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Sehr geehrte Damen und Herren,

wir freuen uns, Sie über die neuesten Entwicklungen des FIW-Projekts informieren zu dürfen. Insbesondere möchten wir auf die kommenden Seminare in International Economics im März 2021 hinweisen. Das FIW bietet gemeinsam mit dem Wiener Institut für Internationale Wirtschaftsvergleiche (wiiw) regelmäßig Vorlesungen in Form eines „Seminars in International Economics“ an, zu denen wir Sie herzlich einladen.

Dieses Mal mit folgendem Inhalt:

- FIW-Jahresgutachten 2021 veröffentlicht
- Exporters with Machine Learning (Online event)
- The environmental bias of trade policy (Online event)
- Theory to Policy with Gravitas: A Solution to the Mystery of the Excess Trade Balances (Online event)

1.

### **FIW-Jahresgutachten 2021 veröffentlicht: Österreichs Exporte im Jahr 2020 um 10,2% geschrumpft**

Das Kompetenzzentrum "Forschungsschwerpunkt Internationale Wirtschaft" (FIW) hat sein Gutachten zur Lage der österreichischen Außenwirtschaft im Jahr 2021 vorgelegt. Das Gutachten untersucht die Folgen der COVID-19 Pandemie für die österreichische Außenwirtschaft.

Die Hauptergebnisse der kurzfristigen Außenwirtschaftsprognose können folgendermaßen zusammengefasst werden: Die österreichischen Waren- und Dienstleistungsexporte dürften im Jahr 2020 im Vergleich zu 2019 real um 10,2% niedriger ausfallen. Die Gesamtimporte werden über denselben Beobachtungszeitraum etwas stärker und real um 10,6% zurückgehen. Der Dienstleistungshandel ist von der COVID-19 Pandemie deutlich stärker negativ betroffen. Während die Warenexporte im positiven Szenario bis zum Jahresende 2021 das Vorkrisenniveau erreichen könnten, wird die Erholung für den Dienstleistungshandel deutlich länger dauern.

Das FIW-Jahresgutachten 2021 steht Ihnen [hier zum Download](#) zur Verfügung.

Der Datenappendix ist als [PDF](#), sowie als [Excel-Datei](#) zum Download verfügbar.

2.

### Einladung zum Seminar in International Economics: Predicting Exporters with Machine Learning (Online event)

#### Predicting Exporters with Machine Learning (Online event)

**Vortragender:** Armando Rungi, IMT School for Advanced Studies Lucca)

**Zeit:** Donnerstag, 4. März 2021, 15:00 Uhr

**Registrierungslink:** <https://wiiw.ac.at/predicting-exporters-with-machine-learning-online-event-er-503.html>

Dies ist eine Online-Veranstaltung über Zoom. Bitte registrieren Sie sich für den Einwahllink. Dieser wird Ihnen kurz vor der Veranstaltung zugesandt.

**Sprache:** Englisch

#### Description:

In this contribution, we exploit machine learning techniques to predict a firm's ability to export. In a pure prediction framework, we train a Bayesian Additive Regression Tree (BART) on the financial accounts of 57,021 manufacturing firms in France in the period 2010-2018. We obtain a relatively high accuracy of prediction, with a precision-recall at 0.91. Then, we show how predictions could be of help in assessing a firm-level exporting score, i.e., the distance of a firm from export status. We argue our exporting score has the potential to inform target-specific and evidence-based policies of internationalization.

### Einladung zum Seminar in International Economics: The environmental bias of trade policy (Online event)

#### The environmental bias of trade policy (Online event)

**Vortragender:** Joseph S. Shapiro, University of California

**Zeit:** Donnerstag, 18. März 2021, 15:00 Uhr

**Registrierungslink:** <https://wiiw.ac.at/the-environmental-bias-of-trade-policy-online-event-er-506.html>

Dies ist eine Online-Veranstaltung über Zoom. Bitte registrieren Sie sich für den Einwahllink. Dieser wird Ihnen kurz vor der Veranstaltung zugesandt.

