

F000954A - Module Regional Integration Analysis: Assignment for RIA report

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1 Assignment

In groups of three, you will evaluate the impact of a regional integration episode on trade using structural gravity analysis.

Topic You are free to choose your regional integration episode. You can choose to evaluate a specific regional integration episode from the perspective of all countries or a specific country; you can choose to assess the regional integration at a particular point in time or over an extended period, you can choose to evaluate the impact ex-ante or ex-post, you can choose the aggregation level at which you would like to evaluate the regional integration episode, you can choose to assess the general impact of a regional integration type (currency unions, custom unions, ...), ...

Before settling on a topic, ensure its feasibility:

- Is the expected impact of the regional integration episode economically relevant?
- Is there sufficient data available to research this episode?
- In case of an ex-post analysis, has an adequate amount of time passed since the integration episode to be able to evaluate its impact?
- Is there sufficient literature your analysis relates to?

Contents The resulting report should consist of

- A *literature analysis* of the existing evaluations of your regional integration episode.
- A *descriptive and econometric (structural gravity) analysis* of the trade impact of your regional integration episode. Use the following questions as a guide for this analysis:
 - **How** many trade barriers are there and how much trade is there between affected countries? **How** is this affected by the regional integration episode?
 - **Who** are the preferred trading partners of the affected countries? Do you find evidence of trade creation and trade diversion after regional integration?
 - **When** do we see the impact of regional integration?
 - Is the evaluated impact **robust** to alternative methodological choices?
- A *concluding analysis* evaluating the trade impact of your regional integration episode.

2 Guidelines

2.1 Timeline

See Table 1 for an overview.

- You have to assign yourself to a group on Ufora. The deadline for selecting a group and motivating your topic choice is Friday 17/03. Contact prof. Ruben Dewitte before or after class, or set up a meeting via Calendly to discuss your topic choice.
- There is the optional possibility for Feedback on Friday, 31/03. Send in your preliminary report for feedback by Monday, 27/03 to rubenl.dewitte@ugent.be.
- A Mandatory feedback session takes place on Friday, 21/04. For this feedback, we expect to receive a report by 23h59 on Monday, 17/04 containing at least
 1. An overview of the literature you will rely on for your literature analysis + the main points of each paper added;
 2. An overview of the plan for the empirical analysis with preliminary results;
 3. A summary of the expected impact of your regional integration episode.
- The final report in PDF form is expected by Monday, 08/05. We also expect you to hand in a zip file containing the code and output files to reproduce these output files related to your project.
- The final report will be presented during a 20 min. presentation, followed by a 10 min. discussion on Friday, 12/05.

Table 1: Overview of the timeline

What	Expectation	When
Topic choice	Motivation on the feasibility of topic	Fr 17/03
Optional Feedback	/	Mo 27/03 Fr 31/03
Mandatory Feedback	PDF-file with <ol style="list-style-type: none">1. Literature list + motivation2. Plan for empirical analysis + preliminary results3. Summary expected impact	Mo 17/04 Fr 21/04
Final version	Two files <ol style="list-style-type: none">1. Final report in PDF2. Zip-file with code and output	Mo 08/05
Presentation & discussion	20 min. presentation + 10 min. discussion	Fr 12/05

2.2 Scope and formatting

- The scope of the reports aims for ± 15 pages. This is a flexible requirement. Choose quality over quantity.
- Formatting guidelines follow the formatting guidelines for a master thesis at the department of economics at Ghent University. To access this hyperlink, you need to subscribe to the course ‘Masterproeven FEB/Master’s dissertations FEB - FX00002’ on Ufora (choose ‘subscribe to course’ in the right panel of the Ufora homepage and search for ‘Masterproeven FEB/Master’s dissertations FEB - FX00002’).

2.3 Evaluation

This report on regional integration, combined with its presentation and discussion, accounts for 35% of the grades for the overall course. There will be peer assessment.

According to the ECTS-criteria, this part of the course takes up approximately 75-90 hours per student.

3 Supporting Information

Descriptive analysis

- A Practical Guide to Trade Policy Analysis Chapters one and two. You can find additional data sources for your descriptive analysis at the end of each chapter.

Structural Gravity Analysis

- Course lectures
- **Data**
 - The CEPII Gravity database is your go-to database for gravity estimation.
 - Alternatively, the International Trade and Production Database for Estimation (ITPD-E) database is an interesting source.