEGOTIATION SKILLS**

Trade Policy

SYLLABUS

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Course Description and Objectives: Trade Policy (TP) will introduce students the main principles of trade policy. More specifically, the teaching course could be useful both for students who do not have any economic education and for students with some economic background. The proposed course will give to the students the basic knowledge on the exports, imports and trade balance, on the role of the trade balance in the balance of payments, on the two approaches to the trade policy – protectionism and free trade regime, on the World Trade Organization (WTO) and Georgia’s membership in it, on the Free Economic Zones, etc. The course should be used in conjunction with other training modules such as economics for public policy, policy analysis and crafting policy papers, research methods, etc.

The purpose of this course is to provide students with a general understanding of the main principles of the trade policy.

Learning Outcomes

By the end of the course students should be able to:

- Discuss the different definitions of trade regimes and approaches to trade policy.
- Understand how the trade policy is developed.
- Identify trade policy problem.

Course Requirements

- Attendance of all classes is mandatory and regular class participation is strongly encouraged.
- Completion of all the required readings *before* the class for which they are assigned.
- Completion of small assignments.

Required Books and Materials

Required:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian).
3. linderti, piter h. *saertashoriso ekonomika*. me-8 gamocema., “siakhle,” 2001. (In Georgian).
4. McConnell, Campbell R., and Stanly L Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005.
5. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003.
6. Krugman, Paul R., and Maurice Obstfeld. *International Economics. Theory and Policy*. 7th ed. Harper Collins College Publishers, 2006.
7. Gertchikova, I. N. *International Economic Organisations: Regulating Role in International Economic Relations and Business Activities*. Consultbanker Publishing, 2000. (In Russian).
8. Mkrtchyan, Tigran, Tabib Huseynov, and Kakha Gogolashvili. *The European Union and the South Caucasus. Three Perspectives on the Future of the European Project from the Caucasus. Europe in Dialogue 2009/01*. Bertelsmann Stiftung, 2009.
9. papava, vladimer. *tavisufali ekonomikuri zona – “ukvdavi idea.”* eqspertis azri, No. 2, 2007, http://www.gfsis.net/pub/files/publications_economics/EXPERT_OPINION_VLADIMER_PAPAVA_GEO.pdf. (In Georgian).
10. Papava, Vladimer. *The “Immortal” Idea of a Free Economic Zone*. Expert Opinion, No. 2, 2007, http://www.gfsis.net/pub/files/publications_economics/EXPERT_OPINION_VLADIMER_PAPAVA_ENG.pdf.

Occasionally, we may assign other readings in addition to those listed in this syllabus.

Course Evaluation and Procedures

Take multiple-choice test. (100%)

Course Schedule

Day 1 – Introduction (2 hours)

- Main definitions: exports, imports and trade balance.
- The role of the trade balance in the balance of payments.
- The open economy.

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapters 9, 32.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapters 9, 32.
3. linderti, piter h. *saertashoriso ekonomika*. me-8 gamocema., “siakhle,” 2001. (In Georgian). Chapters 1, 2, 3.
4. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapters 39, 40.
5. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapters 22, 23.
6. Krugman, Paul R., and Maurice Obstfeld. *International Economics. Theory and Policy*. 7th ed. Harper Collins College Publishers, 2006, Chapters 1, 13.

Day 2 – Two Approaches to the Trade Policy (2 hours)

- Protectionism: nontariff barriers.
- Protectionism: tariff barriers
- Free trade regime.
- Industrial policy.

Reading Assignment:

1. linderti, piter h. *saertashoriso ekonomika*. me-8 gamocema., “siakhle,” 2001. (In Georgian). Chapters 5, 6, 7.
2. Krugman, Paul R., and Maurice Obstfeld. *International Economics. Theory and Policy*. 7th ed. Harper Collins College Publishers, 2006, Chapters 9, 10, 11, 12.

Day 3 – Trade Institutions (2 hours)

- World Trade Organization.
- Free trade regime with the EU.
- Free economic zone.

Reading Assignment:

1. Gertchikova, I. N. *International Economic Organisations: Regulating Role in International Economic Relations and Business Activities*. Consultbanker Publishing, 2000. (In Russian). Chapters 5, 22.

2. Mkrtchyan, Tigran, Tabib Huseynov, and Kakha Gogolashvili. *The European Union and the South Caucasus. Three Perspectives on the Future of the European Project from the Caucasus. Europe in Dialogue 2009/01*. Bertelsmann Stiftung, 2009, Chapter 3.
3. papava, vladimer. *tavisufali ekonomikuri zona – “ukvdavi idea.”* eqspertis azri, No. 2, 2007, http://www.gfsis.net/pub/files/publications_economics/EXPERT_OPINION_VLADIMER_PAPAVA_GEO.pdf. (In Georgian).
4. Papava, Vladimer. *The “Immortal” Idea of a Free Economic Zone*. Expert Opinion, No. 2, 2007, http://www.gfsis.net/pub/files/publications_economics/EXPERT_OPINION_VLADIMER_PAPAVA_ENG.pdf.