

MUNI
ECON

International Trade

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Why international trade?

About the course

- What to expect?
- What are you expected to know?
- What to do to pass the course?
 - Seminars compulsory
 - Seminar work/essay
 - Final exam

What this course can bring to you, really?

Essay, presentation and brief

- Choose a topic in IS
- Prepare an **ESSAY** on a selected topic (7-10 pages max. incl. sources)
- **Please upload your seminar work to IS until Tuesday 11 a.m. prior to your presentation (Thursday)**
- Prepare a **PRESENTATION** and present your mayor findings during seminar (10 minutes) (no need to upload); include 4-6 review questions!
- Prepare a **BRIEF (incl. Infographics – optional)** according to instructions in IS (upload [HERE](#))

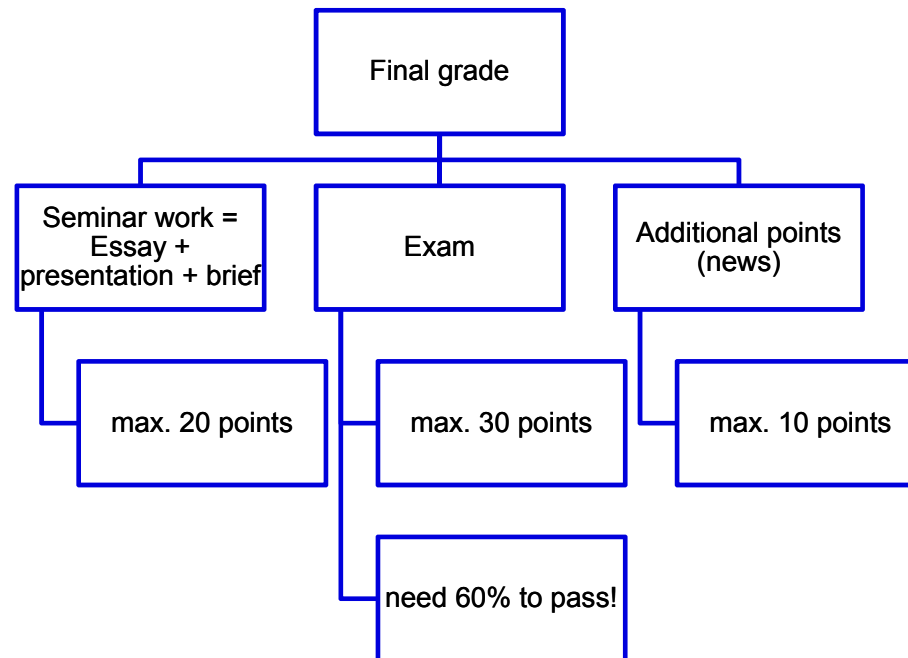
Essay - content

- Try to include most recent data and information
- Upload your essay in IS
- At the beginning of your essay, **formulate questions** that you want to answer (and make sure you answer them in the end😊)
- Follow formatting and citation guidelines (webpages ESF MU)
- It is an essay – do not a copy&paste from other sources; your input is necessary (ideas, comparison, advocating, discussion, etc.)

Final assessment

Grading:

- 50 and more.....A
- 49-46.....B
- 45-40.....C
- 39-35.....D
- 34-30.....E
- 29-0.....F



Essay assessment

- **CONTENT 60%**
 - Clear structure
 - Correct and relevant information
 - Adequate work with resources (comparison, discussion, etc.)
 - Well-founded conclusions
- **FORMAL REQUIREMENTS 10%**
 - Correct citations, formatting
 - Text flow, understandable, readable, illustrations (graphs)
- **PRESENTATION 20%**
- **BRIEF 10%**

Final test

To pass the final test, you **need to reach 60%** in the test. Multiple-choice questions focused on the main principles of international trade and open questions to show the ability to understand, apply and assess issues in international trade.

Additional points

You can get additional points by adding interesting international trade news to a course [dashboard](#). These posts need to be brief, informative, clear, including external links.

Schedule

5.10.	SEMINAR: Introduction to international trade and organization of the course
12.10.	Basic Models of international trade
19.10.	SEMINAR
26.10.	Political economy of trade policy & International trade agreements (<i>dr. Šafrová Drážilová</i>)
2.11.	SEMINAR
16.11.	SEMINAR
23.11.	Legal Aspects of international trade (JUDr. Kyselovská)
30.11.	SEMINAR
7.12	The instruments of trade policy
14.12.	SEMINAR
21.12.	MNC in international trade

Literature

- Krugman, P. R. (2009). *International economics: Theory and policy* (8th ed.). Boston: Pearson/Addison Wesley. (library code EKV-1049)
- Lecture notes
- Articles! (databases: EBSCO, ProQuest, JSTOR etc.)