**Sprache:** Englisch

#### Description:

This paper describes a new fact, then analyzes its causes and consequences: in most countries, import tariffs and non-tariff barriers are substantially lower on dirty than on clean industries, where an industry's "dirtiness" is defined as its carbon dioxide (CO<sub>2</sub>) emissions per dollar of output. This difference in trade policy creates a global implicit

subsidy to CO<sub>2</sub> emissions in internationally traded goods and so contributes to climate change. This global implicit subsidy to CO<sub>2</sub> emissions totals several hundred billion dollars annually. The greater protection of downstream industries, which are relatively clean, substantially accounts for this pattern. The downstream pattern can be explained by theories where industries lobby for low tariffs on their inputs but final consumers are poorly organized. A quantitative general equilibrium model suggests that if countries applied similar trade policies to clean and dirty goods, global CO<sub>2</sub> emissions would decrease and global real income would change little.

Dieses Seminar findet im Rahmen des FIW-Projekts statt, das vom österreichischen Bundesministerium für Digitalisierung und Wirtschaftsstandort (BMDW) gefördert wird.

**Einladung zum Seminar in International Economics:  
From Theory to Policy with Gravitas: A Solution to the Mystery of the Excess Trade Balances (Online event)**

**From Theory to Policy with Gravitas: A Solution to the Mystery of the Excess Trade Balances (Online event)**

**Vortragender:** Yoto V. Yotov, Drexel University (Philadelphia, USA)

**Zeit:** Donnerstag, 25. März 2021, 16:00 Uhr

**Registrierungslink:** <https://wiiw.ac.at/from-theory-to-policy-with-gravitas-a-solution-to-the-mystery-of-the-excess-trade-balances-online-event-er-505.html>

Dies ist eine Online-Veranstaltung über Zoom. Bitte registrieren Sie sich für den Einwahllink. Dieser wird Ihnen kurz vor der Veranstaltung zugesandt.

**Sprache:** Englisch

**Description:**

Bilateral trade balances often play an important role in the international trade policy debate. Academic economists understand that they are misleading indicators of competitiveness and of the gains from trade. However, they also recognize their political relevance, calling for accurate statistical measurement and for more scholarly work. Disturbingly, Davis and Weinstein (2002) argue that the canonical gravity model of trade fails when confronted with bilateral trade balances data, dubbing this "The Mystery of the Excess Trade Balances". Capitalizing on the latest developments in the theoretical and empirical gravity literature, we demonstrate that the workhorse international trade model actually performs well in explaining bilateral trade balances. Moreover, in our data, only 11 to 13% of the variance in bilateral balances is due to asymmetric bilateral trade costs, belying beliefs that bilateral imbalances are driven by 'unfair' manipulation of terms-of-trade. We also perform several general equilibrium experiments within the same structural gravity framework to show

that free trade agreements tend to exacerbate bilateral imbalances and that macroeconomic rebalancing leads to adjustment with all trade partners.

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Wir freuen uns über Ihre Teilnahme an den Veranstaltungen.

Mit freundlichen Grüßen  
Alexander Hudetz und Birgit Buschbom

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".

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*Der Forschungsschwerpunkt Internationale Wirtschaft (FIW) (<https://www.fiw.ac.at/>) ist eine Kooperation zwischen der Wirtschaftsuniversität Wien (WU), der Universität Wien, der Johannes Kepler Universität Linz und der Universität Innsbruck, WIFO, wiiw und WSR. FIW wird von den Bundesministerien BMBFW und BMDW finanziert.*

Dear Sir or Madam,

We are pleased to inform you about the latest developments of the FIW project. In particular, we would like to draw your attention to the upcoming Seminars in International Economics in March 2021. Together with the Vienna Institute for International Economic Studies (wiiw), FIW offers regular lectures in the form of a "Seminar in International Economics" to which we cordially invite you.

