

PAPER: TRADE DEVELOPMENT IN PAKISTAN: PUBLIC POLICY AND PRACTICE

Course Objectives

At the completion of the course, participants will be able to:

- i. Understand the role and core functions of government in trade through a study of the regulatory framework in place, and the policies to promote trade, especially exports from Pakistan.
- ii. Understanding the basics of public policy analysis and institutional analysis, to understand and critically evaluate the role of legal provisions, institutions and policies in developing Pakistan through trade.
- iii. Critically analyze and meet the changing needs of Trade & Development infrastructure in Pakistan, with more emphasis on Policy implications and related issues.
- iv. To understand the trade regimes in Pakistan, Trade Policy Modeling and practices in Pakistan and critically analyze these models in relation to the Trade Policy Challenges, comparing it with current Trade Policies of other competitor countries.
- v. To understand Market access Strategies, Multilateralism/Regionalism, Export Promotion Strategies, Strategic Trade policy initiatives and Domestic Commerce.
- vi. To understand organizations and Business Support Institutions in Public Sector and the role / functions of the Institutions.
- vii. To get acquainted with the various commercial laws prevalent in the country.

Course Level: Basic

Credit Hours: 42

Marks: 150

TRADE DEVELOPMENT IN PAKISTAN: PUBLIC POLICY AND PRACTICE (Paper I)

Course Level: Basic Credit

Hours: 24

Time

duration:

3 hrs

Marks:

75

Module 1: Trade Policy : Historical Overview

1.1 What is Trade Policy?

1.2 Historical overview & evaluation of Pakistan's Trade Policy

1.3 Current Strategic Trade Policy Framework (2020-2025)

1.4 Trade Policy: The Instruments of Trade Policy:

- *International Economics: Theory and policy, 11th edition, Paul Krugman, Maurice Obstfeld and Marc Melitz, Chapter 9*
- *Amiti, Mary, Stephen Redding and David Weinstein (2019) 'The impact of the 2018 Tariffs on Prices and Welfare,' Journal of Economic Perspectives 33(4): 187-210.*
- *Anne O. Krueger. "Are Preferential Trading Arrangements Trade Liberalizing or Protectionist?", Journal of Economic Perspectives, Vol. 13, No. 4 (1999), 105-124.*
- *Hoekman, B., Baccini, L., Bondi, A., Fiorini, M., Altomonte, C., & Colantone, I. (2023). Trade agreements; international trade; global value chains; depth; flexibility. Robert Schuman Centre for Advanced Studies Research Paper, (2023_56)*
- *Caliendo, L., & Parro, F. (2022). Trade policy. Handbook of International Economics, 5, 219- 295.*
- *Evenett, S., Fiorini, M., Fritz, J., Hoekman, B., Lukaszuk, P., Rocha, N., ... & Shingal, A. (2022). Trade policy responses to the COVID-19 pandemic crisis: Evidence from a new data set. The World Economy, 45(2), 342-364*
- *Lane, Nathan (2022). 'Manufacturing Revolutions: Industrial Policy and Industrialization in South Korea', Quarterly Journal of Economics*

1.5 Issues Related to trade policy

- *Obstfeld, M. and K. Rogoff, 2001. "The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?", NBER Macroeconomic Annual. 337*
- *Bergin, P. R., R. Glick, and A. M. Taylor (2006): "Productivity, Tradability, and the LongRun Price Puzzle," Journal of Monetary Economics 53: 2041-2066.*
- *ESCAP, U. (2021). National study on digital trade integration in Pakistan.*
- *Bekkers, E., & Góes, C. (2022). The impact of geopolitical conflicts on trade, growth, and innovation: An illustrative simulation study. Global Economic Consequences of the War in Ukraine Sanctions, Supply Chains and Sustainability.*
- *Parenti, M., & Vannoorenberghe, G. (2022). A simple theory of deep trade integration.*

