



1506  
UNIVERSITÀ  
DEGLI STUDI  
DI URBINO  
CARLO BO

# Topics for essays

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# Aim of the essay

- Put **at work what you learnt** in the first part of the course on specific case studies
- **Retrieve and interpret data** on the assigned topic
- Provide an **original interpretation** of the topic

# Structure of the essay

- **Introduction**
  - General description
- Description of the **case**
  - **History**
  - **Facts** and **news**
  - **Data** (if applicable)
- **Interpretation** in the light of course's topics
- **Length**
  - Between **4000** and **6000** words
  - **Tables** and **figures** are allowed (tables do not contribute to word count)

# Bibliographic sources

- When **relevant**, always **cite** your sources of
  - **Data**
  - **Information**
  - **Interpretation** of facts and results
- **Bibliographic sources**
  - Data from **statistical offices** (e.g. Eurostat)
  - Data and information from **specialized magazines** (e.g. The Economist, The WSJ, etc)
  - Data and information from **reports of international organizations** (e.g. World Bank, OECD, European Commission)
  - Academic journals
  - **Any other** different source
- For **any requests** about where to find useful material, **write me an e-mail!**
- If you want to download some **article** from **academic journals** or other '**subscription**' material for which you have **not access**, **write me an e-mail** and I will try to find it and **send it to you** as soon as possible!

# Schedule

- **Deadline** for submission
  - By **midnight** of **April 1st**, 2019
  - By e-mail at [giovanni.marin@uniurb.it](mailto:giovanni.marin@uniurb.it)

# Oral presentations in class

- **30 minutes** for each group
  - Of which about **20-22** of oral **presentation**
  - **Each component** of the group should **participate** to the oral presentation directly
  - **Discussion** will follow the presentation
- **Dates**
  - April 2, 3, 16, 17

# Topics

1. European Coal and Steel Community (ECSC) 1951
2. North American Free Trade Agreement (NAFTA) 1994
3. China in the WTO (2001)
4. EU enlargement (2004-2013)
5. TTIP (2013)
6. Brexit (2016/2019)
7. Implications of global trade war
8. Africa in world markets
9. Retreat of MNEs
10. Multinational activity of Apple Inc.
11. Toyota as an horizontal MNE

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# 1 European Coal and Steel Community (ECSC) 1951

- The **ECSC**, established in **1951** (Treaty of Paris), created a **free-trade area** for **steel** and **coal** among **6 European countries** (Germany, France, Italy, Belgium, Netherlands, Luxembourg)
- The ECSC has been the **basis** of the European Economic Community (**EEC**, 1957) and the European Union (**EU**, 1993)



# 1 European Coal and Steel Community (ECSC) 1951

- **Issues** (among other) to be evaluated in the essay
  - Why these six **countries**?
  - Why **steel** and **coal**?
  - Which were the expected '**gains**' for the **participants** to the agreement?
  - Was the agreement **effective**?