The following seminars in International Economics will take place in spring 2021:

- FIW Annual Report 2021 published
- Exporters with Machine Learning (Online event)
- The environmental bias of trade policy (Online event)
- Theory to Policy with Gravitas: A Solution to the Mystery of the Excess Trade Balances (Online event)

### FIW Annual Report 2021 published: Austria's exports shrank by 10.2% in 2020

The 'Research Center International Economics' (FIW) has presented its annual report on the situation of Austria's foreign trade in 2021. The report examines the consequences of the COVID-19 pandemic for Austria's foreign trade.

The main results of the short-term foreign trade forecast can be summarized as follows: Austrian exports of goods and services are expected to be 10.2% lower in real terms in 2020 compared to 2019. Total imports will decline slightly more over the same observation period, by 10.6% in real terms. Services trade is much more negatively affected by the COVID-19 pandemic. While goods exports could reach pre-crisis levels by the end of 2021 in the positive scenario, the recovery for services trade will take much longer.

The FIW Annual Report 2021 is available for [download here](#).

The data appendix is available for download as a [PDF](#), as well as an [Excel file](#).

### Invitation to Seminar in International Economics: Predicting Exporters with Machine Learning (Online event)

#### Predicting Exporters with Machine Learning (Online event)

**Speaker:** Armando Rungi, IMT School for Advanced Studies Lucca)

**Time:** March 4, 2021, 3:00 p.m.

**Registration link:** <https://wiiw.ac.at/predicting-exporters-with-machine-learning-online-event-er-503.html>

This is an online event via Zoom. Please register for the dial-in link. The link will be sent shortly before the event.

**Language:** English

#### **Description:**

In this contribution, we exploit machine learning techniques to predict a firm's ability to export. In a pure prediction framework, we train a Bayesian Additive Regression Tree (BART) on the financial accounts of 57,021 manufacturing firms in France in the period 2010-2018. We obtain a relatively high accuracy of prediction, with a precision-recall at 0.91. Then, we show how predictions could be of help in assessing a firm-level exporting score, i.e., the distance of a firm from export status. We argue our exporting score has the potential to inform target-specific and evidence-based policies of internationalization.

**Invitation to Seminar in International Economics:  
The environmental bias of trade policy (Online event)**

**The environmental bias of trade policy (Online event)**

**Speaker:** Joseph S. Shapiro, University of California

**Time:** 18. March 18, 2021, 3:00 p.m.

**Registration link:** <https://wiiw.ac.at/the-environmental-bias-of-trade-policy-online-event-er-506.html>

This is an online event via Zoom. Please register for the dial-in link. The link will be sent shortly before the event.

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This paper describes a new fact, then analyzes its causes and consequences: in most countries, import tariffs and non-tariff barriers are substantially lower on dirty than on clean industries, where an industry's "dirtiness" is defined as its carbon dioxide (CO<sub>2</sub>) emissions per dollar of output. This difference in trade policy creates a global implicit subsidy to CO<sub>2</sub> emissions in internationally traded goods and so contributes to climate change. This global implicit subsidy to CO<sub>2</sub> emissions totals several hundred billion dollars annually. The greater protection of downstream industries, which are relatively clean, substantially accounts for this pattern. The downstream pattern can be explained by theories where industries lobby for low tariffs on their inputs but final consumers are poorly organized. A quantitative general equilibrium model suggests that if countries applied similar trade policies to clean and dirty goods, global CO<sub>2</sub> emissions would decrease and global real income would change little.

This seminar is an activity in the framework of FIW project, funded by the Austrian Ministry for Digital and Economic Affairs (BMDW).

