



STELLENBOSCH UNIVERSITY

DEPARTMENT OF ECONOMICS

ECONOMICS 348
TRADE AND INDUSTRIAL POLICY
2020

*“... 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/pluginfile.php/2305456/mod_resource/content/1/Economics%20348.pdf

Introduction

In the year that our Economics Department reaches the century mark, Covid-19 spreads across the globe and unleashes a pandemic that threatens to plunge the world into a Depression not seen since the Great Depression of the 1930s. One of the first casualties of the outbreak, first announced in China, is International Trade, with global supply chains coming to a standstill in sectors most affected. Is this the end of globalisation or just an acceleration of a trend that already started before the pandemic? What will be the impact on Africa, in general, and South Africa, in particular? What are the factors that will work in Africa's favour as it negotiates the 'new normal'? Will 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 still help Africa? What are

the key roles that trade and industrial policies can play to assist Africa and South Africa, to survive and chart a path to future growth?

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 debate the related issues critically:

Theme 1- Covid-19, international trade collapse and the death of globalisation foretold: the rapid spread of the Covid-19 pandemic has had a devastating effect on global trade, with a knock-on impact on economic growth prospects. Is this the end of globalisation or just an adaptation? What are the implications for global trade in general, and regional integration and economic growth prospects for Africa, in particular?

Theme 2- Trade and Industrial policies for a prosperous Africa and South Africa post-Covid pandemic: What are the factors that will work in Africa's favour as it negotiates the 'new normal'? Will 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 still help Africa? 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 you are advised to read more broadly on the topics.

Approach

The module follows a student-centred, **continuous** learning approach. This means that we make it possible for students to **learn by doing**. The module is structured around crucial issues that a senior International Economics student should have a **well-reasoned** opinion about.

Online lecturing will be mainly asynchronous, allowing students to work at their own pace to achieve each week's learning objectives.

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).

Details of each week's work and the learning objectives will be made available on the module's SUNLearn page. Should you have questions related to the work, please post it on the module's Discussion Forum on SUNLearn. The lecturer will respond to questions posted at the end of each week and encourage you to participate by posting questions and responding to questions posted by your fellow students. Please note that lecturers **will not** respond to contents-related questions sent directly to their e-mail accounts.

The module outline below provides key questions for which you should be able to provide well-structured answers. Deadlines for completion, linked to the available lecture slots, are indicated to make sure you stay on track. You will receive guidance via asynchronous lecture slides. You are, therefore, urged to follow SUNLEARN closely for information on lecture slides availability, preparation and assessments.

- 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/2305456/mod_resource/content/1/Economics%20348.pdf, see p6 onwards).

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	Complete by
<p>Week 1:</p> <p>Theme 1- Covid-19, international trade collapse and the death of globalisation foretold:</p> <p>The rapid spread of the Covid-19 pandemic has had a devastating effect on global trade, with a knock-on impact on economic growth prospects.</p> <p>Is this the end of globalisation or just an adaptation?</p> <p>What are the implications for global trade in general, and regional integration and economic growth prospects for Africa, in particular?</p>	<p>1.1. Give a brief description of the current global economic context, with a specific emphasis on international trade prospects. [10]</p> <p>1.2. What are the key measures that should receive attention now to safeguard the future of trade and economic development? [15]</p> <p>1.3. Is Covid-19 the end of globalisation or just accelerating a trend that already started before the pandemic? Explain. [10]</p> <p>1.4. Give a critical overview of the trade-related measures that African countries have taken in response to the Covid-19 pandemic. What more would you suggest they could have done or what could they have done differently? Substantiate your answer. [15]</p>	<p>https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm</p> <p>https://read.oecd-ilibrary.org/view/?ref=128_128542-3iig8kfswh&title=COVID-19-and-international-trade-issues-and-actions</p> <p>https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Innovation/Globalization%20in%20transition%20The%20future%20of%20trade%20and%20value%20chains/MGI-Globalization-in-transition-The-future-of-trade-and-value-chains-In-Brief.pdf</p> <p>https://www.tralac.org/publications/article/14629-covid-19-trade-and-related-measures-and-responses-in-africa.html [Register and log in for free to download PDF]</p>	<p>Tue , 28/07</p> <p>Tue , 28/07</p> <p>Wed, 29/07</p> <p>Fri, 31/07</p> <p><u>Q &A via discussion forum</u></p>

<p>Week 2:</p> <p>Theme 2- Trade and Industrial policies for a prosperous Africa and South Africa post-Covid pandemic:</p> <p>What are the factors that will work in Africa’s favour as it negotiates the ‘new normal’?</p> <p>Will 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 still help Africa?</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. Review Africa’s progress w.r.t. the digital economy and identify opportunities that could contribute to better regional integration and economic growth. [15]</p> <p>2.2. Explain how the African Continental Free Trade Agreement (AfCFTA), the FIR and the WTO’s Trade Facilitation Agreement could contribute to Africa’s prosperity, despite the impact of Covid-19. [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 AfCFTA and the Trade Facilitation Agreement in a Post-Covid-19 economy? Motivate your answer. [25]</p>	<p>https://www.tralac.org/publications/article/14417-icts-services-development-and-trade-how-africa-can-benefit-2020-update.html [Register and log in for free to download PDF]</p> <p>https://www.tralac.org/publications/article/14505-how-will-the-afcfta-live-up-to-all-the-expectations.html[Register and log in for free to download PDF]</p> <p>https://www.wto.org/english/news_e/news20_e/fac_22feb20_e.htm</p> <p>https://www.cipla.co.za/cipla-news/covid-19-fast-tracking-the-fourth-industrial-revolution/</p> <p>https://media.africaportal.org/documents/Viewpoints-South-Africas-Industrial-Policy.pdf</p> <p>Combine all your knowledge gained with Prof. Kaplan’s paper (link above) to answer Question 2.3</p>	<p>Mon, 3/08</p> <p>Tue , 4/08</p> <p>Wed, 5/08</p> <p>Fri, 7/08</p> <p><u>Q &A via discussion forum</u></p>
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