## 2 North American Free Trade Agreement (NAFTA) 1994

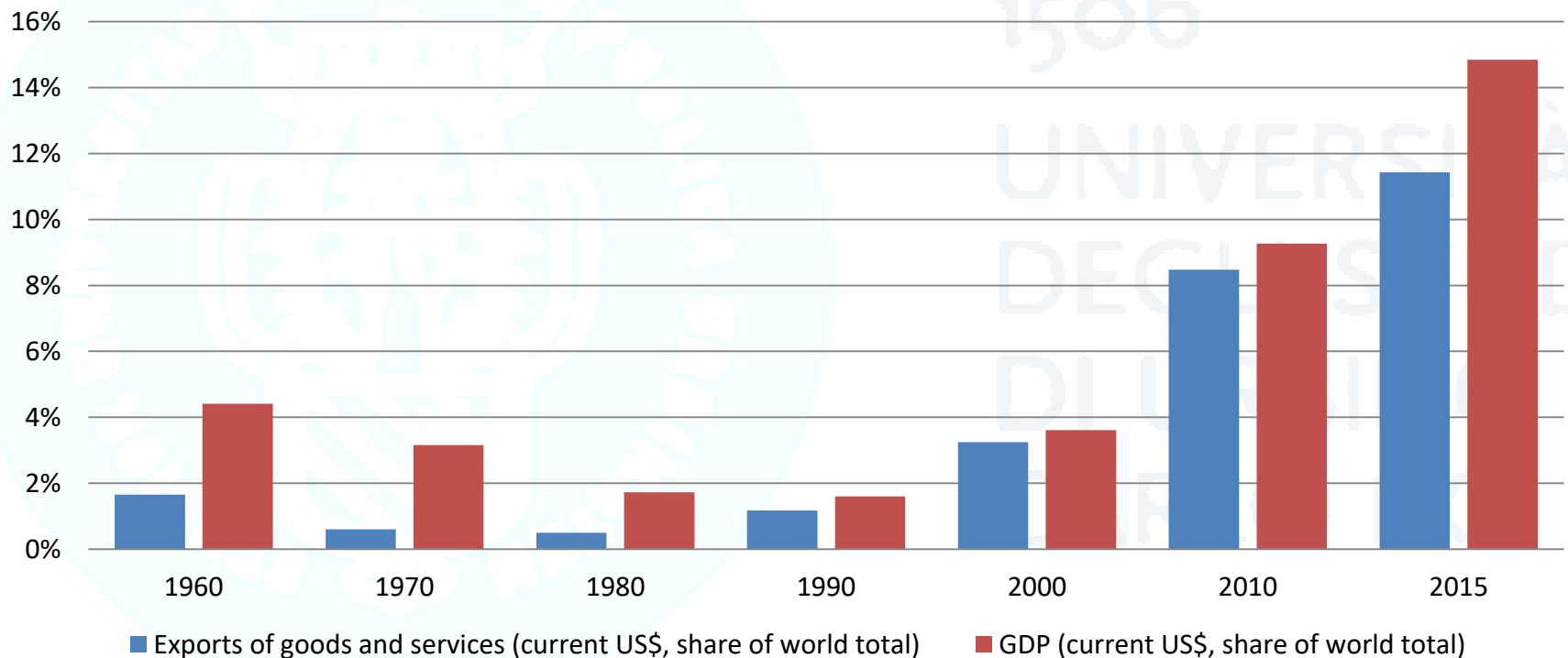
- The **North American Free Trade Agreement** contributed to almost **delete** all **barriers** to **trade** and **investment** between the **Canada**, **Mexico** and the **US**
- The agreement was **signed** in year **1992** and came **into force** in year **1994**

# 2 North American Free Trade Agreement (NAFTA) 1994

- **Issues** (among other) to be evaluated in the essay
  - Why these three **countries**?
  - Which were the expected '**gains**' for the **participants** to the agreement?
  - Why did **US (low-skill) workers** often **protest** against the **agreement**?
  - Was the agreement **effective** in promoting trade?

# 3 China in the WTO 2001

- **China entered the World Trade Organization in year 2001**



# 3 China in the WTO 2001

- **Issues** (among other) to be evaluated in the essay
  - Why did China **wait so long** to enter the WTO?
  - Why was entry **successful** in terms of **export** growth, **GDP** growth, **industrial** development?
  - Which were the role of (**domestic**) **market size**, **comparative advantage** and **factor endowment** in explaining the success of China?

# 4 EU enlargement (2004-2013)

- Phases of EEC/EU enlargement
  - 1957 → Italy, Germany, France, Belgium, Netherlands, Luxembourg (6)
  - 1973 → Denmark, UK, Ireland (9)
  - 1981 → Greece (10)
  - 1986 → Spain, Portugal (12)
  - 1995 → Austria, Sweden, Finland (15)
  - **2004 → Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Czech Republic, Slovakia, Slovenia, Hungary (25)**
  - **2007 → Bulgaria, Romania (27)**
  - **2013 → Croatia (28)**

# 4 EU enlargement (2004-2013)

- **Issues** (among other) to be evaluated in the essay
  - Why these **countries** were ‘different’ from incumbent EU members?
  - Which were the expected ‘**gains**’ for **incumbent** countries and **entrants**?
  - Why did (**low-skill**) **workers** in ‘original’ EU countries often **protest** against the **agreement**?
  - Was the agreement **effective** in promoting trade?