Please communicate ☺



Ready to start?



Is today's economy global?

Pankaj Ghemawat



Thomas Friedman, American journalist, author of a book called „*The world is flat*“

Globalisation

Challenges

- Backlash against capitalism and rekindling of nationalism
- Increased protectionism of high-demand resources
- Need to develop top managers with international understanding and experience

Benefits

- Access to more markets
- Growth of developing economies
- Opportunities for flexibility and efficiency
- Opportunities for small and medium-sized enterprises (SMEs)

International trade development

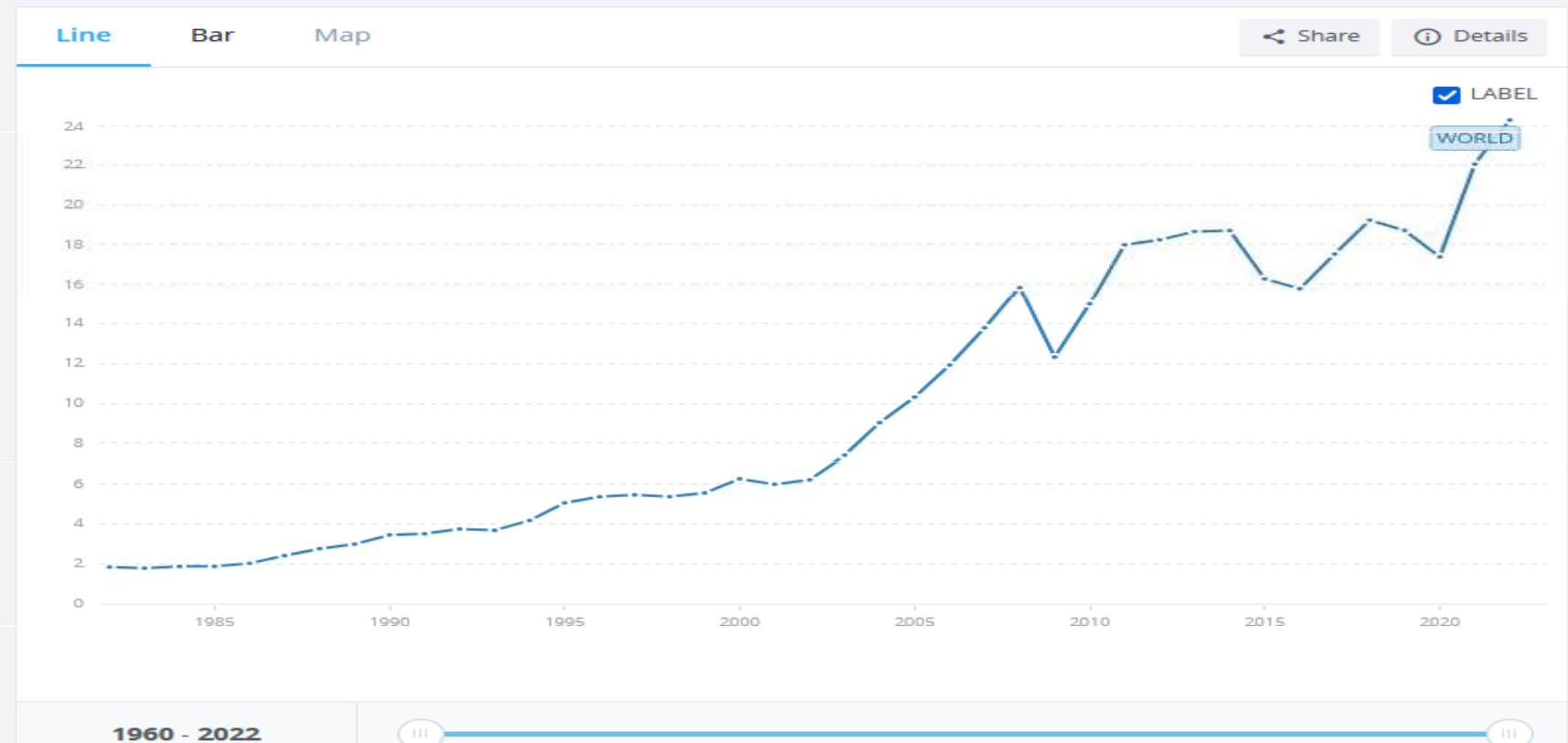


Newer data (check trends)

Goods exports (BoP, current US\$)

