

EUROPEAN AND GLOBAL TRADE WS2013/14

Prof. Inmaculada Martínez-Zarzoso, Ph.D.

Tutor: Junaid Ahmed

Organization:

The block-seminar will take place in the winter semester, the 17th and 18th of January 2013 in Oec1.162 and Oec1.163. The presentation of the seminar will take place the 23th of October 2013 at 1:00 p. M. in Oec 1.162. We encourage you to discuss your paper and presentation in our office hours and not just a few days before you finalize your paper. The listed references should provide a very clear overview of the main ideas and the main literature you have to use. There is no claim that the reading list is complete, it is intended to give you a good start, but however you will need more literature than there is on the list.

The final paper should be written in English, (10 pages excluding references, title page, table of contents, tables and figures, 12pt, 1.5 spaced, margins: left 2.5 cm, right 3.5; top/bottom 2.5, max. 16 pages total), be analytical and critical, develop a coherent argument, drawing own conclusions and should go beyond the pure summary of existing literature. Guidelines on well-written papers can be found on the webpage of Prof. Klasen (<http://www.uni-goettingen.de/de/64390.html>). An electronic (pdf) as well as one printed copy of the seminar papers is due one week before the first day of the seminar. The electronic version will then be made available to all other students for reading.

The presentations should be in English and have a maximum length of 20 min focusing on the main insights of the research papers. The speaker can use any visual device for her or his presentation (e.g. handouts, slides, Power point) and should be able to answer short questions during the presentation. (Please don't forget about your audience and prepare a well-structured, interesting and educational presentation!).

The file of your presentation is due three days before the seminar. Please hand in two hard copies of your paper and also send the paper as a pdf file and a ppt file of the presentation to junaid.ahmed@wiwi.uni-goettingen.de and imartin@gwdg.de.

It is also expected that all other students have briefly gone through the papers of the other participants before the seminar, so that a good discussion after the presentations can take place.

Inmaculada Martínez-Zarzoso

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Office hours: Thursday 13:00 to 15:00 p.m.

Junaid Ahmed

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Office hours: by appointment via email.

Requirements

The paper accounts for 70 percent and your presentation and active in class participation for 30 percent. For the grade of the presentation it is crucial that you can very well explain the ideas, theoretical and empirical models included in your paper to your classmates.

To register for the course it is necessary to register for the seminar in Stud.ip. The available topics are listed in the forum in Stud.ip. To choose a topic students have to respond to the thread of the corresponding topic. The first who answers the topic gets it. You can then start to work on the topic.

Important Dates and Deadlines

October 1 st	Begin of registration process on Stud.ip at 10 a.m.
October 23 th	Introductory meeting (1 p.m. at Oec1.162)
October 30 th	End of registration period on Stud.ip
October 30 th	Registration deadline (Prüfungsamt)
January 11 th	Submission of your paper
January 16 th	Submission of your presentation
January 18 th	First meeting (8 a.m. Oec1.162)
January 19 th	Second meeting (8 a.m. Oec1.163)
January 30 th	Grades are available at Stud.IP

Topics

Topic 1: Institutional Quality, Trade and Growth

Cieslik, A. and Monika Tarsalewska (2011) External Openness and Economic Growth in Developing Countries, *Review of Development Economics*, 15(4), 729–744.

Das, Anupam and Biru Paksha Paul (2011) “Openness and growth in emerging Asian economies: Evidence from GMM estimations of a dynamic panel” *Economics Bulletin* 31, issue 3.

Dollar, D. and Kraay, A. (2003) Institutions, Trade and Growth: Revisiting the Evidence, World Bank Policy Research Working Paper, 3004.

Rodrik, D., Subramanian, A., and Trevisi, F. (2004) Institutional Rule: The Primacy of Institutions over Geography and Integration in Economic Development, *Journal of Economic Growth*, 9, 2, pp. 131-165.