# 5 Transatlantic Trade and Investment Partnership (TTIP, 2013)

- **Negotiations for reducing trade barriers** (tariff and non-tariff) between the EU and the US begun in 2013
- Negotiations were **planned** to come to a **conclusion by 2014**
- The **US** administration '**blocked**' the negotiations and the **EU** is not so 'pro' anymore



# 5 Transatlantic Trade and Investment Partnership (TTIP, 2013)

- **Issues** (among other) to be evaluated in the essay
  - Which were the expected **gains** from the TTIP?
  - Why some groups of **citizens, workers** and **producers** in both EU and US are '**worried**' about the TTIP?
  - Which **sectors** and '**social groups**' are expected to **win** or **lose** from the agreement?

# 6 Brexit (2016)

- With a referendum held on the **23 June 2016**, **51.9 percent** of British voters voted for the UK to **leave the EU**
- The **procedure** for leaving the EU (Art 50 of the EU Treaty) started on **29 March 2017** and will end on **29 March 2019**
- Depending on the **results** of the **bargaining** process, **tariffs** are expected to **grow** in both sides of the border

# 6 Brexit (2016/2019)

- **Issues** (among other) to be evaluated in the essay
  - Discuss the role played by ‘**market size**’ (of UK and EU) as a source of **costs/benefits** of ‘leave’
  - Based on the **trade models** we studied in class, **who** is going to **gain** and who is going to **lose** more (**within the UK**) from Brexit?
  - UK **hosts 4.8 percent** of **world FDI** (**third** destination country after US and China, source: OECD). Which is the expected **impact** (and why) of Brexit on **inward FDI** into the UK?

# 7 Implications of global trade war

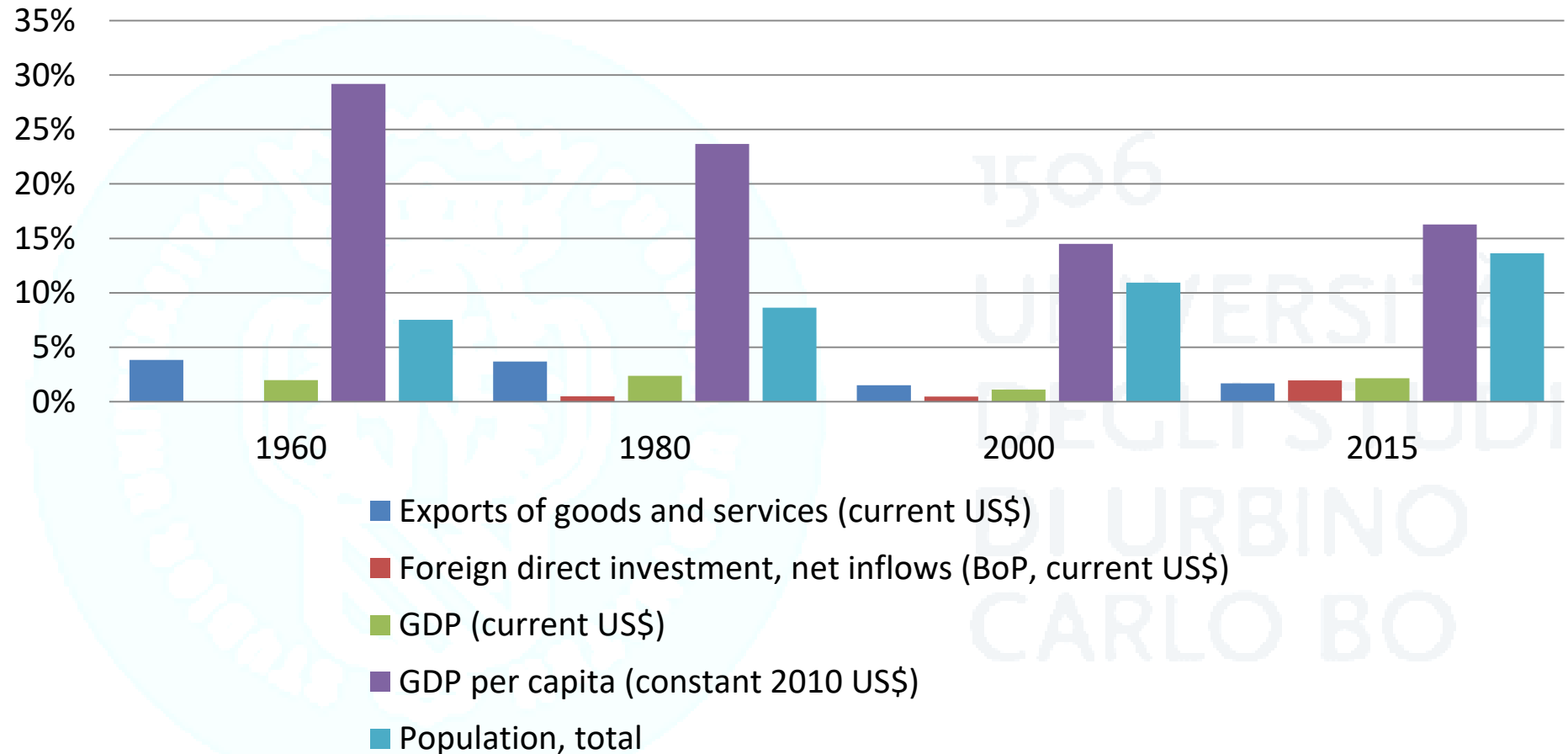
- From VoxEu.org:
  - The **Trump administration** raised the stakes in a trade dispute with **China** by proposing **10% tariffs** on **\$200 billion** of Chinese goods on **10 July 2018**, on top of **\$50 billion of tariffs** that were officially **imposed** on **China**
  - The **Ministry of Commerce of China** immediately responded by **warning** of similar **retaliation**
  - In the latest World Economic Outlook (IMF (2018a) and G-20 Surveillance Note (IMF 2018b), the **IMF** estimates that the **global economy** will be **0.5%** (or roughly US\$430 billion) **smaller** by **2020** if the various tariffs threatened by the US, China, Europe, Mexico, Japan, and Canada were to be implemented

