

# WTO and China's Foreign Trade

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## Course Meeting Times

Online Zoom meeting: Thursday 13:30-16:05, Beijing Time

**Meeting ID:** 3439048732

**Passcode:** ChinaWTO

**Course website:** <https://chinawto.netlify.app/>

## Course Description

There are two parts of this course: the first part will analyze the causes and consequences of international trade and investment. We will investigate why nations trade, what they trade, and who gains (or not) from this trade. We will then analyze the motives for countries or organizations to restrict or regulate international trade and study the effects of such policies on economic welfare. To meet the needs of the development of economic globalization and internationalization, especially after China's accession to the WTO, the second part of this course introduces students to the basic operation mechanism of the WTO rules. The contents include: the theoretical foundation of the World Trade Organization; WTO Overview; multilateral system of trade in goods; 1994 GATT Agreement; the agreements and safeguards of promoting fair trade; protocol specification of non-tariff measures; Agriculture Agreement; textiles and clothing agreement; WTO trade rules; WTO to protect intellectual property rules; WTO dispute settlement rules; WTO and developing countries; China way to the WTO.

## Prerequisites

Principles of Microeconomics and Macroeconomics at introductory levels as textbooks by N. Gregory Mankiw.

Grades:	Midterm	20%
	Final Exam	50%
	Problem Sets	10%
	Attendance and Participation	10%
	Course project	10%

The midterm and the final exam will contain multiple choice questions, and short answer questions.

## **Readings for the first part**

1. Krugman, Paul, Maurice Obstfeld, and Marc Melitz. *International Economics: Theory and Policy*. 11th ed. Pearson, 2020. ISBN-13: 9780136879039.  
This is the latest version of the book; you do not need to own it necessarily. I will provide the relevant parts of it for our need. But if you want to dig deeper, try to get an older edition at a much lower cost.
2. “What Do Undergrads Need to Know about Trade?” by Paul Krugman
3. “Benefits and Costs of Following Comparative Advantage.” By Alan Deardorff
4. “Ricardo’s Difficult Idea” by Paul Krugman
5. “In Praise of Cheap Labor.” by Paul Krugman
6. “Petition of the Candle Makers.” by Paul Krugman
7. “Are Your Wages Set in Beijing?” Richard Freeman. *The Journal of Economic Perspectives* 9, no. 3 (1995): 15–32.

## **Readings for the second part**

### 1. Introduction to WTO

Baldwin, Richard (2016). “The World Trade Organization and the Future of Multilateralism”, *Journal of Economic Perspectives*—Volume 30, Number 1—Pages 95–116.

Bagwell, Chad P. Bown, and Robert W. Staiger (2016). “Is the WTO Passé”, *Journal of Economic Literature*, 54(4), 1125–1231.

Bagwell, Kyle and Robert W. Staiger (2001). “The WTO as a Mechanism for Securing Market Access Property Rights: Implications for Global Labor and Environmental Issues”, *Journal of Economic Perspectives*—Volume 15, Number 3—Pages 69–88.

Staiger, Robert W. (2016). “What can Developing Countries Achieve in the WTO?”, *Journal of Economic Literature*.

### 2. China and accession to WTO

Bilge Erten, Jessica Leight; Exporting Out of Agriculture: The Impact of WTO Accession on Structural Transformation in China. *The Review of Economics and Statistics* 2021; 103 (2): 364–380.

Liu, Qing, and Hong Ma, “Trade Policy Uncertainty and Innovation: Firm Level Evidence from China's WTO Accession,” *Journal of International Economics* 127 (2020), 103387.

Handley, Kyle, and Nuno Limão “Policy Uncertainty, Trade and Welfare: Theory and Evidence for China and the U.S.,” *American Economic Review* 107 (2017), 2731–2783.

Feng, Ling, Zhiyuan Li, and Deborah Swenson, “Trade Policy Uncertainty and Exports: Evidence from China's WTO Accession,” *Journal of International Economics* 106 (2017), 20–36.

Manova, Kalina, and Zhiwei Zhang, “Multi-Product Firms and Product Quality,” *Journal of International Economics* 109 (2017), 116–137.

Brandt, Loren, and Peter Morrow, “Tariffs and the Organization of Trade in China,” *Journal of International Economics* 104 (2017), 85–103.

Khandelwal, Amit, Peter K. Schott, and Shang-Jin Wei, “Trade Liberalization and Embedded Institutional Reform: Evidence from Chinese Exporters,” *American Economic Review* 103 (2013), 2169–2195.

