

EU Market and Business Policies

Course code: ECO 320

Semester and year: Spring 2025

Day and time: Thursday 15:30-18:15 (room 2.06)

Instructor: Prof. Alena Zemplerova

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Consultation hours: prior the class 14:30-15:30 (to be agreed in advance via e-mail)

Credits US/ECTS	3/6	Level	Intermediate
Length	15 weeks	Pre-requisite	
Contact hours	42 hours	Course type	Bachelor Elective

1. Course Description

The course explains how firms compete through their strategies and how businesses acquire and maintain market power. In addition, the course provides introduction into the tools of the business environment and market analysis. The course aims at presenting the European Union (EU) market related policies, their rationale and impact on businesses. The course familiarizes students with the main institutions of the EU related to the enforcement of EU market policies focusing on the competition policy and financial markets regulation.

2. Student Learning Outcomes

Upon completion of the course the student will be able to:

- Understand more in detail selected firm's strategies and doing business in the EU market
- Developing familiarity with the most important EU market related policies
- Analyse cases where these particular policies are relevant
- Present the results of one's own analysis and defend the position using the standard terminology
- Develop future career as an entrepreneur, manager or a consultant operating in the EU market

3. Reading Material

The course relies on the required textbook (selected chapters) and articles listed below. Occasional additional readings may be recommended preceding their discussion.

Required Materials (Available as a scan inserted in NEO or to Download)

Textbook:

Baldwin, R. and Wyplosz, C. (2022). *The Economics of European Integration*. 6th (7th) edition, McGraw-Hill Education (Selected chapters)

Recommended Materials

Bruijl, Gerard H. Th., The Relevance of Porter's Five Forces in Today's Innovative and Changing Business Environment (June 7, 2018). Available at SSRN: <https://ssrn.com/abstract=3192207> or <http://dx.doi.org/10.2139/ssrn.3192207>

Zemplerova, A., 2021, *The COVID-19 Crisis: Business Opportunities and Risks*, in ed. L. Tungul, *Emerging Paradigms in the Shifting Foreign and Domestic Environments*, Jutty Prerov, pp 68-76

https://www.martenscentre.eu/wp-content/uploads/2021/11/Yearbook-2022_Publication-EN.pdf

Occasional additional readings may be recommended preceding their discussion. Students are encouraged to scan the *Financial Times* or *The Economist* magazine for articles relevant to the topics covered in the course.

4. Teaching methodology

Models and empirical studies are considered in simplified versions but retaining the basic economic intuition. Logical arguments are used to explain main ideas of modern industrial organization. The core of the course will be not only lectures related to the theoretical background but also selected real life examples, antitrust cases and the EU market regulations. Stimulation of students' critical observation and thinking is based on research of real cases accenting the economic analysis. Communication skills will be trained via student's presentations and discussions.

