

# Syllabus

## International Trade Theory and Policy

Michael Pfaffermayr

Stefan Gruber

Alireza Sabouniha

SS 2026, March 2026

This course offers an introduction to international economics, concentrating on trade theory and policy. In the lecture, we will discuss the main theoretical approaches that explain the structure and volume of international trade as well as important issues in trade policy. The accompanying seminar provides deeper insights into trade related issues by discussing empirical papers.

The lecture will be conducted online using the classroom of OLAT. The proseminar as well as the written exams take place in person in the seminar rooms of the university (SOWI faculty).

### Total Grade

For students in the Bachelor program and students of *International Economics and Business Studies (IWW)* the final grade is a weighted average of the evaluations in the lecture **and** the seminar based on the credits of the lecture and the seminar. Both VU and PS can be passed separately, i.e. it is possible to just pass the PS while not passing the VU and vice versa. However, for a positive grade for the entire module consisting of the VU and the PS, both the VU and the PS must be graded positively.

### Lecture (VU)

Michael Pfaffermayr

LV-Nr. 432050

We will use the book by *van Marrewijk, Ch. (2012): International Economics - Theory, Application, and Policy. Oxford University Press. Second edition.* Additional material (slides) will be provided in OLAT. There is also a web-site for the book (see <http://global.oup.com/uk/orc/busecon/economics/vanmarrewijk2e/>).

## Grading of the Lecture

During the semester, there will be a sheet of take-home exercises, which makes up 40 % of the lecture's grade. On **May 7, 2026** the final exam will take place at 18:30-20:00 am., SOWI-Aula. The final exam makes up 60 % of the the lecture's grade.

The lectures will be **online** and take place on Monday from 8:00 to 10:45 starting with the first session on **Monday, March 2, 2026**. We will finish the lecture part of the course by end of April.

### Lecture outline

Date	Time	Content	Chapter
Mo, 02.03.2026	08:00-10:45	Introduction, stylized facts on trade, gravity model	
Mo, 09.03.2026	08:00-10:45	Classical Trade: Technology	Ch 3
Mo, 16.03.2026	08:00-10:45	Production Structure of the HO model, Factor prices and production, factor abundance	Ch 4, 5-7
Mo, 23.03.2026	08:00-10:45	Trade policy and economic integration	Ch 8, 13
Mo, 13.03.2026	08:00-10:45	Imperfect competition and trade	Ch 9
Mo, 20.04.2026	08:00-10:45	Intra-industry trade	Ch 10
Mo, 27.04.2026	08:00-10:45	Heterogeneous firms, repetitorium	Ch 17
Mo, 07.05.2026	18:30-20:00	Exam, SOWI- Aula	
Meetings by arrangement			
Thu, 24.03.2026	10:00-11:30		
Thu, 21.04.2026	10:00-11:30		

## Proseminar (PS)

LV-Nr. 432051

Stefan Gruber

### LV-Nr. 432051: Proseminar outline

Day	Date	Time	Room	Subject
Tue	March 3	08:00-09:30	SR9	Introduction
Tue	March 10	08:00-09:30	SR9	Data analysis
Tue	March 17	08:00-09:30	SR9	Data analysis
Tue	March 24	08:00-09:30	SR9	Spare day
	CW 13	by arrangement		Group meeting (Paper 1)
Tue	April 14	08:00-09:30	SR9	Paper 1
	CW 16	by arrangement		Group meeting (Paper 2)
Tue	April 21	08:00-09:30	SR9	Paper 2
	CW 17	by arrangement		Group meeting (Paper 3)
Tue	April 28	08:00-09:30	SR9	Paper 3
	CW 18	by arrangement		Group meeting (Paper 4)
Tue	May 5	08:00-09:30	SR9	Paper 4
Tue	May 12	08:00-09:30	SR9	<b>1<sup>st</sup> written exam</b>
	CW 19	by arrangement		Group meeting (Paper 5)
Tue	May 19	08:00-09:30	SR9	Paper 5
	CW 20	by arrangement		Group meeting (Paper 6)
Tue	June 2	08:00-09:30	SR9	Paper 6
	CW 22	by arrangement		Group meeting (Paper 7)
Tue	June 9	08:00-09:30	SR9	Paper 7
	CW 23	by arrangement		Group meeting (Paper 8)
Tue	June 16	08:00-09:30	SR9	Paper 8
Tue	June 23	08:00-09:30	SR9	<b>2<sup>nd</sup> written exam</b>