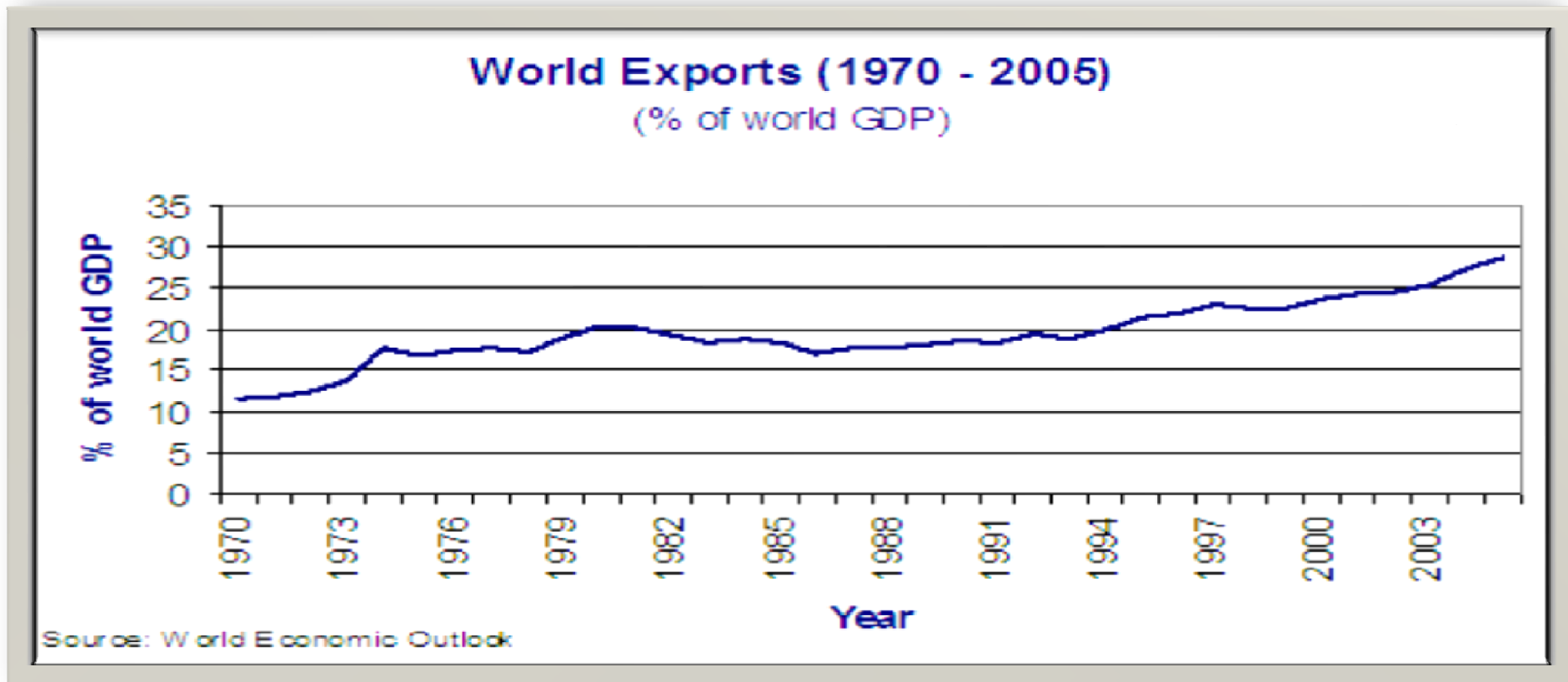
International Monetary Fund, Balance of Payments Statistics Yearbook and data files.

License : CC BY-4.0 [i](#)



[Data source here](#)