Date	Class Agenda
Class 1 Jan. 31 Friday 11:15, room 2.05	<p>Topic: Introduction and the EU Market</p> <p>Description: Overview of the course, key concepts, issues addressed by the course, business versus governmental and the European Union (EU) policies, EU Market history (trade and market integration, monetary integration), economic vs. political integration</p>
Class 2 Feb. 06	<p>Topic: EU Market in the Global Environment</p> <p>Description: reasons, effects and stages of market integration, European Economic Area (EEA), European Free Trade Area (EFTA), EU market enlargements, EU market by member states, Brexit, EU market in the global economy, major economic indicators, Economic diversity of markets of the EU member states</p> <p>Reading: <i>Baldwin and Wyplosz, Ch. 1, pp.4-37</i></p> <p>Assignment #1 <i>Business environment: Comparative analysis</i></p> <p>Assignment #1 due: Class 3</p>
Class 3 Feb. 13	<p>Topic: EU Institutions, Market Regulation and Role of Lobbying</p> <p>Description: EU laws, Treaties, EU regulations and Directives. Major EU institutions, legislative process, lobbying. EU competences. Reasons for economic regulation, network industries, externalities, market failure.</p> <p>Reading: <i>Baldwin-Wyplosz, Ch. 2 and ch.3, pp.39-92</i></p> <p><i>Presentations of Assign. 1</i></p>
Class 4 Feb. 20	<p>Topic: EU Firms and Single Market, Barriers to Enter the Market</p> <p>Description: Market size and market liberalization, profit maximization, scale effects: economies and diseconomies of scale, small and medium size firms (SMEs), small vs. Large firms, barriers to trade. Market definition, product market, geographical and time dimension of the market.,</p> <p>Reading: <i>Baldwin and Wyplosz, Ch. 6, pp 143-153</i></p> <p><i>Presentations of Assign.1</i></p>
Class 5 Feb. 21 Friday 11:15 (Make-up for Feb.27)	<p>Topic: Competition and Monopoly in the EU Market</p> <p>Description: Structure-Conduct-Performance (S-C-P) model, Major characteristics of the market structure, business behaviour (conduct) and business performance (efficiency), oligopoly market structure, entry costs, contestable markets, competitive market forces and industry analysis.</p> <p>Reading: <i>Baldwin-Wyplosz, Ch. 11, 256-273</i></p> <p>Assignment #2 <i>Industry Analysis: Five competitive forces</i></p> <p>Assignment #2 due: Class 6</p>

<p>Class 6 March 06</p>	<p>Topic: EU Trade Policy, Multinational Companies and Foreign Direct Investment Pattern of trade and tariffs, non-tariff barriers to trade, EU institutions for trade policy, differences among the EU member states, anti-dumping and anti-subsidy measures, existing arrangements, EU single market and four freedoms of movement in the EU market, free movement of capital in the EU single market and foreign direct investment (FDI) Reading: <i>Baldwin-Wyplosz, Ch. 12, pp.275-285</i> Presentations of Assign. 2</p>
<p>Class 7 March 13</p>	<p>Topic: Mergers and Acquisitions (M&A) in the EU Market Description: Horizontal and vertical mergers, reasons for M&A, EU policy related to M&A, market concentration, market definition, measurement of market power, EU merger cases, Grossborder mergers vs. Domestic mergers, benefits of buying business in the EU Reading: <i>Geopolitics In Europe Drive Cross-Border M&A</i>, ARC Group August 1, 2024 https://arc-group.com/geopolitics-europe-cross-border-m-a/ Presentations of Assign. 2</p>
<p>Class 8 March 20</p>	<p>Midterm Exam</p>
<p>No Class March 27</p>	<p>Midterm Break</p>
<p>Class 9 April 03</p>	<p>Topic: Business Pricing Policies, Cartels and the EU Antitrust Description: Pricing policies of businesses, market segmentation, bundling, price fixing, collusion, factors facilitating collusion, public policy, EU Legislation, and competition policy related to cartels and monopoly, cases <i>Assignment #3 Antitrust case or Merger Approval in the EU market: approval process</i> Assignment # 3 due Class 10</p>
<p>Class 10 April 10</p>	<p>Topic: Non-Price Business Policies: Advertisement and Innovation Description: branding, types of advertisement, information, consumer behavior and firm strategy, search costs and switching cost, EU and consumer protection, types of advertisement exist and what is their relation to the market structure, business advertising regulation in the EU market, unfair B2B practices, business innovation policies, patents, importance of innovation, relation between market structure and innovation, types of innovations, patent regulation <i>Presentations Assign. 3</i></p>