Yanikkaya, H. (2003) “Trade, Openness and Economic Growth: A Cross-country Empirical Investigation” *Journal of Development Economics* 72, 57-89.

Topic 2: Aid for Trade

Brenton, P. and van Uexkull, E. (2009). Product Specific Technical Assistance for Exports – Has it Been Effective? *Journal of International Trade and Economic Development*, 18(2), 235-254.

Calí, M. and Te Velde, D.W. (2011). Does Aid for Trade Really Improve Trade Performance? *World Development*, 39(5), 725-740.

Udvari, Beáta “The Role of Aid for Trade in The European Union’s Development Policy” ETSG Conference 2011 Copenhagen.

Hoekman, B. (2010): *Aid for Trade: Why, what and where are we?* Available: http://siteresources.worldbank.org/INTRANETTRADE/Resources/239054-1273092281133/Bernard_Hoekman_Aid_For_Trade.pdf

Pettersson, J. and Johansson, L. (2012). Aid, Aid for Trade, and Bilateral Trade: An Empirical Study. *Journal of International Trade and Economic Development* (forthcoming; DOI: 10.1080/09638199.2011.613998).

Moreira, E. P. (2010): Aid for Trade, Infrastructure, and the Growth Effects of Trade Reform. Issues and Implications for Caribbean countries. *Policy Research Working Paper*, 5265, The World Bank.

Vijil, M. and Wagner, L. (2010) “ Does aid for trade enhance export performance? Investigating on the infrastructure channel. Available at: http://www.etsg.org/ETSG2010/papers/Vijil_Wagner.pdf

Topic 3: Trade Facilitation

Behar, Alberto (2009). "De Bonus Vetus OLS: Approximating the international trade-cost effects of red tape", Available at: http://works.bepress.com/alberto_behar/11.

Ferguson, Shon and Rikard Forslid “The heterogeneous effects of trade facilitation: theory and evidence”. ETSG Conference 2011 Copenhagen.

Lederman, D., M. Olarreaga, and L. Payton (2010): .Export promotion agencies: Do they work?., *Journal of Development Economics*, 91(2), 257.265.

Njinkeu, Dominique, Wilson, John S. and Fosso, Bruno Powo, Expanding Trade within Africa: The Impact of Trade Facilitation (December 1, 2008). World Bank Policy Research Working Paper Series, 2008.
Available at SSRN: <http://ssrn.com/abstract=1312273>.

Persson, M. (2007) “Trade Facilitation and the EU-ACP Economic Partnership Agreements” GTAP WP, 2007.

Persson, M. (2012) Trade Facilitation and the extensive margin, *The Journal of International Trade and Economic Development*, Forthcoming.
DOI:10.1080/09638199.2011.587019.

Portugal-Perez, A. and Wilson, J. S. (2012) Export Performance and Trade Facilitation Reform: Hard and Soft Infrastructure, *World Development* 40 (7), 1295–1307.

Topic 4: Trade Agreements

Amiti, Mary, and Jozef Konings. 2007. “Trade Liberalization, Intermediate Inputs, and Productivity: Evidence from Indonesia.” *American Economic Review*, 97(5): 1611-1638.

Baier, Scott L; Bergstrand, Jeffery H; Mariutto, Roland., 2010. "The Growth of Bilateralism," CAGE Online Working Paper Series 12, Competitive Advantage in the Global Economy (CAGE).

Bergin, Paul R. Glick, Reuven. 2007 "Tradability, productivity, and international economic integration", *Journal of International Economics*, Volume 73, Issue 1, September 2007, Pages 128-15.

Kowalczyk, Carsten & Raymond Riezman, 2009. "Trade Agreements," CESifo Working Paper Series 2660, CESifo Group Munich.

Pavcnik, Nina. 2002. "Trade Liberalization, Exit, and Productivity Improvement: Evidence from Chilean Plants." *Review of Economic Studies*, 69(1): 245–76

Trefler, Daniel. 2004. "The Long and Short of the Canada–U.S. Free Trade Agreement." *American Economic Review*, 94(4): 870–95.

