



UNIVERSITEIT
iYUNIVESITHI
STELLENBOSCH
UNIVERSITY

100
1918-2018

STELLENBOSCH UNIVERSITY

DEPARTMENT OF ECONOMICS

ECONOMICS 348
TRADE AND INDUSTRIAL POLICY

2019

“

*... One of the things that make economics graduates so employable is that the subject teaches you to think in a **careful** and **precise** way. The fundamental economic issue is how society decides to allocate its resources: how the costs and benefits of a course of action can be evaluated and compared, and how appropriate choices can be made. A degree in economics gives training in decision making principles, providing a skill applicable to a very wide range of careers.*

”

The Royal Economic Society

MODULE FRAMEWORK

LECTURER

Prof RCC Jafta; Schumann 516; E-mail: rccj@sun.ac.za

Internal Moderator: Prof W H Boshoff

NB: This document should be read with the General Information brochure for undergraduate students in Economics. See <https://learn.sun.ac.za/course/view.php?id=42697>

Introduction

While Mr. Trump's Trade Wars occupy the news headlines, Africa has an unprecedented opportunity to realise its vast potential for economic prosperity. With the propitious confluence of the Fourth Industrial Revolution (FIR), The World Trade Organisation's Trade Facilitation Agreement and the political will to implement the African Continental Free Trade Agreement, Africa has a real chance for success. What are the key roles that trade and industrial policies can play to ensure that Africa and South Africa, in particular, capitalise on these opportunities?

This module offers a learning opportunity to gain an understanding of the major challenges and finding and assessing the viability and implications of various policy options.

Outcomes

After completion of this module students should have a good understanding of the following broad themes and have the necessary competencies to critically debate the related issues:

Theme 1- Trade Wars, the global context and Africa: Just as Africa is making significant progress in achieving regional integration, the leader of the largest economy in the world, takes a protectionist stance, leaving China to be the defender of global free trade. What are the implications for global trade in general, and regional integration and economic growth prospects for Africa, in particular?

Theme 2- Is South Africa ready for the Fourth Industrial Revolution? What is and should South Africa be doing to capitalise on the opportunities of the Fourth Industrial Revolution, the African Continental Free Trade Agreement and advances in Trade Facilitation? What role should/could trade and industrial policies play to help capitalise on the opportunities and to mitigate the risks?

Literature

Links to the **core readings** are supplied but should be supplemented by appropriate research in group work.

Approach

The module follows a student-centred, **continuous** learning approach. This means that we make it possible for students to **learn by doing**, whether on their own or in groups. **Students are required to organize themselves into groups of minimum three and maximum five. During the first lecture, there will be an opportunity**

to register groups. You are welcome to choose a name for your group. Students remain in these groups for all contact sessions. The module is structured around crucial issues that a senior International Economics student should have a **well-reasoned** opinion about.

100% class attendance is therefore necessary.

Language of Instruction

For this module where both Afrikaans and English are used in the same class group, the combination of facilitated learning opportunities is as follows:

- During each lecture, all information is conveyed at least in English and summaries or emphasis on content are also given in Afrikaans. Questions in Afrikaans and English are, at the least, answered in the language of the question.
- Students are supported in Afrikaans and English during a combination of appropriate, facilitated learning opportunities (e.g. consultations during office hours, or scheduled tutorials and practicals).
- For first-year modules, SU makes simultaneous interpreting available during each lecture. During the second and subsequent years of study, simultaneous interpreting is made available by SU upon request by a faculty, if the needs of the students warrant the service and SU has the resources to provide it. If two weeks have passed with no students making use of the interpreting service, it may be discontinued.

Assessment

Flexible assessment, in line with the Undergraduate Assessment Regulation of the Faculty of Economic and Management Sciences, is followed in this module. Please watch the student information video regarding the EMS Undergraduate Assessment Regulation on your module's SUNLearn page and read the regulation on the Faculty's webpage (www.sun.ac.za/ems under current students tab).

There are three main assessments, but also further assessments summative (two essays/assignments) and further assessments formative. The weights and details of all the assessments are in the *General Information* brochure, which can be found on this module's SUNLearn page (https://learn.sun.ac.za/pluginfile.php/1468876/mod_resource/content/14/3%20Third%20Years%20Eng.pdf, see p6).