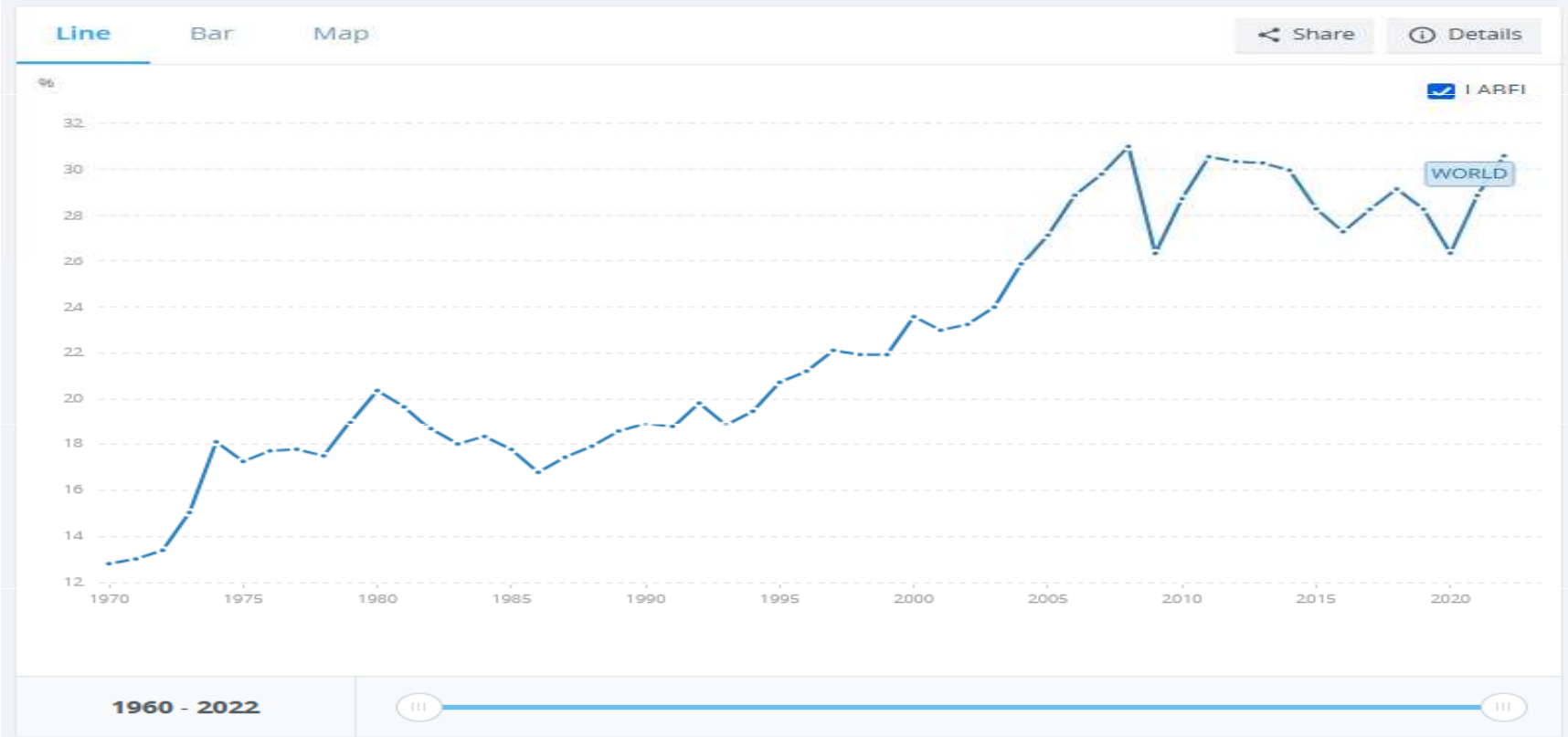
International trade development



Exports of goods and services (% of GDP)

World Bank national accounts data, and OECD National Accounts data files.

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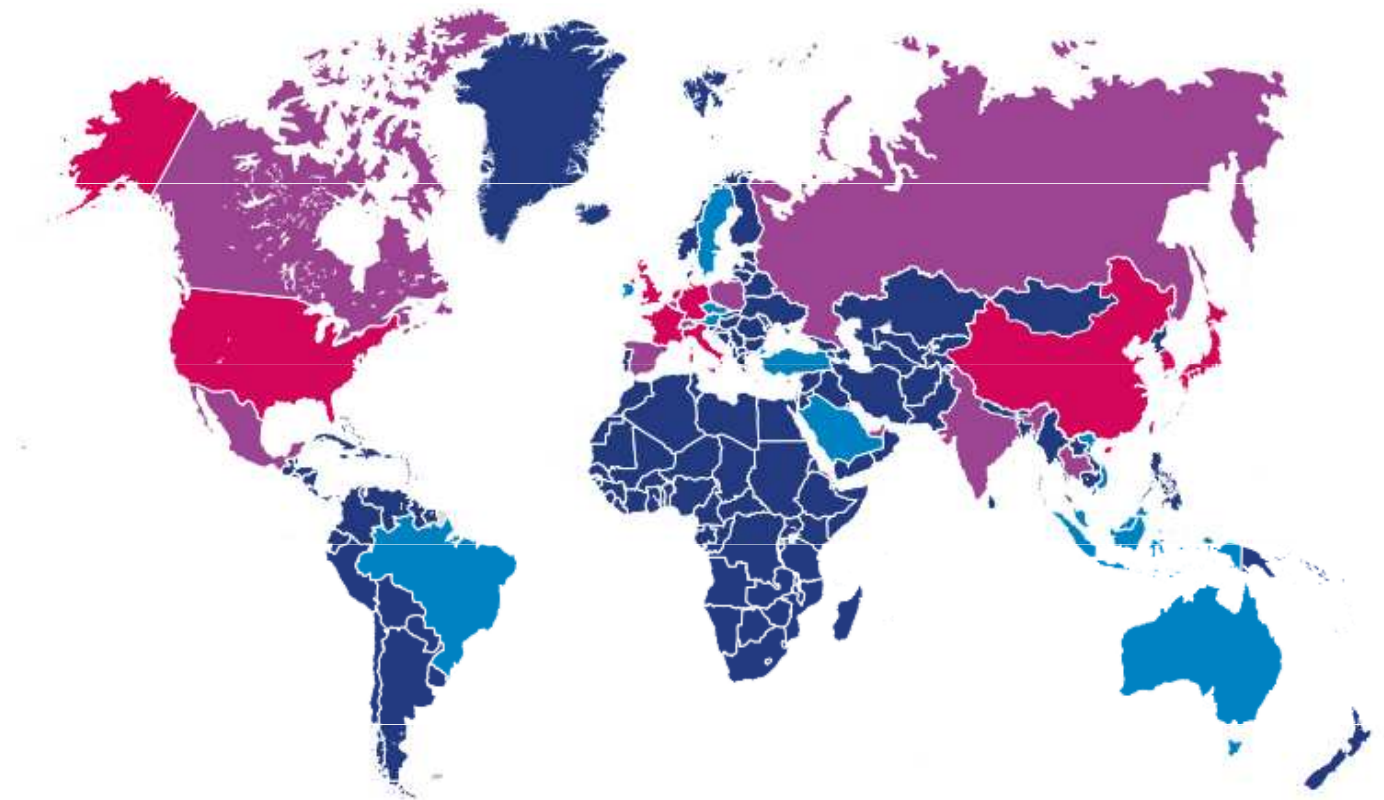