World Trade Report 2011- The WTO and Preferential Trade Agreements: From Co-existence to Coherence, *World Trade Organisation WTO* (2011).

Topic 5: Trade and the Environment

Aichele, Rahel Gabriel Felbermayr (2011) "Estimating the effect of Kyoto on bilateral trade flows and the carbon content of trade using matching econometrics" ETSG Conference 2011 Copenhagen.

Aichele, Rahel Gabriel Felbermayr (2011) "Kyoto and the carbon footprint from nations", [Journal of Environmental Economics and Management](#) **63, 3**, 336–354.

Batrakova , Svetlana and Ronald B Davies, (2012) "Is there an environmental benefit to being an exporter? Evidence from firm level data." *Review of World Economics*, 148 (3): 449-474, DOI: 10.1007/s10290-012-0125-2.

Busse, M. and Magdalene Silberberger (2010) "Effects of Openness and Trade in Pollutive Industries on Stringency of Environmental Regulation" Ruhr-University of Bochum. <http://www.etsg.org/ETSG2010/papers/silberberger,busse.pdf>

Copeland, Brian R. and M. Scott Taylor (2003) "Free Trade and Global Warming: A Trade Theory View of the Kyoto" University of British Columbia, Vancouver, Canada.

Ederington, J., Levison, A. and Minier, J. (2004) "Trade Liberalization and Pollution Havens" *Advances in Economic Analysis and Policy* 4 (2),1-22.

Kellenberg, Derek K. (2009) "An empirical investigation of the pollution haven effect with strategic environment and trade policy" *Journal of International Economics*, Volume 78, Issue 2, July 2009, Pages 242-255.

Kearsley, Aaron and Mary Riddel (2010) "A further inquiry into the Pollution Haven Hypothesis and the Environmental Kuznets Curve" *Ecological Economics*, Volume 69, Issue 4, 15 February Pages 905-919.

Topic 6: Technology and Trade

Bustos, Paula (2011), "Trade Liberalization, Exports and Technology Upgrading: Evidence on the Impact of MERCOSUR on Argentinian Firms", *American Economic Review* 101,304-340.

Kneller, R., Pantzea, S. and Upward, R. (2010) "Does Absorptive Capacity Affect Who Benefits from International Technology Transfer? Available at: <http://www.etsg.org/ETSG2010/papers/Pantea.pdf>

Bascavusoglu, von E. (2005), "Does International *Trade Transfer Technology* to Emerging Countries? Open University wp 14. Available at: http://www.open.ac.uk/ikd/workingpapers/workingpaper_14.pdf

Keller, Wolfgang (2002). "Trade and the Transmission of Technology." *Journal of Economic Growth* 7(1): 5-24.

Topic 7: Gender Inequality and Trade

Aguayo, Ernesto, Jim Airola, and Chinhui Juhn (2010), "Did Trade Liberalization Help Women? The Case of Mexico in the 1990s", NBER working paper 16195.

Bussolo, Maurizio, R De Hoyos (2009), "Introduction and Overview", in M Bussolo and R De Hoyoy (ed.), *Gender Aspects of the trade and Poverty Nexus*, World Bank Press.

Casablanca, E. J. (2012) The impact of trade liberalization on the gender wage gap: the case of Peru 2004- 2010 <http://www.etsg.org/ETSG2012/Programme/Papers/374.pdf>.

Kiratu, S. and Roy, S. (2010), "Beyond Barriers: The Gender Implications of Trade Liberalization in Southern Africa", International Institute for Sustainable Development, mimeo.

Shaw, A. (2010), "Gender and Trade in East Africa. A review of the Literature", UK Department for International Development (DFID), mimeo.

Topic 8: Trade, Income per Capita and Inequality

Bernasconi, Claudia (2009) New Evidence for the Linder Hypothesis and the two Extensive Margins of Trade, February 2009.