## Proseminar

LV-Nr. 432052

Alireza Sabouniha

### LV-Nr. 432052: Proseminar outline

Day	Date	Time	Room	Subject
Mon	March 2	13:15-14:45	SR4	Introduction
Mon	March 9	13:15-14:45	SR4	Data analysis
Mon	March 16	13:15-14:45	SR4	Data analysis
Mon	March 23	13:15-14:45	SR4	Spare day
	CW 13	by arrangement		Group meeting (Paper 1)
Mon	April 13	13:15-14:45	SR4	Paper 1
	CW 16	by arrangement		Group meeting (Paper 2)
Mon	April 20	13:15-14:45	SR4	Paper 2
	CW 17	by arrangement		Group meeting (Paper 3)
Mon	April 27	13:15-14:45	SR4	Paper 3
	CW 18	by arrangement		Group meeting (Paper 4)
Mon	May 4	13:15-14:45	SR4	Paper 4
Mon	May 11	13:15-14:45	SR4	<b>1<sup>st</sup> written exam</b>
	CW 19	by arrangement		Group meeting (Paper 5)
Mon	May 18	13:15-14:45	SR4	Paper 5
	CW 20	by arrangement		Group meeting (Paper 6)
Mon	June 1	13:15-14:45	SR4	Paper 6
	CW 22	by arrangement		Group meeting (Paper 7)
Mon	June 8	13:15-14:45	SR4	Paper 7
	CW 23	by arrangement		Group meeting (Paper 8)
Mon	June 15	13:15-14:45	SR4	Paper 8
Mon	June 22	13:15-14:45	SR4	<b>2<sup>nd</sup> written exam</b>

## **Aim and structure of the proseminar**

The proseminar provides a deeper insight into trade related issues by discussing empirically oriented papers. The focus is on the discussion of the research question, the empirical analysis, and on the interpretation of the results. The participants learn to classify research articles in the field of international economics and to critically question them. The proseminar also offers an opportunity to improve presentation and discussion skills. It consists of presentations of eight papers given by students, two short written exams, and a brief introduction to data analysis.

### **Data analysis**

- On March 9/10 and 16/17, we analyze a bilateral data set on international diamond trade which was used by Borsky & Leiter (2022).
- The data, the paper and the task sheet are provided in the course materials, folder “Data analysis”.
- Using this paper and its data as an example, we will discuss the structure of the data set (countries and years included, available variables, ...), the meaning of different empirical terms (dummy variables, fixed effects) and the main factors influencing international trade.
- The aim is to create descriptive statistics, diagrams and a regression analysis which illustrate the trade effects of certain factors such as distance, GDP, regional trade agreements, ....
- Download the data to your laptop and bring it to class so that you can work on it during the units. Of course, you may look at the dataset in advance and try to answer some questions (see task sheet) in advance.
- You can earn two collaboration points counting towards the proseminar-grade in one of the two data units.
- Furthermore, these first two PS-units will provide a rough guideline on how to prepare your presentations (as outlined below).

### **Presentation of a scientific paper**

- The papers are available for download on OLAT at “Documents – Papers”.
- The group-building mechanism for the presentations works as follows:
  - Each student enrolls for a paper of his/her choice on OLAT at “presentation groups”;
  - A paper’s presentation group is full until the predefined number of available slots per paper is filled, i.e., “first come, first serve”;
  - The enrollment period for the papers starts on Wednesday, March 4, at 10:00 a.m.
- The presentation should provide a comprehensive overview of the paper, comprising
  - the research question,
  - the status of the literature & the papers’ contribution to the existing literature,
  - the description of the data,
  - the empirical model,
  - the results and

– (policy) conclusions.

- For your presentation, each group member is required to be present and to actively participate in the presentation.
- The presentation duration to aim for is about 45 minutes. Within this time frame, try to equally divide presentation-times across all members of your group. Further, make sure that all the important aspects of your paper, as indicated above, find enough time to be laid out and explained. Remember, the two exams in the proseminar will be based on your content, and thus it is essential to deliver clear-cut input for everyone.
- The presentation of the slides will be considered in the grade.
- Prepare such that each group member knows everything about the whole paper and could support the presenter if needed. If I ask questions about the presentation’s content, each group member has to be able to answer them.
- 24 points are achievable at most.