[Data source here](#)

Measuring international trade

- Import
- Export
- Trade compared with GDP (trade = (import+export)/2)
- Shortcomings?

Economies by size of merchandise trade, 2018



US\$ billion

0-125	125-250	250-500	>500
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Source: WTO-UNCTAD estimates.
Note: Includes significant re-exports or imports for re-export.

Key recent trends

- the economic growth of many developing countries
- the growing integration of global production through supply chains
- the higher prices for agricultural goods and natural resources
- increasing interdependence of the world economy, which causes shocks to reverberate more quickly and globally

Quiz!

When you look at world exports as a percentage of world GDP for the years 1970 to 2005, you can see:

- A. steady increase
- B. sharp increase
- C. steady decline

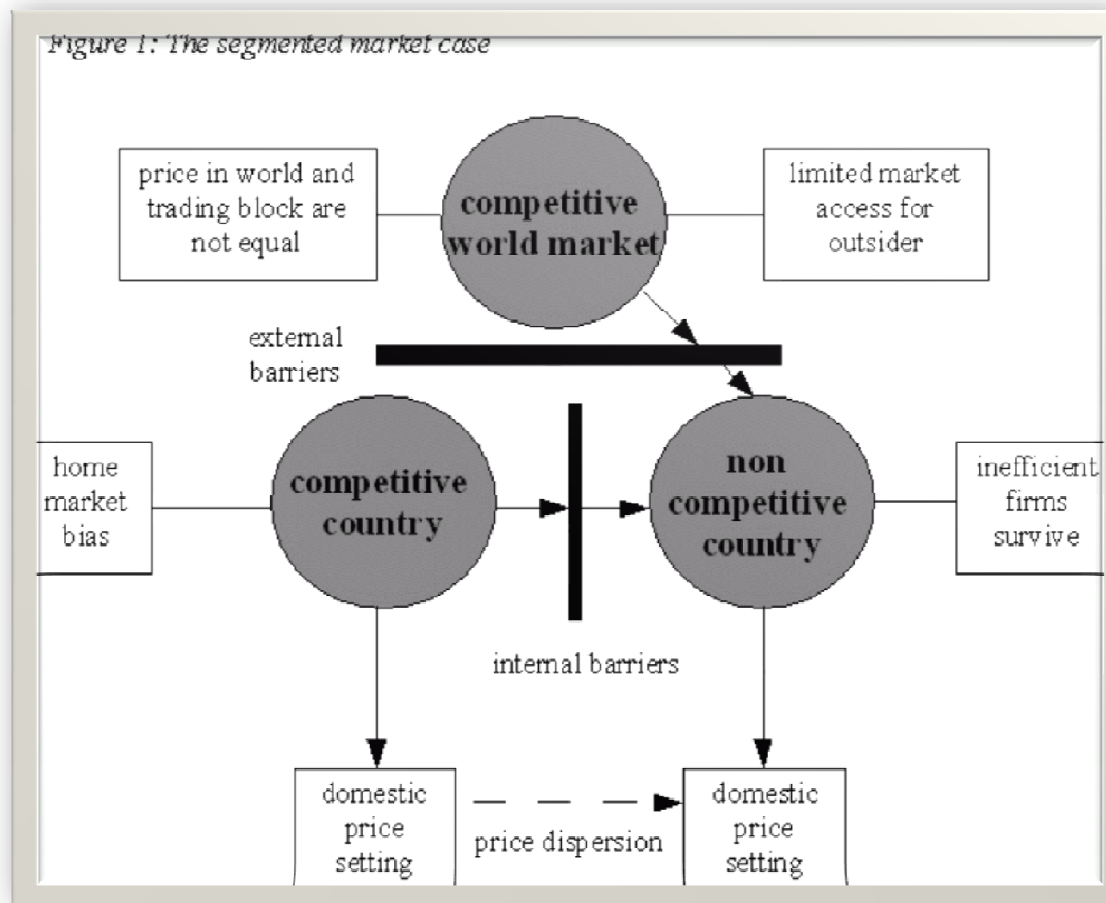
Global integration

- Theoretical approach
- Competitive advantage
- Comparative advantage

Examples of comparative advantage:

- ✓ Slovakia /Germany
- ✓ France/Netherlands
- ✓ Finland/Poland
- ✓ Czech Republic/Italy

Segmented markets



Consequences

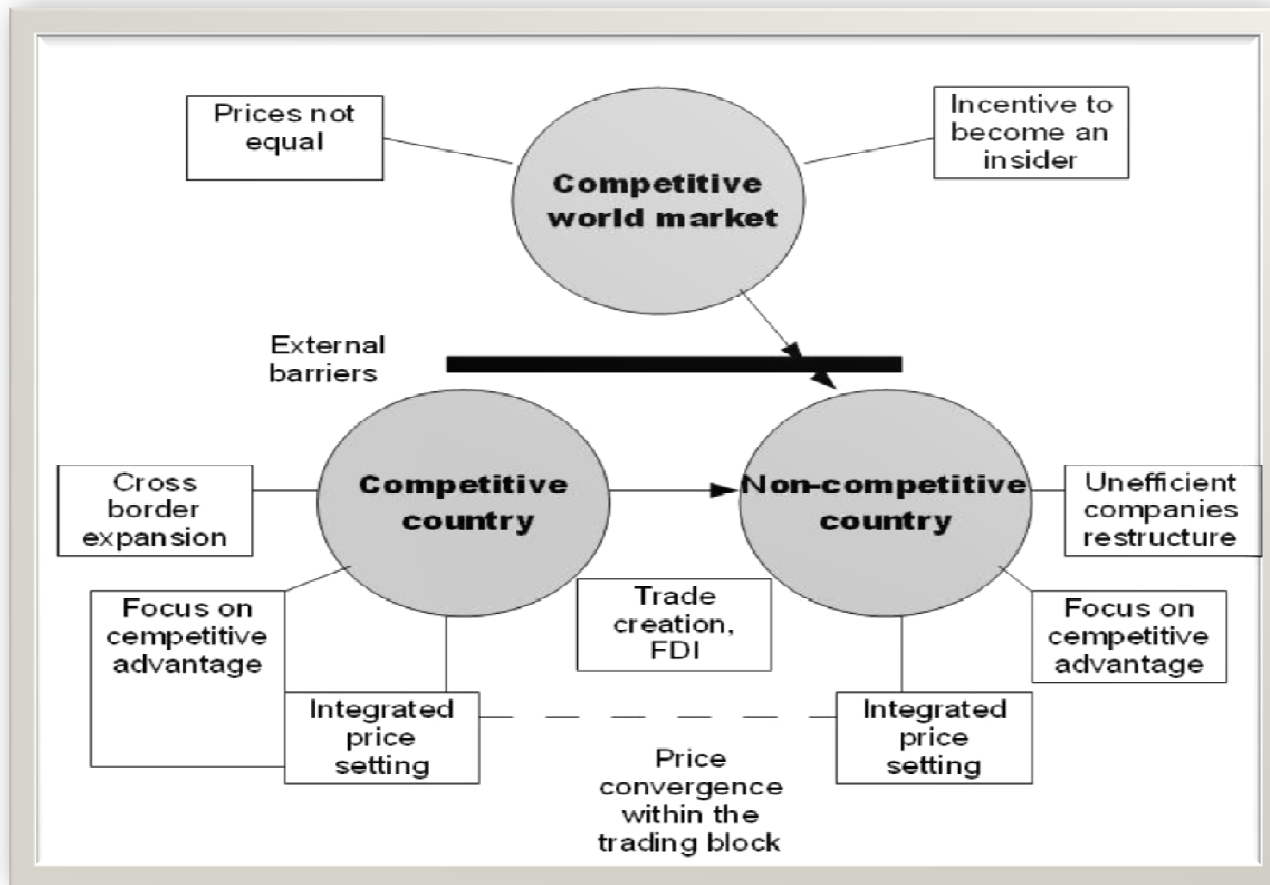
- Price dispersion
- Home bias
- Access to markets

