

Programme: MA Economics

Course Code: ECO - 0228 Title of the Course: **Economics of Regional Integration**

Number of Credits: 4

Total Contact Hours: 48

Effective from AY: 2021-22

Prerequisites for the Course:	Completion of a course in International Economics	Contact Hours
Objective:	The course's objective is to provide theoretical understanding on the rationale of forming regional economic grouping and their likely welfare implications. The course also exposes the students to different databases tools and techniques required to study the effectiveness of regional grouping. The course would help the students to understand the likely implications regional grouping on the Indian economy.	
Content:	<p><b>Module 1: Theoretical foundations of Regional Economic Integration-</b></p> <p>Definition, types and historical evolution of regional integration. Basic Viner model, Modern static theory of regional integration – Regional integration with imperfect competition - Implications of Regionalism on the Global Trading system- Rules of Origin, Labour mobility, investment, services, trade facilitation and IPRs.</p> <p><b>Module 2: Emerging landscape of bilateral, regional and plurilateral trade agreements</b></p> <p>Growth of RTAs – three waves, proliferation of RTAs in the post WTO period, Notifications under GATT, GATS and enabling clause, bilateral and plurilateral agreements, north – south and south-south trade agreements; Regional groupings – SAFTA, ASEAN, EU, NAFTA.</p> <p><b>Module 3: Methods to assess Regional Economic Integration</b></p> <p>Database to analyse the RTAs – COMTRADE, DOTS, WITS, WTO, UNCTAD, WTC, WDIs. Tools and Techniques – Trade Indicators - Trade Intensity Index, Trade complementarity index, Revealed Comparative Advantage (RCA) index; Trade Models - Gravity Model, Structural Gravity Model; Simulation Techniques - WITS SMART analysis.</p> <p><b>Module 4: India's Engagements with regional trade agreements</b></p>	<p>16</p> <p>10</p> <p>14</p>

	India's bilateral trade agreements, India's trade agreements with regional groupings, Trade agreements currently initiated/under consideration. The political economy of Regional Trade Agreements.	08
Pedagogy	<ol style="list-style-type: none"> <li>1. Chalk and talk aided by power-point lectures</li> <li>2. Computer based exercise</li> <li>3. Assignments and presentations</li> <li>4. Group activity</li> <li>5. MOOC (or similar) Component</li> </ol>	
Reference/Readings	<p><b>Core Reading</b></p> <ol style="list-style-type: none"> <li>1. DeRosa, Dean A. Regional Integration Arrangements: Static Economic Theory, Quantitative Findings, and Policy Guidelines, World Bank Policy Research Working Papers, June 2013.</li> <li>2. Panagariya, Arvind. "Preferential Trade Liberalization: The Traditional Theory and New Developments." Journal of Economic Literature, 38(2):287-331, 2000.</li> <li>3. Jean-Pierre Chauffour and Jean-Christophe Maur, eds. Preferential trade agreement policies for development. A handbook. World Bank, 2011.</li> <li>4. A practical guide to trade policy analysis / contributing authors, Marc Bacchetta, Cosimo Beverelli, Olivier Cadot, Marco Fugazza, Jean-Marie Grether, Matthias Helble, Alessandro Nicita and Roberta Piermartini, Geneva : World Trade Organization : United Nations Conference on Trade and Development, 2012.</li> <li>5. Ram Upendra Das, Piyadasa Edirisuriya and Anoop Swarup, Regional Economic Engagements and the Free Trade Agreements - Analytical Insights and Policy Options, World Scientific Publishing Co. Pvt. Ltd. Chennai, 2010.</li> </ol> <p><b>Additional Reading</b></p> <ol style="list-style-type: none"> <li>6. Baldwin, Richard and Venables, Anthony. 'Regional Economic Integration.' in (Gene Grossman and Kenneth Rogoff, eds). Handbook of International Economics, Vol. 3, Amsterdam: North Holland, 1996.</li> <li>7. Biswajit Nag and Debashis Chakraborty, India's Trade Analytics - Patterns and Opportunities, First Edition, Sage Publishing, 2019.</li> <li>8. Mia Mikic And John Gilbert, Trade Statistics In Policymaking - A Handbook Of Commonly Used Trade Indices And Indicators - Revised Edition, Economic And Social Commission For Asia And the Pacific, United Nations publication, 2009.</li> </ol>	

	<p>9. Ben Shepherd, The Gravity Model of International Trade: A User Guide, ARTNeT Gravity Modelling Initiative, UNESCAP, 2013.  <a href="https://artnet.unescap.org/publications/books-reports/gravity-model-international-trade-user-guide-updated-version">https://artnet.unescap.org/publications/books-reports/gravity-model-international-trade-user-guide-updated-version</a>.</p> <p>10. Peter A. G. van Bergeijk, Steven Brakman, The Gravity Model in International Trade: Advances and Applications, Cambridge University Press, 2010.</p>	
Learning Outcomes	<p>Upon completion of this course, students should be able to:</p> <ol style="list-style-type: none"> <li>1. Analyse the dynamics of the integration process of various types of regional trade and investment agreements.</li> <li>2. Analyse the costs and benefits of various integration schemes in terms of trade creation and trade diversion.</li> </ol>	