

Lecture 4:
International Trade and Foreign Direct Investment
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In this lecture students are introduced to models of international trade including multinational firms, with a focus on how regional trade agreements affect the choice of multinational firms. I will pay attention especially to more recent developments, but with a view to the historical evolution of theories. The issue of how this literature may be helpful in analysing agri-food FDI will be addressed throughout the lecture.

Topics:

Part 1: FDI and International Trade

1. Foreign Direct Investment and multinational firms: definitions and facts
2. Introducing multinational firms in international trade models: early and more recent issues
3. Determinants of FDI: costs and benefits of fragmenting production and of internalization
4. A simple model of FDI and trade

Parte 2: FDI and Regional Trade Agreements

5. Foreign Direct Investment and RTAs: facts and issues
6. A simple partial equilibrium model of FDI and RTA.
7. Empirical issues and evidence

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