

Please scroll down for the English version

Sehr geehrte Abonentinnen und Abonenten,

wir freuen uns, Sie per Newsletter über die neuesten Entwicklungen des FIW-Projekts informieren zu dürfen.

Dieses Mal mit folgendem Inhalt:

- FIW Studien 2014/15: Nr. 2 "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" veröffentlicht
- Neue FIW Working Papers veröffentlicht
- FIW-Seminar in International Economics mit Goran Vukšić am 5.3.2015
- Reminder: FIW-Seminar in International Economics mit Elisabeth Christen am 26.2. 2015
- Ausschreibung: FIW Award für Dissertationen

FIW Studien 2014/15: Nr. 2 "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" veröffentlicht

Die Studien 2014/15 zeigen die Ergebnisse der fünf Themenbereiche "TTIP als Teil einer Neuen Euro-päischen Außenwirtschaftsstrategie", "Österreichs Außenwirtschaftspotentiale in den BRICS-Ländern", „Terms of Trade“, "Österreichs ungenutzte Exportpotentiale – Update der FIW-Studie "A Land Far Away"" und "Globale Wertschöpfungsketten", die 2013 vom Bundesministerium für Wirtschaft, Familie und Jugend (BMWFJ) ausgeschrieben und aus Mitteln der Internationalisierungsoffensive der Bundesregierung finanziert wurden.

Die FIW-Studie "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" von Robert Stehrer und Roman Stöllinger wurde veröffentlicht und steht online zur Verfügung unter:

<http://www.fiw.ac.at/index.php?id=779#c13445>

Neue FIW Working Paper veröffentlicht

Die FIW Working Papers Nr. 144, Nr. 145 und Nr. 146 wurden veröffentlicht und können unter folgendem Link heruntergeladen werden:

<http://www.fiw.ac.at/index.php?id=545>

WP Nr. 144: Julian Donaubaer, Birgit Meyer, Peter Nunnekamp: "Aid, Infrastructure, and FDI: Assessing the Transmission Channel with a New Index of Infrastructure"

Abstract: We raise the hypothesis that aid specifically targeted at economic infrastructure helps developing countries attract higher FDI inflows through improving their endowment with infrastructure in transportation, communication, energy and finance. By performing 3SLS estimations we explicitly account for dependencies between three structural equations on the allocation of sector-specific aid, the determinants of infrastructure, and the determinants of FDI. We find fairly strong and robust evidence that targeted aid promotes FDI indirectly through the infrastructure channel. In addition, aid in infrastructure appears to have surprisingly strong direct effects on FDI.

JEL : F21, F35, O18

Keywords: aid effectiveness, sector-specific aid, foreign direct investment, infrastructure

WP Nr. 145: Soumia Zenasni: "Recent Trends in Regional Financial Integration and Trade Liberalization in Maghreb Countries: A Multivariate Threshold Autoregressive Analysis"

Increased globalization over the last two decades has led to strong growth in international business activity and international financial integration. This phenomenon covers a wide array of economic activities, including regional and international integration, investment and trade, international financial shocks and disturbances. This paper takes stock of current trends in regional financial integration and trade liberalization processes for the case of Maghreb countries. It aims also to examine the effects of these recent trends on economic growth in an era of growing globalization and frequent financial shocks. Using Multivariate Threshold Vector Autoregressive (MVTAR) estimation with data from 1990 to 2012, this study argues that the greater and deeper regional financial integration and trade will have positive repercussions for each Maghreb country. In addition, estimation results show that the regional financial integration process plays a positive role in enlarging the borders of countries as well as the market size of each country and, consequently, in stimulating economic growth. Finally, we can assert that the study argues that political and structural impediments continue to hamper regional integration.