# 7 Implications of global trade war

- **Issues** (among other) to be evaluated in the essay
  - **Why** did the **US** start the **trade war**?
  - Which are the **sectors** that are expected to **gain** and to lose in the **US**? **Why**?
  - What has **China** to **lose** from the **trade war**? **Why**?

# 8 Africa in world markets

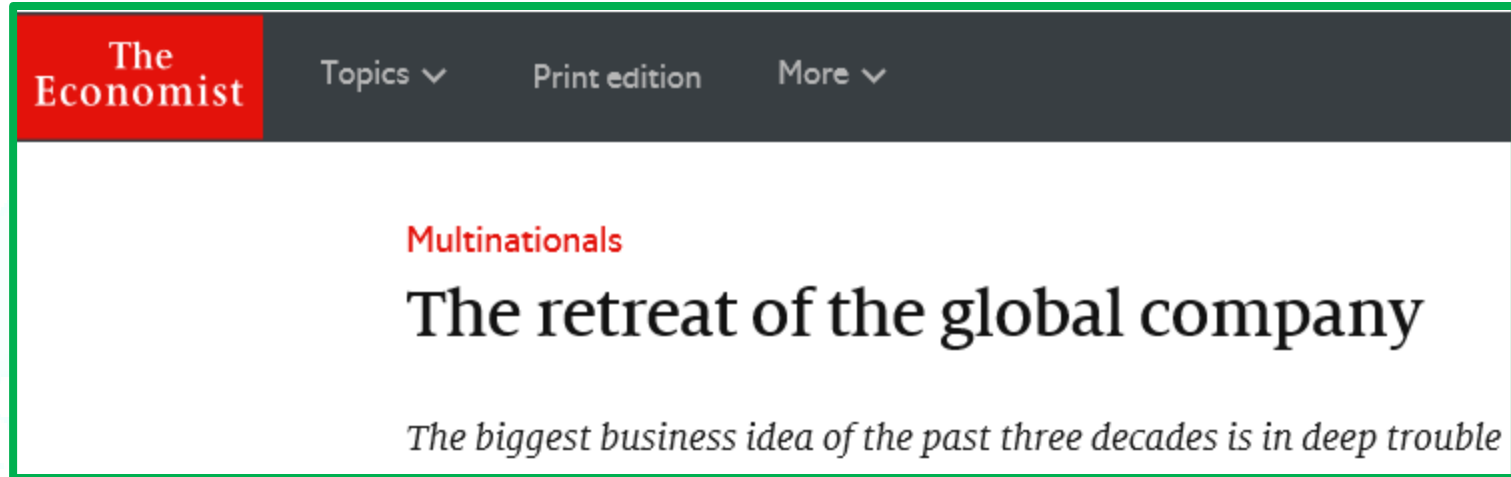
Ratio between the value of Sub-Saharan African countries and World total (source: World Bank Development Indicators)