<p>Class 11 April 17</p>	<p>Topic: European Monetary Union (EMU) Eurozone entry conditions and their economic reasoning, Stability and Growth Pact (SGP) and fiscal discipline, money, optimum currency area (OCA), Fiscal discipline in the eurozone countries, public debt crisis Assignment No 4: <i>Benefits and costs of joining currency union of euro for citizens and firms</i> <i>Presentations of the Assign. 3</i></p>
<p>Class 12 April 24</p>	<p>Topic: EU Financial Markets and the EURO Roles of financial markets, Financial institutions, Characteristics of financial markets (what is special about banking industry and why they are strongly regulated)? EU capital market integration and EU Treaties, Regulation, supervision and resolution in the EU banking market Reading: <i>Baldwin and Wyplosz, Ch. 17 pp.413-439</i> <i>Zemplinerova (2021)</i> <i>Presentation Assign. 4</i></p>
<p>Class 13 May 15</p>	<p>Topic: EU Budget and EU Policies Description: EU Budget, EU Financial Frameworks and its financing, EU policies, Common Agricultural Policy (CAP), Regional Policy, EU Green Deal, Future of the EU Market Reading: Baldwin and Wyplosz, Ch. 18 pp 443-472 <i>The EU system in perspective</i> https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689369/EPRS_BRI(2021)689369_EN.pdf <i>Presentation Assign. 4</i></p>
<p>Class 14 May 20 Tuesday</p>	<p>Final exam</p>

5. Course Requirements and Assessment (with estimated workloads)

Assignment	Workload (average)	Weight in Final Grade	Evaluated Course Specific Learning Outcomes	Evaluated Institutional Learning Outcomes*
Attendance and Class Participation	42	0%		
Assignments, discussion participation, presentation	35	24%	Ability to carry out research based on relevant sources. Ability to explain the topic while using economic arguments. Capacity to present, participate in discussions and defend own opinion.	1,2
Mid Term Exam (closed book)	25	30%	Ability to answer questions based on lectures and the assigned readings related to topics 1-6	1,2
Final Exam (closed book)	48	46%	Ability to use economic arguments and tools covered by the course, explain the studied topic, identify key issues, combine existing findings and defend one's own opinion. Ability to answer questions based on lectures and the assigned readings related to topics 1-13	1,2
TOTAL	150	100%		

*1 = Critical Thinking; 2 = Effective Communication; 3 = Effective and Responsible Action

7. Detailed description of the assignments

Written assignments

Each student must participate in 4 assignments (individual or teamwork). These will be research, analysis, oral presentations and discussions in the class, mainly case studies and statistical data analysis related to the EU market, competition policy and business strategies. Detailed description and guidelines for each assignment will be provided during the class and inserted into NEO. Assignments require not only research related to the topic and economic arguments but also proper referencing. Assignments should be handed in via NEO due time, presented on an agreed date and will be counted for the grade. In case a student will not meet this requirement, he or she will lose points.

Midterm exam

Midterm exam includes questions, and multiple choices that cover the topics 1-7. It is a close book exam.

Final exam

Final exam includes questions, multiple choices and an essay question that cover the topics 1-14. It is a close book exam. Detailed guidelines and study guides will be inserted into NEO.

8. General Requirements and School Policies

General requirements

All coursework is governed by AAU's academic rules. Students are expected to be familiar with the academic rules available in the Codex and Student Handbook and to maintain the highest standards of honesty and academic integrity in their work.

Electronic communication and submission

The university and instructors shall only use students' university email address for communication. It is strongly recommended that any email communication between students and instructors take place in NEO LMS.

Each e-mail sent to an instructor that is about a new topic (meaning not a reply to an original email) shall have a new and clearly stated subject and shall have the course code in the subject "ECO 3 Mid-term Exam. Question".

All electronic submissions are carried out through NEO LMS. No substantial pieces of writing (especially take home exams and essays) can be submitted outside of NEO LMS.

Attendance

Attendance, i.e., presence in class in real-time, is compulsory.

Absence excuse and make-up options

Should a student be absent from classes for relevant reasons (illness, serious family matters), s/he must submit to the Dean of Students an Absence Excuse Request Form supplemented with documents providing reasons for the absence. The form and documents must be submitted within one week of the absence. If possible, it is recommended the instructor be informed of the absence in advance. Should a student be absent during the add/drop period due to a change in registration this will be an excused absence if s/he submits an Absence Excuse Request Form along with the finalized add/drop form.

Assignments missed due to unexcused absences cannot be made up which may result in a decreased or failing grade as specified in the syllabus.