Choi, Yo Chul, David Hummels, and Chong Xiang, "Explaining Import Quality: the Role of the Income Distribution," *Journal of International Economics*, 2009, 77, 265–275.

Fajgelbaum, Pablo, Gene M. Grossman, Elhanan Helpman (2011), "Income Distribution, Product Quality, and International Trade", *Journal of Political Economy*, Vol. 119, No. 4, pp. 721-765.

Fieler, Ana Cecilia (2011), "Nonhomotheticity and Bilateral Trade: Evidence and a Quantitative Explanation", *Econometrica*, Vol.79, No.4, 1069-1101.

Latzer, Hélène and Florian Mayneris “Trade in quality and income distribution: an analysis of the enlarged EU market”.ETSG Conference 2011 Copenhagen.

Markusen, J. R. (2010) “Putting per-capita income back into trade theory” available at: <http://www.etsg.org/ETSG2010/papers/markusen.pdf>

Mitra, Devashish and Vitor Trindade (2005) “Inequality and trade”, Canadian Journal of Economics, Vol. 38, No. 4, 1253-1271.

Topic 9: Trade and Transport Costs

Alberto Behar and Anthony J. Venables. "Transport Costs and International Trade" *Handbook of Transport Economics*. Ed. André de Palma, Robin Lindsey, Emile Quinet & Roger Vickerman. Edward Elgar, 2010.

Available at: http://works.bepress.com/alberto_behar/17

Kleinert, Joern and Julia Spies “Endogenous Transport Costs in International Trade” ETSG Conference 2011 Copenhagen. <http://www.etsg.org/ETSG2011/Papers/Spies.pdf>

Limao, N, Venables, AJ (2001), Infrastructure, Geographical Disadvantage and Transport Costs. *World Bank Economic Review* 15, 451-479.

Martínez-Zarzoso, I. and Suárez-Burguet, C. (2005), “Transport costs and trade: empirical evidence for Latin American imports from the European Union”. *Journal of International Trade and Economic Development*, 14(3), 227-245.

Topic 10: Trade and Logistics

Alberto Behar, Phil Manners, and Ben Nelson. 2009. "Exports and Logistics" Department of Economics Working Paper Series, Available at: http://www.economics.ox.ac.uk/index.php/papers/details/department_wp_439/

Clark, X., Dollar, D. and Micco, A. (2004). Port efficiency, maritime transport costs, and bilateral trade. *Journal of Development Economics*, 75, 417-450.

Micco, A. and Pérez, N. (2002). Determinants of Maritime Transport Costs. WP-441, Inter-American Development Bank.

Nordas, H., Pinali, E. And Grosso, M. (2006) Logistics and time as a trade barrier, OECD Trade Policy Working Paper N° 35.

Topic 11: Exchange Rate Volatility and Trade

Baum, C.F. et al. 2010. On the sensitivity of the volume and volatility of bilateral trade flows to exchange rate uncertainty. *Journal of International Money and Finance*, 29(1), pp. 79-93.

Tenreyro, S. 2007. On the trade impact of nominal exchange rate volatility. *Journal of Development Economics*, 82(2), pp. 485-508.

Clark, P. et al. 2004. Exchange Rate Volatility and Trade Flows - Some New Evidence. *International Monetary Fund Occasional Paper*, No. 235.

Bahmani-Oskooee, M. & Hegerty, S.W., 2007. Exchange rate volatility and trade flows: a review article. *Journal of Economic Studies*, 34(3), p.211 - 255.

Topic 12: Financial Integration and Trade

Aizenman, J., 2008. On the hidden links between financial and trade opening. *Journal of International Money and Finance*, 27(3), 372 - 386.

Imbs, J., 2006. The real effects of financial integration. *Journal of International Economics*, 68(2), 296-324.

Shin, K. & Sohn, C., 2006. Trade and Financial Integration in East Asia: Effects on Co-movements. *The World Economy*, 29(12), 1649-1669.