JEL: F36, E44, F65, G01, C3

Keywords: Regional financial integration, trade liberalization, globalization, Maghreb countries, multivariate threshold analysis

WP Nr. 146: Galina V. Kolev: "On the nature of shocks driving exchange rates in emerging countries"

The paper analyzes the sources of exchange rate movements in emerging economies in the context of monetary tapering by the Federal Reserve. A structural vector autoregression framework with a long-run restriction is used to decompose the movements of nominal exchange rates into two components: one component driven solely by the adjustment of the real exchange rate to permanent shocks and one resulting from transitory shocks such as monetary policy measures. Imposing the restriction that temporary shocks should not affect the real exchange rate in the long run, the analysis shows that the recent depreciation of the Russian ruble and the Turkish lira is largely driven by transitory shocks, like for instance monetary policy measures. Furthermore, the response of the lira to transitory shocks is sluggish and further depreciation is possible in the next months. In Brazil and India, on the contrary, nominal exchange rate behavior is mainly driven by permanent shocks. The recent depreciation is not caused by short-lived shocks but rather by changing long-term macroeconomic fundamentals. The foreign exchange interventions of the central bank to avoid large depreciation are therefore largely misplaced, especially in Brazil. They aggravate the use of nominal exchange rate flexibility as an efficient adjustment mechanism for real exchange rate changes, i.e. changes in relative prices across borders, and efficient allocation of resources.

JEL: F31, E58

Keywords: Exchange rates, emerging economies, SVAR, monetary policy

FIW-Seminar in International Economics am 5.3. 2015

Das FIW bietet regelmäßig Vorlesungen in Form eines Seminars in "International Economics" an.

Ort: wiiw Wiener Institut für Internationale Wirtschaftsvergleiche, Rahlgasse 3, 1060 Wien

Donnerstag 5. März, 16:00-18:00

wiiw, Rahlgasse 3, 1060 Vienna, lecture hall (entrance from the ground floor)

Developing countries in competition for foreign investment

Goran Vukšić

Institute of Public Finance, Croatia

Abstract

This study analyzes the competition for foreign direct investment (FDI) among countries at different stages of development. It is assumed that domestic companies in a more-developed country use more capital in production and that wages in a less-developed country are lower. Countries can compete for FDI by increasing the supply of public inputs in the economy, in addition to (or instead of) offering subsidies or tax reliefs to foreign investors. The results reveal that if governments of competing countries are not allowed to discriminate between domestic and foreign firms, there may be situations in which a less-developed economy will attract FDI depending on the labor cost differential and the responsiveness of foreign investors' and domestic companies' output to changes in the supply of public inputs. If tax discrimination between domestic and foreign firms is permitted, both countries will optimally raise the supply of public inputs, but the more-developed country will always win the foreign investment despite higher labor costs. Thus, governments of less-developed countries may have an incentive to work on an international agreement to disallow tax discrimination.

Keywords: foreign direct investment; economic development; taxation policy; subsidies; public goods.

JEL Codes: F21; O24; H25; H41

Reminder: FIW-Seminar in International Economics am 26.2. 2015

Das FIW bietet regelmäßig Vorlesungen in Form eines Seminars in "International Economics" an.

Ort: wiiw Wiener Institut für Internationale Wirtschaftsvergleiche, Rahlgasse 3, 1060 Wien

Donnerstag 26. Februar, 16:00-18:00

wiiw, Rahlgasse 3, 1060 Vienna, lecture hall (entrance from the ground floor)

Decomposing Services Exports Adjustments along the Intensive and Extensive Margin at the Firm-Level

Elisabeth Christen (with Yvonne Wolfmayr and Michael Pfaffermayr)

WIFO

Abstract

Using a comprehensive and unique data set of Austrian service exporting firms provided by the Austrian central bank (OeNB) this paper empirically examines the determinants of service exports at the firm/destination country level. Based on a Heckman sample selection gravity model, the paper introduces a new approach to decompose expected firm-level services exports into changes at the intensive and the extensive margins of adjustment as a response to counterfactual changes in exogenous variables. Specifically, we consider several counterfactual scenarios including the (hypothetical) reduction of trade costs, changes in destination market size and enhanced firm productivity. Our results suggest that export market growth and a reduction in distance related trade costs exert the relative strongest impact on the entry into new markets. Policies aiming at promoting firm productivity also have the potential to broaden the exporter base and play an important role for trade deepening.

