

Subject Code	AF5628
Subject Title	Foreign Trade and Investment in China
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Business Environment in China (AF5611) <i>OR</i> Key Issues in China Business (MM5381)
Role and Purposes	This course is designed to equip students with the basic theory of foreign trade and foreign direct investment (FDI) (Outcome 1), the performance of trade and FDI in China (Outcome 1) and the development of the cultural, legal and policy environment of trade and FDI in China. Through group-based study on real-life cases, it will expose students to practical knowledge in entry-mode choice and strategic development of foreign firms in a specific industry or market in China (Outcome 1).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: a. Grasp and apply the trade theory to analyze the changing pattern of global trade; b. Analyze the impacts of trade barriers; c. Assess China's trade performance and trade policy; d. Grasp the basic theories that explain FDI; e. Understand the main factors determining FDI in China; f. Develop analytical skills in study real-life FDI cases in China.
Subject Synopsis/ Indicative Syllabus	A General Framework of Globalization Evidence of globalization; Drivers of Globalization; Different entry modes; Theories and observations of international trade. Trade Theories Traditional Trade Theory, New Trade Theory, Firm Heterogeneity and the impact on the pattern of Trade China's Foreign Trade Performance of foreign trade; Impact of foreign trade on economic growth and reform; China's Trade Policy; some special issues Theories of FDI Theories of FDI focusing on entry mode choice and strategic development; theories of joint venture focusing on ownership structure.

	<p>Development of FDI in China Understanding sources, volume and growth of FDI; size of FDI projects; regional and industrial distribution of FDI; ownership types of enterprise; entry mode of FD; FDI and growth; FDI and trade.</p> <p>The Policy Regimes of FDI The development of laws and regulations; changes in government policy and institutions; preferential treatment to FDI by local governments; policies on access to domestic markets; industry policies; FDI and globalization.</p> <p>Real-Life Case Study</p> <p>a) The real-life case study follows the problem-based learning (PBL) approach in which the study of a specific case is strictly problem-driven with problem-solving objectives.</p> <p>b) Factors that affect entry mode choice and strategic development are studied as in a real business environment including the dynamics of technology, market, supply constraints, financial constraints, as well as political factors in both home and host countries.</p>																																																																						
<p>Teaching/Learning Methodology</p>	<p>This subject will be taught in both lecture and seminar formats. In the real-life case studies, students, on group basis, are required to play dual roles alternatively, that is, the “Task Force” that prepares convincing reports to the “Board of Directors” on selected topics, and the “BOD” that challenges the “Task Force” reports. Individual performance is assessed by a student’s specific role in her/his study group, including presentation, comments, Q&A, and written report.</p>																																																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="443 1128 1474 1935"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Attendance, Participation and Discussion</td> <td>15%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Short Seminar Presentation</td> <td>12%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Real-life case Presentation</td> <td>20%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>4. Real-life case Comments</td> <td>8 %</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>5. Written Report</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>6. Midterm</td> <td>35%</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td colspan="6"></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e		1. Attendance, Participation and Discussion	15%	√	√	√				2. Short Seminar Presentation	12%	√	√	√				3. Real-life case Presentation	20%	√	√	√				4. Real-life case Comments	8 %	√	√	√				5. Written Report	10%	√	√	√				6. Midterm	35%	√	√					Total	100 %						
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	<i>Note: The minimum passing grade of this subject is D. The specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</i>	
Student Study Effort Expected	Class contact:	
	▪ Lectures / Seminars	39 Hrs.
	Other student study effort:	
	▪ Depends on their backgrounds, on average students are expected to spend around 6 more hours per week or reading subject materials/textbook, doing discussion questions and assignments.	78 Hrs.
	Total student study effort	117 Hrs.
Reading List and References	<p>Feenstra, Robert C., <i>Advanced International Trade: Theory and Evidence</i>, Princeton, N.J. Princeton University Press, latest version.</p> <p>Krugman, Paul and Maurice Obstfeld, <i>International Economics: Theory and Policy</i>, 6th Edition, Addison Wesley, latest version.</p> <p>Naughton, Barry, <i>The Chinese Economy: Transitions and Growth</i>, MIT Press, 2007</p> <p>Fu, Jun, 2000. <i>Institutions and Investments: Foreign Direct Investment in China during an Era of Reforms</i>, Ann Arbor: The University of Michigan Press</p> <p>Hill, Charles W.L., 2006, <i>Global Business Today</i>, McGraw-Hill International Edition</p> <p>Huang, Yasheng, 2003, <i>Selling China – Foreign Direct Investment During the Reform Era</i>, Cambridge University Press</p> <p>Thun, Eric, 2006, <i>Changing Lanes in China: Foreign Direct Investment, Local Governments, and Auto Sector Development</i> (Hardcover), 2006, Cambridge</p> <p>Vanhonacker, Wilfried R. 2004, <i>The China Casebook</i>, McGraw-Hill Education (Asia)</p> <p>Wild, John J. and Kenneth L. Wild , 2007, <i>International Business: The Challenges of Globalization</i> (4th Edition) (Globalization), Prentice Hall; 4 edition</p> <p>Yan, Aimin and Yadong Luo, 2001. <i>International Joint Ventures: Theory and Practice</i>, Armonk, New York, London: M.E. Sharpe.</p> <p>Yan, Yanni, 2000. <i>International Joint Ventures in China: Ownership, Control and Performance</i>, London: Macmillan Press Ltd.; New York: St. Martin's Press, Inc.</p> <p>Yan, Yanni, 2005, <i>Foreign Investment and Corporate Governance in China</i> (Hardcover), Palgrave MacMillan</p> <p><i>Asian Wall Street Journal</i> and <i>The Economist</i>.</p>	