Sehr geehrte Abonnentinnen und Abonnenten,

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

Dieses Mal mit folgendem Inhalt:

- Reminder: FIW-Seminar in International Economics am 29.1. 2015, 16 Uhr
- FIW Working Paper Nr. 135 veröffentlicht
- FIW Working Paper Nr. 136 veröffentlicht
- FIW Working Paper Nr. 137 veröffentlicht

Reminder: FIW-Seminar in International Economics am 29.1. 2015, 16 Uhr
Das FIW bietet regelmäßig Vorlesungen in Form eines Seminars in "International Economics" an.
Ort: wiwi, Rahlgasse 3, 1060 Vienna, lecture hall (ground floor)

Product Quality and Environmental Standards:
The Effect of an International Environmental Agreement on Tropical Timber Trade

Andrea Leiter-Scheiring (with Stefan Borsky and Michael Pfaffermayr)
University of Innsbruck

Abstract
This article addresses the role of environmental standards harmonization and product quality on international trade. In particular, we examine the impact of the International Tropical Timber Agreement (ITTA) on tropical timber trade. We combine a cross-sectional dataset on bilateral trade flows of tropical timber with information on trading partners’ economic and geographical characteristics and their ITTA membership. The empirical analysis is based on a gravity equation, which is estimated by using Heckman’s selection model to address the potentially systematic selection of trading partners in trade activity. We find that countries participating in ITTA, and therefore agreed on a common standard, exhibit a significantly and substantially larger trade intensity. Furthermore, we observe that this effect depends on a baseline quality supplied by the exporter and its valuation by the importer. Finally, our counterfactual analysis shows a much stronger increase in trade volume in Northern import markets than in Southern markets.

Keywords: Standards harmonization, product quality, gravity equation, sample selection.
**JEL Classification:** O19, Q23, Q27, F18, L15

**FIW Working Paper Nr. 135 veröffentlicht**

Das FIW Working Papers Nr. 135 wurde veröffentlicht und steht zum freien Download zur Verfügung: http://www.fiw.ac.at/index.php?id=797#c13318

**WP Nr. 135: Wolfgang Lechthaler und Mariya Mileva: “Trade Liberalization and Wage Inequality: New Insights from a Dynamic Trade Model with Heterogeneous Firms and Comparative Advantage”**

We develop a dynamic general equilibrium trade model with comparative advantage, heterogeneous firms, heterogeneous workers and endogenous firm entry to study wage inequality during the adjustment after trade liberalization. We find that trade liberalization increases wage inequality both in the short run and in the long run. In the short run, inter-sectoral wage inequality is high but then recedes. The skill premium does not change much in the short run but increases substantially in the medium and long run. Incorporating worker training in the model considerably reduces the effects of trade liberalization on wage inequality. The effects on wage inequality are much more adverse when trade liberalization is unilateral instead of bilateral or restricted to specific sectors instead of including all sectors.

**FIW Working Paper Nr. 136 veröffentlicht**

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**WP Nr. 136: Katja Mann: “The EU, a Growth Engine? The Impact of European Integration on Economic Growth in Central Eastern Europe”**

This paper investigates how the European integration process of central eastern European countries, which has been taking place since the 1990’s, affects their GDP growth. Based on an augmented Solow model, I estimate a convergence equation for a panel of ten countries over 16 years (1995-2010). In the regression, trade with the other European Union member states as a share of total trade serves as a measure of European integration. I find a small, but significant medium-run growth bonus from integration, which is robust to alternative specifications of the regression equation and of the variables of interest. The results are confirmed by a supplementary analysis at the industry level using a difference-in-difference type of estimation strategy. The paper thus provides an argument in favour of European integration.

**FIW Working Paper Nr. 137 veröffentlicht**

Das FIW Working Papers Nr. 137 wurde veröffentlicht und steht zum freien Download zur Verfügung: http://www.fiw.ac.at/index.php?id=797#c13332

**WP Nr. 137: Cosimo Beverelli, Simon Neumüller und Robert Teh: “Export Diversification Effects of the WTO Trade Facilitation Agreement”**

We estimate the effects of trade facilitation on export diversification, as measured by two extensive margins: the number of products exported by destination and the number of export destinations served by product. To address the issue of causality, we employ an identification strategy whereby only exports of new products, or exports to new destinations, are taken into account when computing the respective margins of trade. We find a positive impact of trade facilitation on the extensive margins of trade. The results are robust to alternative definitions of extensive margins, different sets of controls and various estimation methods. Simulation results suggest substantial extensive margin gains from trade facilitation reform in Sub-Saharan Africa and Latin America and the Caribbean.

Mit freundlichen Grüßen
Alexander Hudetz
Dear Sir or Madam,

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

In this issue:

- Reminder: FIW-Seminar in International Economics: January 29th, 4pm
- FIW Working Paper No. 135 published
- FIW Working Paper No. 136 published
- FIW Working Paper No. 136 published

**Reminder: FIW-Seminar in International Economics: January 29th, 4 pm**
The seminar is part of the regular lecture series on current issues in international economics, organized by the FIW.

Location: wiww, Rahlgasse 3, 1060 Vienna, lecture hall (ground floor)

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**FIW Working Paper Nr. 135 published**

The FIW Working Papers No. 135 has been published and is available online for free:
http://www.fiw.ac.at/index.php?id=797&L=3#c13317

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Kind regards,
Alexander Hudetz
(FIW Project Office)

The ‘center of excellence’ FIW (http://www.ifiw.ac.at/) is a project of WIFO, wiw and WSR on behalf of the BMWFU. 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).