# 8 Africa in world markets

- **Issues** (among other) to be evaluated in the essay
  - Why did Africa remain at the '**periphery**' of **world markets** (both **trade** and **FDI**)?
  - Role of **natural resources** and **resource curse**
  - Role played by **economic distance**
  - **China** is **investing** a lot in **Africa** (including infrastructures). Why?

# 9 Retreat of MNEs



<http://www.economist.com/news/briefing/21715653-biggest-business-idea-past-three-decades-deep-trouble-retreat-global>

- **'The Economist'** points to a progressive **retreat** of **multinational** enterprise from **global markets**
- This retreat is expected to **accelerate** if **protectionist** measures announced in the presidential campaign by **president Trump** will be introduced



# 9 Retreat of MNEs

- **Issues** (among other) to be evaluated in the essay
  - Discuss the **economics** behind the reasons that explain the **retreat** of MNEs
  - Focus on **company-level** features, **home-country** level features, and **host-country** level features
  - Identify **one case** (of retreat or of ‘non-retreat’) of MNE that was **not considered** by **The Economist** and **discuss** the specific case

# 10 Multinational activity of Apple Inc.

- **Apple Inc.**, based in **Cupertino, CA**, was originally **manufacturing** its equipment in the **US**
- Apple's **marketing** in the **90s** was based on the '**Made in the USA**' catchword
- In the 2000s, Apple moved almost completely its manufacturing division to China and Taiwan
- Most products are now manufactured by Foxconn Technology Group, a Taiwanese company
- **Design, research and development, marketing** are still done (almost exclusively) in **Cupertino**

# 10 Multinational activity of Apple Inc.

- **Issues** (among other) to be evaluated in the essay
  - Discuss the **reasons** behind the decision to **offshore** the production phase to China and Taiwan
  - Discuss why Apple decided to let an **independent company produce** its products rather **than** creating a brand new **subsidiary** in China or Taiwan
  - Comment on the rationale behind the decision of **maintaining** some of the phases at **home**

# 11 Toyota as an horizontal MNE

- Toyota, a **Japanese MNE**, is the **world leader** in the **automotive** sector
- Toyota is a typical '**horizontal**' MNE, with **production** taking place in **many** different **countries**

# 11 Toyota as an horizontal MNE

- **Issues** (among other) to be evaluated in the essay
  - Discuss why **many MNEs** in the **automotive** sector are **horizontal MNEs**
  - Discuss the **role** played by the **firm-specific advantage** of Toyota
  - Toyota also locates **abroad** other specific activities, such as **R&D** (e.g. an important R&D department is located in Belgium): **why?**



**RANDOM ASSIGNMENT!**

**(BUT THEN YOU HAVE UNTIL MIDNIGHT TO  
'EXCHANGE' TOPICS BETWEEN GROUPS)**

Topic	Date	Names
1 European Coal and Steel Community (ECSC) 1951		Dan
2 North American Free Trade Agreement (NAFTA) 1994		Sophie Matthews, Luke Brinkman, Janelle Sevilla, Jalén Maurice
3 China in the WTO (2000)		Lindsay
4 EU enlargement (2004-2013)		Henry
5 TTIP (2013)		Samantha Mariani, Laurenlee Dominguez, Savannah Holliday, Taylor Scoopo
6 Brexit (2016/2019)		Vincenzo
7 Implications of global trade war		Thomas
8 Africa in world markets		Aislinn
9 Retreat of MNEs		David
10 Multinational activity of Apple Inc		Brian
11 Toyota as an horizontal MNE		Jada