Integration within trading block

The dominance of the US is already over. What is emerging is a world economy of blocs represented by the North American Free Trade Agreement, the EU, and the Association of Southeast Nations. There's no one center in this world economy.

Peter Drucker

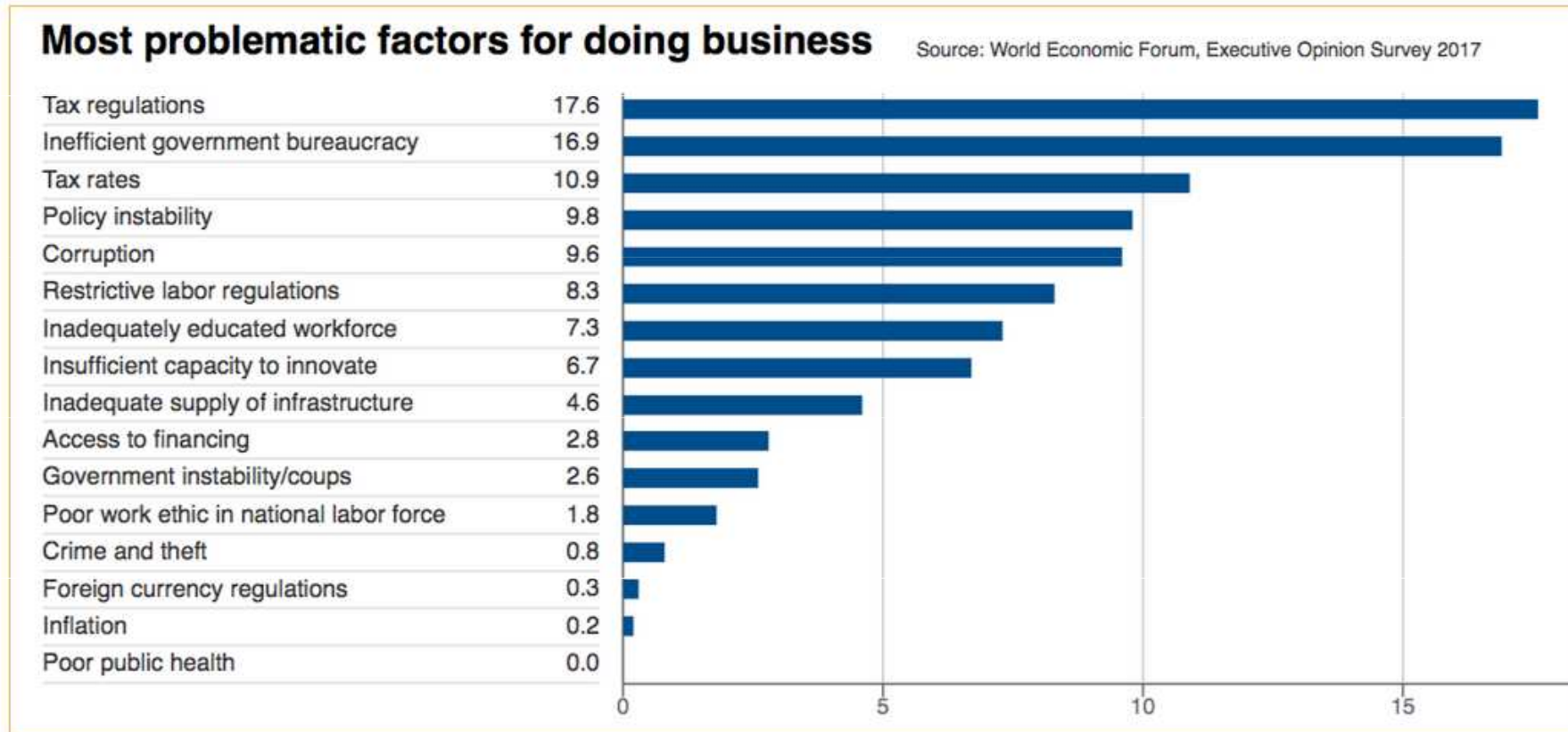
Integration within trading block



Consequences

- Price convergence within trading block
- Expansion of efficient firms
- Focus on their competitive advantage
- Relation between specialization of firms according to competitive advantage and the specialization of a country according to comparative advantage
- Attractivity of successful regional trading blocks