1.6 Controversies in Trade Policy:

- *International Economics: Theory and policy*, 11th edition, Paul Krugman, Maurice Obstfeld and Marc Melitz, Chapter 12
- Rudloff, B., & Schmieg, E. (2016). *More bones to pick with the EU? Controversial poultry exports to Africa: Sustainable trade policy as a task for the G20.*
- Crespy, A., & Rone, J. (2022). *Conflicts of sovereignty over EU trade policy: a new constitutional settlement?. Comparative European Politics*, 20(3), 314-335.
- Erixon, F., & Lamprecht, P. (2022). *The New Wave of Defensive Trade Policy Measures in the European Union. ECIPE Occasional Paper. 338*
- Waterman, A. (2021). *European trade unions and world trade negotiations: The struggle for fair and sustainable trade policies (Doctoral dissertation, University of Portsmouth).*

1.7 The Political Economy of Trade Policy:

- *International Economics: Theory and policy*, 11th edition, Paul Krugman, Maurice Obstfeld and Marc Melitz, Chapter 10
- Stoyanov, A. (2009), *Trade Policy of a Free Trade Agreement in the Presence of Foreign Lobbying. Journal of International Economics Vol. 77, 37-49.*
- Ray, E. J. (2019). *Empirical research on the political economy of trade. In Imperfect competition and political economy (pp. 214-175). CRC Press.*
- Van Aaken, A., & Kurtz, J. (2019). *Beyond rational choice: international trade law and the behavioral political economy of protectionism. Journal of International Economic Law*, 22(4), 601-628.

1.8 Global Trade Alert - Trade Analysis

- Chaudhry, A., Aymen, J., & Andaman, G. (2024). *Exploring the Influence of Trade Policies on Pakistan's Economic Performance.*
- Juhász, R., Lane, N., Oehlsen, E., & Pérez, V. C. (2022). *The who, what, when, and how of industrial policy: A text-based approach. What, When, and How of Industrial Policy: A Text-Based Approach (August 15, 2022)*

Module 2: Trade Policy Formulation Process: Analysis

2.1 Tools of Trade Policy Formulation

2.2 Trade policy formulation process in Pakistan

2.3 Role of Stakeholders in the policy formulation and implementation process

2.4 Trade and Macroeconomic interdependence

- ur Rehman, M. A., & Hayat, M. A. (2017). *Capital account liberalization and economic growth. Pakistan Economic and Social Review*, 55(1), 299-313.
- "The IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil", IMF and IMF Independent Evaluation Office, 2003.
- Schmukler, S., 2003. "Financial Globalization: Gain and Pain for Developing Countries", World Bank Working Paper 30141.
- Wani, S., & Mir, M. A. (2023). *Examining the Trade Determinants and Potential*

of Pakistan: A Gravity Model Ananylsis.”. Lahore Journal of Economics, 27(2), 1-19.

Module 3: Trade, environment and climate change

- 3.1 Overview of trade environment and climate change
- 3.2 Mitigation and adaptation policy of GoP
- 3.3 Trade and environment in WTO
- 3.4 ***Azhar, U., Khalil, S., & Ahmed, M. H. (2007). Environmental effects of trade liberalization: a case study of Pakistan. The Pakistan Development Review, 645-655.***

Module 4: Domestic Commerce

- 4.1 Overview of Domestic Commerce and its Sectors
- 4.2 State of Domestic Commerce in Pakistan
- 4.3 Issues and challenged faced by small businesses in Pakistan