Topic 13: Trade and Conflicts

Bhattacharya, P.S. & Thomakos, D.D., 2007. Trade, openness, and domestic conflict: an empirical investigation for Latin America. *Economics of Peace and Security Journal*, 2(2), 77 - 80.

Garfinkel M. R., Skaperdas, S and Syropoulos C. 2009. Globalization and Insecurity: Reviewing Some Basic Issues in G.D. Hess (ed.), *Guns and Butter: The Economic Causes and Consequences of Conflict*, Cambridge, MA: MIT Press, June 2009.

Garfinkel M. R., Skaperdas, S and Syropoulos C. 2012. Trade in the Shadow of Power. in M.R. Garfinkel and S. Skaperdas (eds.), *The Oxford Handbook of the Economics of Peace and Conflict*, New York, NY: Oxford University Press, 2012.

Hadjiyiannis, Costas, Maria S. Heracleous and Chrysostomos Tabakis (2012) *Regionalism and Conflict: Peace Creation and Peace Diversion*
<http://www.etsg.org/ETSG2012/Programme/Papers/159.pdf>

Martin, P., Mayer, T. & Thoenig, M., 2008. Make Trade Not War? *Review of Economic Studies*, 75(3), 865 - 900.

Morrow, J.D., 1999. How Could Trade Affect Conflict? *Journal of Peace Research*, 36(4).

Reuveny, R., 2000. The Trade and Conflict Debate: A Survey of Theory, Evidence and Future Research. *Peace Economics, Peace Science and Public Policy*, 6(1).

Vicard V. 2012. Trade, Conflict and political Integration: Explaining the Heterogeneity of Regional Trade Agreements. *European Economic Review*, 56, 54-71.

Topic 14: The Extensive and the Intensive Margins of Trade

Chaney, T. (2008), Distorted Gravity: The Intensive and Extensive Margins of International Trade, *American Economic Review* 98:4, 1707-1721.

Helpman, Elhanan, Marc Melitz, and Yona Rubinstein. 2008. "Estimating Trade Flows: Trading Partners and Trading Volumes." *Quarterly Journal of Economics* 117, pp137-.

Hillberry, R. and Hummels, D. (2008), Trade Responses to Geographical Frictions: A Decomposition Using Micro-Data, *European Economic Review* 52 (2008): 527–550.

Staub, K. "Estimation of trade effects at country margins" University of Zurich.

<http://www.sts.uzh.ch/members/staub/margins.pdf>.

Lawless, M. 2010 "Deconstructing Gravity: Trade Cost and the Extensive and the Intensive Margin." *Canadian Journal of Economics*, 43 (4):1149-1172, DOI: 0008-4085 / 10 / 1149–1172.

Topic 15: Product Quality

Kugler, Maurice and Eric Verhoogen (2012), "Prices, Plant Size, and Product Quality", *Review of Economic Studies*, vol. 79 no. 1, 307-339.

Schott, Peter K. 2004. "Across-Product versus Within-Product Specialization in International Trade." *Quarterly Journal of Economics*, 119(2): 647–78.

Feenstra, Robert C., and John Romalis (2011), "International Prices and Endogenous Quality", NBER.

Hummels, David, Jun Ishii, and Kei-Mu Yi. 2001. "The Nature and Growth of Vertical Specialization in World Trade." *Journal of International Economics*, 54(1): 75-96.

Hallak, Juan Carlos. 2006. "Product Quality and the Direction of Trade." *Journal of International Economics*, 68(1): 238–65.

Hallak, Juan Carlos and Peter Schott (2008), "Estimating Cross-Country Differences in Product Quality", NBER Working Paper 13807.

Hummels, David, and Peter Klenow. 2005. "The Variety and Quality of a Nation's Exports." *American Economic Review*, 95(3): 704–723.

Topic 16: Multilateral Resistance and the Border Puzzle

Anderson, James E., and Eric van Wincoop. 2003. "Gravity with Gravitas: A Solution to the Border Puzzle." *American Economic Review*, 93(1): 170-192.