Keywords: Service trade, Firm-level evidence, Firm heterogeneity, Gravity model, Sample selection, Intensive and extensive margin of trade.

JEL Codes: C15, C21, D21, F14, L20, L80

Ausschreibung: FIW Award für Dissertationen

Im Rahmen des Kompetenzzentrums „Forschungsschwerpunkt Internationale Wirtschaft“ wird der „FIW Award“ bis zu einer Höhe von € 6.000,00 für Nachwuchswissenschaftlerinnen ausgeschrieben.

Der Preis richtet sich an qualifizierte Wissenschaftlerinnen bis zu einer Altersgrenze von 35 Jahren, die ihre Dissertationen (oder PhD-Thesis bzw. Doctoral Thesis) an einer österreichischen Universität im Bereich „International Economics“ verfasst haben. Ebenso sind österreichische Staatsbürgerinnen zur Einreichung berechtigt, die ihre Dissertation an einer Universität im Ausland verfasst haben. Der „FIW Award“ hat das Ziel, hervorragende Dissertationen von Frauen sichtbar zu machen und zu prämiieren. Frauen sollen damit motiviert werden, eine wissenschaftliche Karriere einzuschlagen.

Die Höhe des Preises von insgesamt € 6.000,00 kann auf mehrere Nachwuchswissenschaftlerinnen aufgeteilt werden.

Der Abschluss der Dissertation oder PhD-Thesis (Datum der erfolgreichen Verteidigung) muss in den Jahren 2012-2015 erfolgt sein.

Einreichungen inkl. Lebenslauf (pdf-Form) bitte an: fiw-pb@fiw.at

Einreichfrist: 28. März 2015

Weitere Informationen finden Sie auf unserer Website:
<http://www.fiw.ac.at/index.php?id=800>

Mit freundlichen Grüßen

Alexander Hudetz
(FIW – Projektbüro)

Es entspricht nicht unserer Philosophie Ihnen unerwünschte E-Mails zukommen zu lassen. Falls Sie keine weiteren E-Mails vom FIW erhalten möchten, schreiben Sie bitte an das [Projektbüro](#) mit dem Betreff "Abmelden".

Das Kompetenzzentrum FIW (<http://www.fiw.ac.at/>) ist ein Projekt von WIFO, wiiw und WSR im Auftrag des BMWFW. Die Kooperationsvereinbarungen des FIW mit der Wirtschaftsuniversität Wien, der Universität Wien und der Johannes Kepler Universität Linz werden aus Hochschulraumstrukturmitteln gefördert.

Dear Sir or Madam,

we are pleased to inform you about the latest news of the FIW project.

In this issue:

- FIW Research Reports 2014/15: No. 2: "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" published
- New FIW-Working Papers published
- FIW-Seminar in International Economics with Goran Vukšić
- Reminder: FIW-Seminar in International Economics with Elisabeth Christen
- Tender: FIW Award for PhD-Thesis

FIW Research Reports 2014/15: No. 2: "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" published

The FIW Research Reports 2014/15 show the results of the five topic areas "TTIP as part of a new European foreign trade strategy", "Austria's trade foreign-trade potentials in the BRICS-countries", "Terms of Trade", Austria's unexploited export-potentials" - Update of the FIW study "A Land Far Away", Global Value Chains" that were announced in 2013 by the Austrian Federal Ministry of Economics, Family and Youth (BMWFJ) and funded by the "Internationalisation Initiative".

The FIW Research Report regarding "The Central European Manufacturing Core: What is Driving Regional Production Sharing?" by Robert Stehrer and Roman Stöllinger has been published and is available online for free:

<http://www.fiw.ac.at/index.php?id=779&L=3#c13444>

New FIW Working Paper published

New FIW Working Papers have been published and are available on the FIW-Website: <http://www.fiw.ac.at/index.php?id=545&L=3>

WP Nr. 144: Julian Donaubauer, Birgit Meyer, Peter Nunnekamp: "Aid, Infrastructure, and FDI: Assessing the Transmission Channel with a New Index of Infrastructure"

Abstract: We raise the hypothesis that aid specifically targeted at economic infrastructure helps developing countries attract higher FDI inflows through improving their endowment with infrastructure in transportation, communication, energy and finance. By performing 3SLS estimations we explicitly account for dependencies between three structural equations on the allocation of sector-specific aid, the determinants of infrastructure, and the determinants of FDI. We find fairly strong and robust evidence that targeted aid promotes FDI indirectly through the infrastructure channel. In addition, aid in infrastructure appears to have surprisingly strong direct effects on FDI.