### Papers & Dates of Presentations (PS 432051, 432052)

Date	Papers
April 13/14	<i>Paper 1:</i> Jäkel, I., Ostervig, S., & Yalcin, E. (2024). The effects of heterogeneous sanctions on exporting firms – Evidence from Denmark. <i>Review of International Economics</i> , 32(1), 161–189.
April 20/21	<i>Paper 2:</i> Miromanova, A. (2024). Sanctions and their impacts on medical trade and health outcomes. <i>Review of International Economics</i> , 32(1), 252–280.
April 27/28	<i>Paper 3:</i> Nitsch, V., & Rabaud, I. (2022). Under attack: Terrorism and international trade in France, 2014–16. <i>Oxford Economic Papers</i> , 74(4), 976–998.
May 4/5	<i>Paper 4:</i> Carril-Caccia, F., & Baleix, J. M. (2024). Impact of environmental regulation on M&As in the manufacturing sector. <i>Journal of Environmental Economics and Management</i> , 127.
May 18/19	<i>Paper 5:</i> Beverelli, C., Braml, M. T., Fontagné, L. G., Keck, A., & Orefice, G. (2022). Heterogeneous Trade Effects of Pre-Shipment Inspections. <i>Cesifo Working Paper 9833</i> .
June 1/2	<i>Paper 6:</i> Neri-Lainé, M., Orefice, G., & Ruta, M. (2023). Deep Trade Agreements and Heterogeneous Firms Exports. <i>Cesifo Working Paper 10436</i> .
June 8/9	<i>Paper 7:</i> Ignatov, A. (2024). European highway networks, transportation costs, and regional income. <i>Regional Science and Urban Economics</i> , 104, 103969.
June 15/16	<i>Paper 8:</i> Felbermayr, G., Larch, M., Yalcin, E., & Yotov, Y. V. (2024). On the heterogeneous trade and welfare effects of GATT/WTO membership. <i>Review of World Economics</i> , 1–26.

## **Group meetings**

- I would like to meet with each group in the week before the presentation (or earlier if you prefer) so that we can discuss your (final) slides and any open questions (see the schedule for group meetings above).
- The more finalized (in terms of content) the slides are, the more specific my feedback can be.
- If we can discuss the content of the paper and your presentation well thanks to the prepared structure of your slides (layout is not important at this stage), you will receive 4 points.

## **Participation in discussion**

- During or after each presentation of a scientific paper, try to contribute to the discussion of the paper presented:
  - Ask questions if you do not understand or agree with the content of the paper.
  - Share your views with the other seminar participants.
- Such a contribution can earn you 2 points per presentation day (except for your own presentation).
- In the course of the proseminar, 8 papers (including your chosen paper) will be presented, i.e. you can earn a total of 14 points (7 x 2) in this area.

## **Written exams**

- There are two written exams in the proseminar. The first exam covers papers 1 to 4. The second exam covers papers 5 to 8.
- Each exam takes max. 30 minutes and contains 4 questions.
- The answer to each question is worth up to 7 points.
- All in all there are 56 points achievable.

## **Attendance**

- Participation is compulsory for all presentation dates!
- If you miss more than two (out of eight) presentation dates you are graded negatively in the proseminar.

## **Grading of the Proseminar - Summary**

- You can get 2 points for contributing to the data analysis and an additional 14 points for participating in the discussion during/after the presentation of the papers.
- You can achieve a maximum of 4 points for the discussion of your slides during the group meeting. The presentation is worth 24 points.
- Each test is worth 28 points. This means that you can achieve a total of 56 points from the written tests.

- To pass the course, 50 (out of 100) points are required.
- **If you miss more than 2 presentation dates, you are graded negatively for the entire proseminar.**

**Overview: grade components and points**

Grade Components	Points
Participation in discussion (incl. data analysis)	16
Group meeting	4
Presentation	24
1st written exam	28
2nd written exam	28
Total	100
Minimum requirement to pass the proseminar	50

The grading scale is as follows:

Points	Grade
89-100	Sehr Gut (1)
76-88	Gut (2)
63-75	Befriedigend (3)
50-62	Genügend (4)
0-49	Nicht Genügend (5)