Larch, Mario, Pehr-Johan Norbäck, Steffen Sirries (2012) Heterogeneous Firms, Globalization and the Distance Puzzle,

<http://www.etsg.org/ETSG2012/Programme/Papers/282.pdf>.

Nelson, B. D. and Behar, A. 2009 "Trade Flows, Multilateral Resistance and Firm Heterogeneity" University of Oxford, mimeo.

Llano, C. and Requena, F. 2010 "The Border Effects in Spain: An Industry Level Analysis." *Empirica*, 37 (4): 455-476, DOI: 10.1007/s10663-010-9123-6.

Topic 17: Trade and International Production Networks

Athukorala, Prema-chandra & Shahbaz Nasir, 2012. "Global Production Sharing and South-South Trade," Departmental Working Papers 2012-12, Australian National University, Arndt-Corden Department of Economics.

Athukorala, Prema-chandra 2011. "Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?," *Asian Economic Papers*, MIT Press, vol. 10(1), pages 65-95.

Baldwin, R. and Venables, A. J. (2010) "Relocating the value chain: Off-shoring and Agglomeration in the Global Economy. Available at: <http://www.etsg.org/ETSG2010/papers/Baldwin.pdf>

Obashi, Ayako (2010) Stability of production networks in East Asia: Duration and survival of trade, *Japan and the World Economy*, Volume 22, Issue 1, January, Pages 21-30.

Ma, Alyson C., Ari Van Assche, Chang Hong. (2009) Global production networks and China's processing trade *Journal of Asian Economics*, Volume 20, Issue 6, November, Pages 640-654.

Kimura, F., Takahashi, Y., Hayakawa, K., (2007), "Fragmentation and parts and components trade: Comparison between East Asia and Europe", *North American Journal of Economics and Finance*, 18, 23–40.

De Benedictis, Luca. (2010). "Africa in the World Trade Network" Available at: http://works.bepress.com/luca_de_benedictis/16.

Topic 18: The Euro Effect

Baldwin, R., 2006. The Euro's Trade Effect. *ECB Working Paper Series*, 594.

Baldwin, R., Skudelny, F.& Taglioni, D., 2005. Trade effects of the euro - evidence from sectoral data. European Central Bank, 446.

Berger, H. & Nitsch, V., 2008. Zooming out: The trade effect of the euro in historical perspective. *Journal of International Money and Finance*, 27(8), pp.1244 - 1260.

Eicher, T.S. & Henn, C., 2011. One Money, One Market: A Revised Benchmark. *Review of International Economics*, 19 (3), 419 - 435.

Flam, H. & Nordstrom, H., 2007. Explaining large euro effects on trade: the extensive margin and vertical specialization. *Manuscript, Institute for International Economic Studies, Stockholm University*.

Frankel, J.& Rose, A., 2002. An Estimate of The Effect Of Common Currencies On Trade And Income. *The Quarterly Journal of Economics*, 117(2), p.437 - 466.

Havranek, T., 2010. Rose effect and the euro: is the magic gone? *Review of World Economics*, 146(2), pp.241-261.

Rose, A.K., 2000. One Currency, One Market: Estimating the Effect of Common Currencies on Trade. *Economic Policy*, 15(30), p.7-46.

Santos Silva, J.M.C. & Tenreyro, S., 2010. Currency Unions in Prospect and Retrospect. *Annual Review of Economics*, 2(1), pp.51 - 74.

Saia, Alessandro (2012) [Estimating the Euro's trade effects: a synthetic control approach](http://www.etsg.org/ETSG2012/Programme/Papers/137.pdf), <http://www.etsg.org/ETSG2012/Programme/Papers/137.pdf>.

Vicarelli, Claudio Carmine Pappalardo,(2012) [Euro introduction and export behaviour of Italian firms](http://works.bepress.com/claudio_vicarelli/14/) http://works.bepress.com/claudio_vicarelli/14/.