Country Assignment #1

This group assignment is due on Thursday, October 21, 1999. **NO LATE PAPERS WILL BE ACCEPTED.** If you cannot deliver the assignment to me in person, please mail it to me (with a legible posting date of October 21 or earlier): Richard Levich, Stern School of Business, New York University, 44 West 4th St., Room 9-63, New York, NY 10012; or fax it to me at 212-995-4220. If you fax it, please also turn in a hard copy as soon as possible.

The text of your group's answers to the assignment should be typed single-spaced, with an extra space between each paragraph. The text must be limited to a maximum of three pages. You may also attach additional tables and charts to this three pages of text, if these tables and charts are of direct importance to your answers.

The group members are not to discuss this assignment with anyone else who is not in the group (except for consulting reference librarians in order to locate materials). The group may utilize any published materials – you are not limited to the sources noted in the assignment description below.

Each group must choose one country that will be used for both this assignment and the second country assignment. For several different reasons, the country chosen cannot be any of the following: the United States, Germany, France, Italy, Austria, Belgium, Finland, Ireland, Luxembourg, Netherlands, Portugal, Spain, Japan, Canada, Singapore. Also, the country chosen cannot be a country which is the country of citizenship of any group member or a country in which any group member has lived for a period of one year or more.

Before your group commits to a choice of country, you might want to check to make sure that data are available for that country. Most importantly, you might want to check to make sure that the country chosen has useful data not only in the sources shown in the assignment below, but also in a publication of the International Monetary Fund – **International Financial Statistics** - that may be a major source for the second country assignment. Some countries are not shown in the UN and IMF books – for these countries, one must use other data sources (e.g. national reports), and this may be challenging. One final note on selecting a country – for the second country assignment, analysis of a country that has experienced very high inflation rates for part or all of the time since 1980 will be very interesting, but gathering and interpreting the data may be challenging.
**The Assignment**

1. For the most recent year for which data are available in the UN Yearbook noted below, present a full set of data (in easily readable form) on the country's exports and imports, at both the one-digit SITC level (broad product categories) and at the two-digit SITC level (somewhat narrower product definitions). Which products are the country's major export products? Which products are the country's major import products? The text discussion for this part of the assignment should be brief and descriptive. It serves as an introduction to the rest of the report.

   Most likely data source: United Nations, *Yearbook of International Trade Statistics*, 1996. The SITC is the Standard International Trade Classification. Note: You should consult the notes at the beginning of the volume for information on such issues as SITC categories not reported in a particular table, and higher-digit SITC categories (e.g. 3-digit) that are equal to lower-digit SITC categories (e.g. 2-digit).

2. To what extent do various theories of trade appear to explain the country's commodity (product) pattern of trade (or to explain various aspects of this pattern)? In your answer here, you might examine the commodity pattern of exports, the commodity pattern of imports, the commodity pattern of net exports (exports minus imports) in absolute (money) amounts, and/or the commodity pattern of net exports of each product as a percentage of total trade (exports plus imports) of this product by the country. In addition, the extent of intra-industry trade in the various products should also be documented and examined with reference to theory.

3. For the most recent year for which data are available, document the five countries that are the largest buyers of your country's exports. For the most recent year for which data are available, document the five countries that are the largest sources of your country’s imports. Discuss briefly the probable reasons for this pattern of major trading-partner countries. Your discussion may need to incorporate reasons that go beyond what we have discussed in class.

   Most likely data source: International Monetary Fund, *Direction of Trade Statistics Yearbook*. 