The Czech Republic ranking



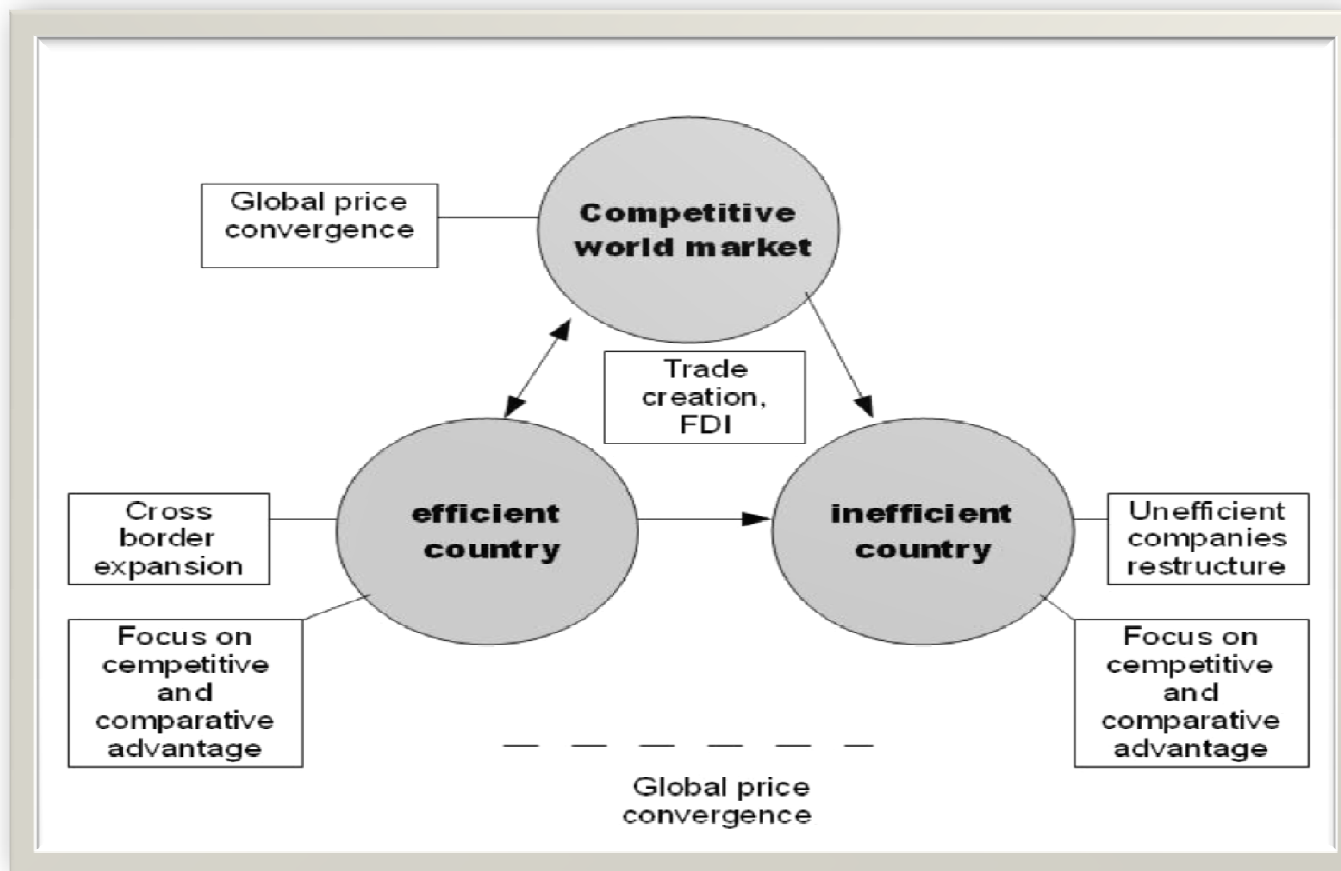
[Data source here](#)

Quiz!

TRUE OR FALSE???

“Asia accounts for one half of world exports”

Global integration



Source: Filip Abraham, *Internalization and globalization*

Consequences

- Global price convergence
- Home market bias disappears
- Efficient firms prevail
- Firms focus on their competitive advantage, countries specialize according to their comparative advantage

From theory to practice

- Price convergence
- Home market bias
- Turning to corporate specialization due to integration
- Relation between integration and comparative advantage of countries

Thank you for attention!

