2. Conduct a thorough analysis of the ***current and historical patterns of international trade (e.g., over the last 10 years)*** for your country using the following data source (discussed in class):

   United Nations Conference on Trade and Development Statistics Data Base (UNCTADSTAT):
   http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

   Note: I will explain in class how to use the information on this web site. Please also see the separate document titled "Instructions for Finding Data on Current and Historical Trade Patterns".

3. As you have learned in class, one major theory of international trade is the Ricardian model of comparative advantage. Find data on your country's current international trade, and analyze the data to determine the country's "revealed comparative advantage" or "RCA".

   An index of revealed comparative advantage (RCA_{ij}) in good i for country j may be defined as:

   $$RCA_{ij} = (X_{ij} / X_{Tj}) / (X_{iW} / X_{TW})$$

   where X_{ij} is country j's exports of good i, X_{Tj} is country j's total exports, X_{iW} is total world exports of good i, and X_{TW} is total world exports. If the index is greater than one, country j is said to have a "revealed comparative advantage" in good i since the share of good i in country j's exports is greater than the share of good i in total world exports. Of course, the RCA index cannot measure *actual* comparative advantage; it only attempts to measure a country's degree of international specialization as "revealed" by the composition of the country's basket of exported goods.

   In what product categories does your country have a "revealed comparative advantage"?

   You should include in your Final Report a table summarizing the TOP 25 major product categories (along with the corresponding RCA indices) in which your country has a "revealed comparative advantage". You should also compare your country's top 25 "RCA" industries with the top 25 "RCA" industries in the U.S. (and any other countries of your choice).

   For these calculations, you will need information from the same web site noted above:
   United Nations Conference on Trade and Development Statistics Data Base (UNCTADSTAT):
   http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx?sCS_referer=&sCS_ChosenLang=en

   I will explain in class how to use the information on this web site. Please also see the separate document titled "Instructions for Finding Data to Calculate RCA Indices".

4. Discuss the potential impact of your country's trade patterns (as reflected in the country's RCA indices) on the country's resource allocation and on the level and distribution of national income.

5. Discuss what the implications are of your country's trade patterns for managers at multinational companies (or other organizations), e.g., who are trying to market a product to this country, or who are trying to source an input from this country, or who are trying to establish joint venture relationships in this country. Do your findings also have implications for U.S. *policymakers* who formulate international trade policy?

Please note:

To insure that you are making satisfactory progress on the Country Case Study, you are required to submit the **RCA calculations** from #3 (above) no later than ***Thursday, October 9th***. You should submit an Excel table (as an attachment through e-mail) summarizing the **TOP 25 product categories** for which the RCA indices are greater than one for your chosen country and for the U.S (along with the corresponding RCA indices). ***(Make sure your Excel table shows the correct formulas.)*** You may complete the rest of Part 1 according to your own work schedule.

Overview

I. The overarching objective of the Country Case Study is to *analyze the international trade and financial position of one specific country of your choice*, culminating in a typewritten **Final Report** due at the end of the semester. The **Final Report** should be roughly 4,000 to 5,000 words in length (about 8-10 typewritten pages) and is due no later than ***Friday, December 5, 2014***. The **Final Report** must be submitted ***electronically*** in the Drop Box for this course in Angel.

II. The objective is to have you become somewhat of an expert on the international economic characteristics and performance of the country you have chosen. Many of you will likely become managers for firms or organizations that conduct business or that have other kinds of relationships with countries throughout the world. Therefore, no matter which specific country you have chosen for this class project, the *tools, methodology*, and *data sources* that you learn in completing this case study can be usefully applied to any other country you need to analyze in the future.

III. By now you should be quite familiar with the **three major themes** that are covered in this course:
   1. *international trade theory*
   2. *international trade policy*
   3. *the operation of the international monetary system*

IV. It will be helpful if you think of your Country Case Study as containing three major sections, with each section covering one of the above themes with respect to the country you have chosen. Of course, in addition to these three main sections, you should also include a brief **<u>Introduction</u>** at the beginning and a **<u>Conclusion</u>** at the end of your Final Report that summarizes what you learned and provides "suggestions for future research."

Country Case Study: Instructions for Part 1

I. Part 1 of your Country Case Study should focus on applying the ***international trade theories*** you have learned to analyze the international trade characteristics and performance of the country you have chosen. Listed below are the *five questions/issues* that Part 1 should address. Of course, what you actually include in your analysis will depend on the country you have chosen (specifically, on how much data and information are available for that country).

II. To put things in perspective, it is always useful (when the relevant data are available) to compare your country to other countries. For comparison purposes with respect to specific statistics, you are <u>required</u> to compare your country to the U.S. After the <u>required</u> comparison with the U.S., you may also (at your option) compare your country to the rest of the world, or to any other set of countries you identify as the benchmark(s).

III. Part 1 of your Final Report should answer/address the following:

   1. Present an ***overview*** of your chosen country, providing some basic statistics or information on the country's population, economy, history, political system, etc. The following sources will give you a good start, but you may also need to look up <u>other</u> books and articles that will give you more background information about the country:

      CIA, *World Fact Book*:
      <u>https://www.cia.gov/library/publications/the-world-factbook/index.html</u>

      World Bank, *World Development Indicators*:
      <u>http://data.worldbank.org/data-catalog/world-development-indicators</u>