The third year Economics mark determines access to graduate study in Economics (an average third year mark of 60% is required) and bursaries for graduate studies are also based on final year marks. Since 1990 the SA Cloete award has been presented to the best undergraduate student in Economics, based on performance in Economics in all three years, especially the third year (but excluding main assessments A2 & A3 of Economics 348).

Module Content

THEME	Key questions	LITERATURE	Lecture
<p>Week 1:</p> <p>Theme 1- Trade Wars, the Global context and Africa:</p> <p>Just as Africa is making significant progress in achieving regional integration, the leader of the largest economy in the world takes a protectionist stance, leaving China to be the defender of global free trade.</p> <p>What are the implications for global trade in general, and regional integration and economic growth prospects for Africa, in particular?</p>	1.1. Give a brief description of the current global economic context, with a specific emphasis on international trade prospects. [10]	www.wto.org	Mon, 22 /07
	1.2. How does international trade theory (Adam Smith and David Ricardo) defeat protectionist thought? [15]	Revision of Econ 244 Trade knowledge	Tue , 23/07
	1.3. Explain how the African Continental Free Trade Agreement (AfrCFTA), the FIR and the WTO's Trade Facilitation Agreement could contribute to Africa's prosperity. [25]	"Integration for Africa's Economic Prosperity", Chapter 3 in African Economic Outlook 2019. Available: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf	Tue , 23/07
	1.4. Review Africa's progress w.r.t. the digital economy in order to identify opportunities that could contribute to better regional integration and economic growth. [15]	Africa in the Digital Economy: Update, J. Stuart 2019. Available: https://www.tralac.org/publications/article/14101-africa-in-the-digital-economy-update.html [Register and log in for free to download PDF]	Wed, 24/07
	1.5. Can Blockchain Technology enhance Trade Facilitation in Africa? Explain how. [15]	"Can Blockchain Technology Facilitate International Trade? C McDaniel and H C Norberg, 2019. Mercatus Centre. Available: https://www.mercatus.org/publications/trade-and-immigration/how-blockchain-technology-can-facilitate-international-trade	Wed, 24/07
			Fri, 26/07 <u>NB: Group Presentations: in Friday's lectures</u>
			Mon, 29/07

<p>Week 2:</p> <p>Theme 2- Is South Africa ready for the Fourth Industrial Revolution?</p> <p>What is and should South Africa be doing to capitalise on the opportunities of the Fourth Industrial Revolution, the African Continental Free Trade Agreement and advances in Trade Facilitation?</p> <p>What role should/could trade and industrial policies play to help capitalise on the opportunities and to mitigate the risks?</p>	<p>2.1. What is the size and composition of South Africa’s trade with the rest of Africa? What are the reasons for this state of affairs? [15]</p> <p>2.2. Write an essay in which you assess South Africa’s readiness for the Fourth Industrial Revolution, referring specifically to positive and negative aspects of the country’s preparedness.[25]</p> <p>2.3. Which smart trade and industrial policies would you suggest the Minister of Trade and Industry implement to make the best of the opportunities provided by the FIR, the AfrCFTA and the Trade Facilitation Agreement? Motivate your answer. [25]</p>	<p>South-Africa: Intra-Africa trade and tariff profile, Tralac Trade Data Update, No.1, 2019. Available: https://www.tralac.org/resources/our-resources/13142-south-africa-intra-africa-trade-and-tariff-profile.html#moredownloads</p> <p>“World Economic Forum and the Fourth Industrial Revolution in South Africa”, TIPS Research Report for the Department of Trade and Industry, 2018. Available: http://www.tips.org.za/research-archive/trade-and-industry/item/3638-world-economic-forum-and-the-fourth-industrial-revolution-in-south-africa</p> <p>Combine all your knowledge gained to answer Question 2.3</p>	<p>Tue, 30/07</p> <p>Tue , 30/07</p> <p>Wed, 31/07</p> <p>Fri, 2/08</p> <p><u>NB: Group Presentations: in Friday’s lectures</u></p>
--	--	--	--