

# Seminar on International Trade in Uncertain Times

## University of Bayreuth

### *Preliminary version*

## 1 Seminar Description

The seminar introduces students to firm-based theoretical models that analyse the export and sourcing decisions under risk and uncertainty. The topics are divided in two main blocks:

- The effects of uncertainty on exports, with a particular focus on the role of institutions shaping the market entry decisions and export dynamics,
- The effects of uncertainty on supply chains. That is, the analysis of the effects of uncertainty on the organisational structure of global value chains, with a particular focus on the role of institutions shaping the organisational decisions and location choices of intermediate input suppliers.

Each seminar participant will present and review one paper, with an in-depth discussion and a critical assessment. The papers cover methodological advances as well as applications. The seminar is mainly targeted to master students but bachelor students can also participate.

## 2 Seminar Requirements

Successful participation in the seminar requires:

- Writing a term paper (minimum 10 pages and maximum of 15 pages). The term paper must be based on one paper, which is assigned to you from the list below, and at least one additional related paper (theoretical or empirical) selected by you from outside the list.
- Presenting your work in the seminar (20 minutes presentation).
- Moderating the discussion of one of the other presentations (up to 10 minutes discussion). The moderation includes the preparation of 3 questions to be addressed to the author of the paper assigned to you. The discussed term paper will be made available to you at least one week before the seminar.

The seminar's final grade is defined by:

- 50% of the term paper grade.
- 35% of the presentation grade.
- 15% of the moderation and discussion grade.

### 3 Organisation

The seminar is scheduled to take place in person. In the introductory meeting, we will discuss further organisational issues including formal requirements of the term paper and presentation.

- **Registration**

Students who want to participate in the seminar must send an email to leandro.navarro@uni-bayreuth.de at the latest by 25/04/2024. The maximum number of participants is 14. Therefore, if the number of students exceeds the capacity, the places are assigned based on a "first come first serve" rule. Later registration is possible if maximum number has not been reached.

Students must also enroll for the exam on CMLife. The exam will take place in the form of a presentation and a seminar paper.

- **Introductory meeting:** 26/04/2024, from 14hs to 16hs (room: TBC).
- **Paper selection:** Each student can pre-select three papers of your preference from the list in section 4. If possible, one of them will be assigned.
  - Deadline for pre-selection of papers: 02/05/2024.
  - Communication of assigned papers (by email): 03/05/2024.
- **Bilateral meetings:** There will be at least one bilateral meeting with each student before the submission of the term paper.
- **Term-paper:** The term paper must be submitted by email before 01/07/2024 at 2pm by Turnitin.
- **Presentations:** 19/07/2024 from 8am to 6pm (room: TBC).

It is mandatory that all seminar participants attend to all the presentations. Presentations must be send by email at the latest on 17/07/2024 at 4pm.

### 4 Presentations: List of Papers for Selection

- **Risk and Uncertainty in Export Decisions**

1. Albornoz, F., Pardo, H. F. C., Corcos, G. & Ornelas, E. (2012). Sequential exporting. *Journal of International Economics* 88(1), 17–31.
2. Araujo, L., Mion, G., & Ornelas, E. (2016). Institutions and export dynamics. *Journal of International Economics*, 98, 2-20.
3. Chaney, T. (2014). The network structure of international trade. *American Economic Review*, 104(11), 3600-3634.
4. Das, S., Roberts, M. J., & Tybout, J. R. (2007). Market entry costs, producer heterogeneity, and export dynamics. *Econometrica*, 75(3), 837-873.
5. Handley, K. & Limão, N. (2017). Policy uncertainty, trade, and welfare: Theory and evidence for China and the United States. *American Economic Review* 107(9), 2731–83.
6. Nguyen, D. X. (2012). Demand uncertainty: Exporting delays and exporting failures. *Journal of International Economics* 86(2), 336–344.
7. Ramondo, N., Rappoport, V. & Ruhl, K. J. (2013). The proximity-concentration trade-off under uncertainty. *Review of Economic Studies* 80(4), 1582–1621.

8. Rob, R. & Vettas, N. (2003). Foreign direct investment and exports with growing demand. *The Review of Economic Studies* 70(3), 629–648.
  9. Segura-Cayuela, R., & Vilarrubia, J. M. (2008). Uncertainty and entry into export markets. Banco de España.
- **Risk and Uncertainty in Sourcing Decisions**
10. Aizenman, J., & Marion, N. (2004). The merits of horizontal versus vertical FDI in the presence of uncertainty. *Journal of International Economics*, 62(1), 125-148.
  11. Gervais, A. (2018). Uncertainty, risk aversion and international trade. *Journal of International Economics*, 115, 145-158.
  12. Handley, K., Limão, N., Ludema, R. D. & Yu, Z. (2020). Firm input choice under trade policy uncertainty, Technical report, National Bureau of Economic Research.
  13. Kohler, W. & Kukharskyy, B. (2019). Offshoring under uncertainty. *European Economic Review* 118, 158–180.
  14. Rauch, J. E., & Watson, J. (2003). Starting small in an unfamiliar environment. *International Journal of industrial organization*, 21(7), 1021-1042.