Module 5: Trade policy Linkages with economic policies of the country

- 5.1 Investment Policy and FDI strategy
- 5.2 Industrial Policies of Pakistan
 - ***McCartney, M. (2014). The Political Economy of Industrial Policy: A Comparative study of the textiles industry in Pakistan. The Lahore Journal of Economics, 19, 105.***
- 5.3 Agricultural Policies of Pakistan
- 5.4 ***FDI, Vertical Linkages, and Global Value Chains:***
 - ***Auer, R. A., A. A. Levchenko, P. Sauré (2016): “International Inflation Spillovers through Input Linkages,” mimeo, Bank for International Settlements, University of Michigan, and Swiss National Bank.***
 - ***Burstein, A., C. Kurz, and L. Tesar (2008): “Trade, Production Sharing, and the International Transmission of Business Cycles,” Journal of Monetary Economics 55: 775-795***
 - ***Cavallari, L. (2008): “Macroeconomic Interdependence with Trade and Multinational Activities,” Review of International Economics 16***
 - ***Contessi, S. (2015): “Multinational Firms’ Entry and Productivity: Some Aggregate Implications of Firm Level Heterogeneity, Journal of Economic Dynamics and Control 61: 61-80. 331***
 - ***Foley, C. F., and K. Manova (2015): “International Trade, Multinational Activity, and Corporate Finance,” Annual Review of Economics 7: 119-146.***
 - ***Johnson, R. C. (2014b): “Five Facts about Value Added-Exports and Implications for Macroeconomics and Trade Research,” Journal of Economic Perspectives 28: 119-142.***

Module 6: Applied Trade Policy

6.1 Trade Policy in Developing Countries:

- *International Economics: Theory and policy, 11th edition, Paul Krugman, Maurice Obstfeld and Marc Melitz, Chapter 11*
- *Harrison, A., & Rodríguez-Clare, A. Trade, Foreign Investment, and Industrial Policy for Developing Countries. Handbook of Development Economics 5 (2010): 4039-4214.*
- *Lane, Nathaniel. The New Empirics of Industrial Policy. Journal of Industry, Competition and Trade 20 (2020): 209-234*
- *Bartelme, D. G., Costinot, A., Donaldson, D., & Rodriguez-Clare, A. (2019). The Textbook Case for Industrial Policy: Theory Meets Data (No. w26193). National Bureau of Economic Research*
- *Liu, E. (2019). Industrial Policies in Production Networks. Quarterly Journal of Economics, 134(4), 1883–1948.*

6.2 Trade practices and policies in accordance with WTO rules and regulations:

- *Hoekman, B. M. (2019). Urgent and important: Improving WTO performance by revisiting working practices. Journal of World Trade, 53(3).*
- *Hoda, A. (2018). Tariff Negotiations and Renegotiations under the GATT and the WTO: Procedures and Practices. Cambridge University Press.*
- *Bacchus, J., Lester, S., & Zhu, H. (2018). Disciplining China's Trade Practices at the WTO: How WTO Complaints Can Help Make China More Market-Oriented. Available at SSRN 3246579.*
- *Bagwell, K., & Staiger, R. W. (2009). The WTO: Theory and practice (No. w15445). National Bureau of Economic Research.*
- *Weiss, F., & Steiner, S. (2006). Transparency as an Element of Good Governance in the Practice of the EU and the WTO: Overview and Comparison. Fordham Int'l LJ, 30, 1545.*
- *Hoekman, B. (2002). The WTO: functions and basic principles. Development, Trade, and the WTO: A Handbook. Washington, DC: World Bank, 41-50.*

Module 7: National Tariff Policy in Pakistan

- *National Tariff Policy 2019-2024 (<https://www.commerce.gov.pk/wp-content/uploads/2019/11/National-Tariff-Policy-2019-24.pdf>)*
- *National Tariff Policy 2024-2029*
- *Imran, M., Sattar, A., & Alam, M. S. (2024). Heterogeneous analysis of free trade agreement between Pakistan and China: a policy guideline for CPEC. Journal of Economic and Administrative Sciences, 40(1), 76-94.*

Module 8: E-Commerce Policy

- *E-Commerce Policy Framework 2019 (<https://www.commerce.gov.pk/wp-content/uploads/2019/10/e-Commerce-Policy-Framework-of-Pakistan.pdf>)*
- *Ahi, A. A., Sinkovics, N., & Sinkovics, R. R. (2023). E-commerce policy and the*

global economy: A path to more inclusive development? Management International Review, 63(1), 27-56.

- *Zennaro, I., Finco, S., Calzavara, M., & Persona, A. (2022). Implementing E-commerce from logistic perspective: Literature review and methodological framework. Sustainability, 14(2), 911.*