JEL : F21, F35, O18

Keywords: aid effectiveness, sector-specific aid, foreign direct investment, infrastructure

WP Nr. 145: Soumia Zenasni: “Recent Trends in Regional Financial Integration and Trade Liberalization in Maghreb Countries: A Multivariate Threshold Autoregressive Analysis”

Increased globalization over the last two decades has led to strong growth in international business activity and international financial integration. This phenomenon covers a wide array of economic activities, including regional and international integration, investment and trade, international financial shocks and disturbances. This paper takes stock of current trends in regional financial integration and trade liberalization processes for the case of Maghreb countries. It aims also to examine the effects of these recent trends on economic growth in an era of growing globalization and frequent financial shocks. Using Multivariate Threshold Vector Autoregressive (MVTAR) estimation with data from 1990 to 2012, this study argues that the greater and deeper regional financial integration and trade will have positive repercussions for each Maghreb country. In addition, estimation results show that the regional financial integration process plays a positive role in enlarging the borders of countries as well as the market size of each country and, consequently, in stimulating economic growth. Finally, we can assert that the study argues that political and structural impediments continue to hamper regional integration.

JEL: F36, E44, F65, G01, C3

Keywords: Regional financial integration, trade liberalization, globalization, Maghreb countries, multivariate threshold analysis

WP Nr. 146: Galina V. Kolev: “On the nature of shocks driving exchange rates in emerging countries”

The paper analyzes the sources of exchange rate movements in emerging economies in the context of monetary tapering by the Federal Reserve. A structural vector autoregression framework with a long-run restriction is used to decompose the movements of nominal exchange rates into two components: one component driven solely by the adjustment of the real exchange rate to permanent shocks and one resulting from transitory shocks such as monetary policy measures. Imposing the restriction that temporary shocks should not affect the real exchange rate in the long run, the analysis shows that the recent depreciation of the Russian ruble and the Turkish lira is largely driven by transitory shocks, like for instance monetary policy measures. Furthermore, the response of the lira to transitory shocks is sluggish and further depreciation is possible in the next months. In Brazil and India, on the contrary, nominal exchange rate behavior is mainly driven by permanent shocks. The recent depreciation is not caused by short-lived shocks but rather by changing long-term macroeconomic fundamentals. The foreign exchange interventions of the central bank to avoid large depreciation are therefore largely misplaced, especially in Brazil. They aggravate the use of nominal exchange rate flexibility as an efficient adjustment mechanism for real exchange rate changes, i.e. changes in relative prices across borders, and efficient allocation of resources.

JEL: F31, E58

Keywords: Exchange rates, emerging economies, SVAR, monetary policy

FIW-Seminar in International Economics with Goran Vukšić

The seminar is part of the activities of FIW, the Centre of Competence in International Economics. Regular lecture series on current issues in international economics.

Location: wiiw Wiener Institut für Internationale Wirtschaftsvergleiche, Rahlgasse 3, 1060 Wien

Thursday, March 5th, 4 pm

Developing countries in competition for foreign investment

Goran Vukšić

Institute of Public Finance, Croatia

Abstract

This study analyzes the competition for foreign direct investment (FDI) among countries at different stages of development. It is assumed that domestic companies in a more-developed country use more capital in production and that wages in a less-developed country are lower. Countries can compete for FDI by increasing the supply of public inputs in the economy, in addition to (or instead of) offering subsidies or tax reliefs to foreign investors. The results reveal that if governments of competing countries are not allowed to discriminate between domestic and foreign firms, there may be situations in which a less-developed economy will attract FDI depending on the labor cost differential and the responsiveness of foreign investors' and domestic companies' output to changes in the supply of public inputs. If tax discrimination between domestic and foreign firms is permitted, both countries will optimally raise the supply of public inputs, but the more-developed country will always win the foreign investment despite higher labor costs. Thus, governments of less-developed countries may have an incentive to work on an international agreement to disallow tax discrimination.