Students whose absence has been excused by the Dean of Students are entitled to make up assignments and exams provided their nature allows for a make-up. Students are responsible for contacting their instructor within one week of the date the absence was excused to arrange for make-up options.

Late work: No late submissions will be accepted – please follow the deadlines.

Electronic devices

Tablets and laptops may be used only for class-related activities (taking notes, looking up related information, etc.). Any other use will result in the student being marked absent and/or being expelled from the class. Mobil phones are not allowed during the class. No electronic devices may be used during tests or exams.

Eating is not allowed during classes.

Cheating and disruptive behavior

If a student engages in disruptive or other conduct unsuitable for a classroom environment of an institution of learning, the instructor may require the student to withdraw from the

room for the duration of the activity or for the day and shall report the behavior to the Dean.

Students engaging in behavior which is suggestive of cheating (e.g. whispering or passing notes) will, at a minimum, be warned. In the case of continued misbehavior the student will be expelled from the exam and the exam will be marked as failed.

Plagiarism and Academic Tutoring Center

Plagiarism is "the unauthorized use or close imitation of the language and thoughts of another author and the representation of them as one's own original work." (Random House Unabridged Dictionary, 2nd Edition, Random House, New York, 1993)

Turnitin's White Paper 'The Plagiarism Spectrum' (available at <http://go.turnitin.com/paper/plagiarism-spectrum>) identifies 10 types of plagiarism ordered from most to least severe:

1. CLONE: An act of submitting another's work, word-for-word, as one's own.
2. CTRL-C: A written piece that contains significant portions of text from a single source without alterations.
3. FIND-REPLACE: The act of changing key words and phrases but retaining the essential content of the source in a paper.
4. REMIX: An act of paraphrasing from other sources and making the content fit together seamlessly.
5. RECYCLE: The act of borrowing generously from one's own previous work without citation; To self-plagiarize.
6. HYBRID: The act of combining perfectly cited sources with copied passages—without citation—in one paper.
7. MASHUP: A paper that represents a mix of copied material from several different sources without proper citation.
8. 404 ERROR: A written piece that includes citations to non-existent or inaccurate information about sources
9. AGGREGATOR: The "Aggregator" includes proper citation, but the paper contains almost no original work.
10. RE-TWEET: This paper includes proper citation, but relies too closely on the text's original wording and/or structure.

As the minimum policy the types of plagiarism from 1 through 8 results in the failing grade from the assignment and must be reported to the Dean. The Dean may initiate a disciplinary procedure pursuant to the Academic Codex. Allegations of bought papers and intentional or consistent plagiarism always entail disciplinary hearing and may result in expulsion from AAU.

If unsure about technical aspects of writing, students are encouraged to consult their papers with the tutors of the AAU Academic Tutoring Center. For more information and/or to book a tutor, please contact the ATC at: <http://atc.simplybook.me/sheduler/manage/event/1/>.

Students with disabilities

Students with disabilities are asked to contact their instructor as soon as possible to discuss reasonable accommodation.

9. Grading Scale

Letter Grade	Percentage*	Description
A	95 - 100	Excellent performance. The student has shown originality and displayed an exceptional grasp of the material and a deep analytical understanding of the subject.
A-	90 - 94	
B+	87 - 89	Good performance. The student has mastered the material, understands the subject well and has shown some originality of thought and/or considerable effort.
B	83 - 86	
B-	80 - 82	
C+	77 - 79	Fair performance. The student has acquired an acceptable understanding of the material and essential subject matter of the course, but has not succeeded in translating this understanding into consistently creative or original work.
C	73 - 76	
C-	70 - 72	
D+	65 - 69	Poor. The student has shown some understanding of the material and subject matter covered during the course. The student's work, however, has not shown enough effort or understanding to allow for a passing grade in School Required Courses. It does qualify as a passing mark for the General College Courses and Electives.
D	60 - 64	
F	0 - 59	Fail. The student has not succeeded in mastering the subject matter covered in the course.

* Decimals should be rounded to the nearest whole number.

Prepared by and when: Prof. Alena Zemplerova, January, 2024