### 3. Tariff and Non-Tariff Barriers (NTB)

Krugman, Obstfeld and Melitz, *International Economics Theory and Policy*, 10<sup>th</sup> Edition, Pearson. Chapter 10.

Robert Grundke, Christoph Moser (2019). “Hidden protectionism? Evidence from non-tariff barriers to trade in the United States”, *Journal of International Economics*, Volume 117, Pages 143-157,

Santeramo, Fabio Gaetano and Emilia Lamonaca (2018). “The Effects of Non-tariff Measures on Agri-food Trade: A Review and Meta-analysis of Empirical Evidence”, *Journal of Agricultural Economics*, Vol. 70, No. 3, 2019, 595–617.

### 4. Multilateral Trade Agreements

#### a. Textile and clothing agreement

Nordås, Hildegunn Kyvik (2003). “The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing”, WTO Discussion Paper NO. 5.

Brambilla, Irene, Amit Khandelwal, and Peter Schott (2010). [NBER Chapters](#), in: [China's Growing Role in World Trade](#), pages 345-387, National Bureau of Economic Research, Inc.

Francois, Joseph (2010). “Comment on ‘China's Experience under the Multi-Fiber Arrangement (MFA) and the Agreement on Textiles and Clothing (ATC)’”, *China's Growing Role in World Trade*, University of Chicago Press.

#### b. Agriculture agreement

### 5. 1994 General Agreement on Trade and Tariffs (GATT)

Irwin, Douglas (1995). “The GATT in Historical Perspective”, *The AER Papers and Proceedings*, Vol. 85, No. 2, pp. 323-328.

Anderson, James E. and Eric van Wincoop (2003). “Gravity with Gravitas: A Solution to the

Border Puzzle”, *The American economic review*, Vol.93 (1), p.170-192.

#### 6. General Agreement on Trade in Services (GATS)

Francois, Joseph, and Bernard Hoekman. 2010. “Services Trade and Policy.” *J. Econ. Literature* 48 (3): 642–92.

Ebenstein, Avraham & Ann Harrison & Margaret McMillan & Shannon Phillips, 2014. "Estimating the Impact of Trade and Offshoring on American Workers using the Current Population Surveys," *The Review of Economics and Statistics*, MIT Press, vol. 96(4), pages 581-595, October.

Antràs, Pol, and Robert W. Staiger. 2012. “Offshoring and the Role of Trade Agreements.” *American Economic Review*. 102 (7): 3140–83.

Marchetti, Juan A., and Petros C. Mavroidis. 2011. “The Genesis of the GATS (General Agreement on Trade in Services).” *European J. Internat. Law* 22 (3): 689–721.

#### 7. WTO rules on the protection of intellectual property

Moser, Petra, and Alessandra Voena. 2012. "Compulsory Licensing: Evidence from the Trading with the Enemy Act." *American Economic Review*, 102 (1): 396-427.

#### 8. WTO and developing countries

Goldberg, Pinelopi. 2010. “Intellectual Property Rights Protection in Developing Countries: The Case of Pharmaceuticals.” *Journal of European Economic Association*, vol 8(2/3): 326—353.

Duggan, Mark, Craig Garthwaite and Aparajita Goyal, 2016. “The Market Impacts of Pharmaceutical Product Patents in Developing Countries: Evidence from India.” *American Economic Review*, Vol 106 (1) p99—135.

Cockburn, Iain, J. L. Lanjouw and M. Schankerman, 2016. “Patents and the Global Diffusion of New Drugs.” *American Economic Review*, Vol 106 (1) 136—164.

McCaig, Brian and Nina Pavcnik, 2018. “Export Markets and Labor Allocation in a Low-Income Country.” *American Economic Review*, Vol 108 (7) 1899—1941.

Rafael Dix-Carneiro and Brian Kovak, 2017. “Trade Liberalization and Regional Dynamics.” *American Economic Review*, Vol 107 (10) 2908—46.

Bagwell, Kyle, and Alan O. Sykes. 2004. “Chile—Price Band System and Safeguard Measures Relating to Certain Agriculture Products.” *World Trade Rev.* 3 (3): 507–28.

#### 9. WTO rules on dispute settlement

Maggi, Giovanni and Robert W. Staiger (2020). “Learning by ruling and trade disputes”, *Journal of International Economics*, vol 126.