

University of British Columbia
FRE 306: Introduction to Global Food Markets
Spring Term 2014

Class Time: Mon Wed 1030h – 1200h

Location: GEOG 100

Course Description

This course covers topics related to food prices and how food markets work, both from an aggregate perspective and the perspective of specific markets. This includes food price determination, comparing the functioning of domestic and international food markets, trade in food products and issues related to the integration of commodity markets, market power in food markets, and role of institutions in their operation. The course emphasizes combining theory with data, learning how markets work in the real world. Various models of food markets will be covered, and a sample of specific markets will be analyzed.

Instructor: Mark Liew (mark.liew@ubc.ca)
Office Hours: MCML 225 Mon 1230h – 1330h, Wed 1400h – 1500h, or by appointment
Course Website: UBC Connect

Teaching Assistants:	TA 1	TA 2
Name	Ms. Kate Pankowska	Ms. Suvaporn Phasuk 'Jennie'
Email	katepankowska@gmail.com	suvapornphasuk@gmail.com
Office Location	MCML 225	MCML 225
Office Hours	Tue 3-4 pm, or by appt.	Thu 2-3 pm, or by appt.

Coursework: The course will be divided into 3 modules

First module: We will explore current global food circumstances and trends. We will also review existing price and trade economic models, which will give you a varied set of frameworks with which to analyze food dynamics and problems in the world.

Second module: We will focus on the theme of market power – a major driving force behind food-sector organization and global trade policies.

Third module: Armed with analytical frameworks and an understanding of the battle for market power, we proceed to discuss the role of finance and speculation in food. We also explore several case studies of current global food issues and opportunities. (biofuel, fisheries, etc.)

Textbook and Readings:

No course textbook. Readings will be assigned on a topic basis. Scans will be provided where available. Some of the sources which will be used are:

- Henning O. Hansen, *Food Economics: Industry and Markets*, Routledge 2013
- D. Southgate; D. H. Graham; L. Tweeten, *The World Food Economy*, Blackwell Publishing 2007
- Paul Roberts, *The End of Food*, Mariner Books 2009
- T. Lang; M. Heasman, *Food Wars: The Global Battle for Mouths, Minds and Markets*, Earthscan 2004
- R. Thurow; S. Kilman, *Enough: Why the World's poorest starve in an age of plenty*, PublicAffairs 2009
- Reports from **The Conference Board of Canada, Centre for Food**
- Grain and Oilseed Industry Research Reports – Macquarie, Citibank

Grading:

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|-----------------------------|-----|
| • Assignments (3 x 5% each) | 15% |
| • Exam 1 (Midterm 1) | 25% |
| • Exam 2 (Midterm 2) | 25% |
| • Exam 3 (Final) | 25% |
| • Bonus | 10% |

Bonus: Your best exam will count for an extra 10% towards your total grade.

Later modules build on the earlier ones, hence students should expect exam material to be cumulative.

Assignments:

The assignments are meant to promote understanding and to help you prepare for the exams. All assignments must be uploaded to the Connect class website for grading. This may require scanning hand-written segments and bundling all answers into a single PDF file and/or a single Excel workbook. Students are encouraged to work together to discuss and solve the problems, but each submission must be unique (i.e., no copying from each other). Assignments submitted up to 24 hours late are penalized by 50 percent, and assignments submitted beyond that point are not graded.

	<u>Posted</u>	<u>Due</u>	<u>Topic</u>
1.	Mon, 20 th Jan	Midnight, Thu, 30 th Jan	Food market characteristics and models
2.	Mon, 24 th Feb	Midnight, Thu, 6 th Mar	Market Power, market organization
3.	Mon, 24 th Mar	Midnight, Thu, 3 rd Apr	Finance and Food, and Case Studies

Schedule of Topics

Module 1

Wk 1: Global food production and consumption patterns; Global trade patterns

Wk 2: Cyclical & Seasonality, Economic models of market structure (farm-retail, rural-urban)

Wk 3: Elasticities and Integrated Markets (Joint, Substitute, Income)

Wk 4: Biofuel, futures markets (brief)

Wk 5: Review (3rd Feb) and **Mid-term Exam 1 (5th Feb)**

Module 2

Wk 6: (10th Feb: Family Day); L10 Midterm 1 Review and Intro to Market Power (12th Feb)

Wk 7: Midterm Break (14th Feb – 23rd Feb)

Wk 8: Monopoly/Monopsony; Canadian Supply Management

Wk 9: Local vs. Foreign; Strategic Decisions; State-Trading Enterprises, the WTO

Wk 10: Module 2 Review (10th Mar) and **Mid-term Exam 2 (12th Mar)**

Module 3

Wk 11: Futures markets (advanced); commodity-linked financing, speculation vs. hedging

Wk 12: Corporate Hedging – physical otc markets and derivatives; Guest Lecture

Wk 13: Guest Lectures

Guest Lectures Topics (To be confirmed):

- Current issues in world fisheries
- Canadian food industry – and its potential as a food colossus
- Australian agriculture – the lucky country

Wk 14: Last Class; Final Summary Review

Final Exam Date: TBD