Keywords: foreign direct investment; economic development; taxation policy; subsidies; public goods.

JEL Codes: F21; O24; H25; H41

Reminder: FIW-Seminar in International Economics: October 2nd, 2014

The seminar is part of the activities of FIW, the Centre of Competence in International Economics. Regular lecture series on current issues in international economics.

Location: wiiw Wiener Institut für Internationale Wirtschaftsvergleiche, Rahlgasse 3, 1060 Wien

Thursday, February 26th, 4 pm

Decomposing Services Exports Adjustments along the Intensive and Extensive Margin at the Firm-Level

Elisabeth Christen (with Yvonne Wolfmayr and Michael Pfaffermayr)

WIFO

Abstract

Using a comprehensive and unique data set of Austrian service exporting firms provided by the Austrian central bank (OeNB) this paper empirically examines the determinants of service exports at the firm/destination country level. Based on a Heckman sample selection gravity model, the paper introduces a new approach to decompose expected firm-level services exports into changes at the intensive and the extensive margins of adjustment as a response to counterfactual changes in exogenous variables. Specifically, we consider several counterfactual scenarios including the (hypothetical) reduction of trade costs, changes in destination market size and enhanced firm productivity. Our results suggest that export market growth and a reduction in distance related trade costs exert the relative strongest impact on the entry into new markets. Policies aiming at promoting firm productivity also have the potential to broaden the exporter base and play an important role for trade deepening.

Keywords: Service trade, Firm-level evidence, Firm heterogeneity, Gravity model, Sample selection, Intensive and extensive margin of trade.

JEL Codes: C15, C21, D21, F14, L20, L80

Tender: FIW Award for PhD-Thesis

Im Rahmen des Kompetenzzentrums „Forschungsschwerpunkt Internationale Wirtschaft“ wird der „FIW Award“ bis zu einer Höhe von € 6.000,00 für Nachwuchswissenschaftlerinnen ausgeschrieben.

Der Preis richtet sich an qualifizierte Wissenschaftlerinnen bis zu einer Altersgrenze von 35 Jahren, die ihre Dissertationen (oder PhD-Thesis bzw. Doctoral Thesis) an einer österreichischen Universität im Bereich „International Economics“ verfasst haben. Ebenso sind österreichische Staatsbürgerinnen zur Einreichung berechtigt, die ihre Dissertation an einer Universität im Ausland verfasst haben. Der „FIW Award“ hat das Ziel, hervorragende Dissertationen von Frauen sichtbar zu machen und zu prämiieren. Frauen sollen damit motiviert werden, eine wissenschaftliche Karriere einzuschlagen.

Die Höhe des Preises von insgesamt € 6.000,00 kann auf mehrere Nachwuchswissenschaftlerinnen aufgeteilt werden.

Der Abschluss der Dissertation oder PhD-Thesis (Datum der erfolgreichen Verteidigung) muss in den Jahren 2012-2015 erfolgt sein.

Einreichungen inkl. Lebenslauf (pdf-Form) bitte an: fiw-pb@fiw.at

Einreichfrist: 28. März 2015

Weitere Informationen finden Sie auf unserer Website:
<http://www.fiw.ac.at/index.php?id=800&L=3>

Kind regards,
Alexander Hudetz
(FIW Project Office)

The 'center of excellence' FIW (<http://www.fiw.ac.at/>) is a project of WIFO, wiiw and WSR on behalf of the BMWFW. The FIW cooperation with the Vienna University of Economics and Business (WU), the University Vienna and the Johannes Kepler University Linz is supported by the former Federal Ministry of Science and Research (now integrated in the Federal Ministry of Science, Research and Economy).