**Invitation to Seminar in International Economics:  
From Theory to Policy with Gravititas: A Solution to the Mystery of the Excess Trade Balances (Online event)**

**From Theory to Policy with Gravititas: A Solution to the Mystery of the Excess Trade Balances (Online event)**

**Speaker:** Yoto V. Yotov, Drexel University (Philadelphia, USA)

**Time:** March 25, 2021, 4:00 p.m.

**Registration link:** <https://wiiw.ac.at/from-theory-to-policy-with-gravititas-a-solution-to-the-mystery-of-the-excess-trade-balances-online-event-er-505.html>

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shortly before the event.

**Language:** English

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Bilateral trade balances often play an important role in the international trade policy debate. Academic economists understand that they are misleading indicators of competitiveness and of the gains from trade. However, they also recognize their political relevance, calling for accurate statistical measurement and for more scholarly work. Disturbingly, Davis and Weinstein (2002) argue that the canonical gravity model of trade fails when confronted with bilateral trade balances data, dubbing this "The Mystery of the Excess Trade Balances". Capitalizing on the latest developments in the theoretical and empirical gravity literature, we demonstrate that the workhorse international trade model actually performs well in explaining bilateral trade balances. Moreover, in our data, only 11 to 13% of the variance in bilateral balances is due to asymmetric bilateral trade costs, belying beliefs that bilateral imbalances are driven by 'unfair' manipulation of terms-of-trade. We also perform several general equilibrium experiments within the same structural gravity framework to show that free trade agreements tend to exacerbate bilateral imbalances and that macroeconomic rebalancing leads to adjustment with all trade partners.

**Invitation to Seminar in International Economics:  
Patent Boxes and the Success Rate of Patent Applications (Online event)**

**Patent Boxes and the Success Rate of Patent Applications (Online event)**

**Speaker:** Ronald B. Davies, University College Dublin

**Time:** April 8, 2021, 4:00 p.m.

**Registration link:** <https://wiiw.ac.at/patent-boxes-and-the-success-rate-of-patent-applications-online-event-er-508.html>

This is an online event via Zoom. Please register for the dial-in link. The link will be sent shortly before the event.

**Language:** English

**Description:**

Patent boxes significantly reduce the tax rate applied to income earned from a patent. Existing work finds that those reductions increase the number of patents. That said, not all patents are equally novel. In particular, the patent box encourages the submission of patents of marginal novelty, a selection effect that would reduce the average success rates of patents. At the same time, the increased return to patenting encourages additional effort in innovation development and application preparation, increasing success rates. While this predicts an ambiguous effect, by

exploiting the time dimension of these responses, we are able to examine their relative size. Using data from applications to the European Patent Office from 1978 to 2017 and find that the introduction of a patent box increases the average success rate of applications from the large innovators who make up the majority of applications by 6.9 percentage points. This impact only materializes two years after a patent box takes effect, suggesting that improved research effort is the dominant response by firms.

**Invitation to Seminar in International Economics:  
Border Policies and Unauthorized Flows: Evidence from the Refugee Crisis in Europe  
(Online event)**

**Border Policies and Unauthorized Flows: Evidence from the Refugee Crisis in Europe  
(Online event)**

**Speaker:** Francesco Fasani, Queen Mary University of London

**Time:** April 29, 2021, 4:00 p.m.

**Registration link:** <https://wiiw.ac.at/border-policies-and-unauthorized-flows-evidence-from-the-refugee-crisis-in-europe-online-event-er-504.html>

This is an online event via Zoom. Please register for the dial-in link. The link will be sent shortly before the event.

**Language:** English

**Description:**

In this paper, we first describe the size, composition and characteristics of the recent unauthorised migration flows through external European Union borders. We then assess the effectiveness of EU border enforcement policies in deterring or diverting migration flows across alternative routes. Our empirical analysis is based on a novel dataset of Frontex records on attempted illegal crossing by quarter, country of origin and route of entry in Europe for the period 2009-2017. These records are matched with a dataset - that we assembled - on the monthly EU budget spent on border enforcement and search and rescue operations on each route of entry. Our empirical analysis is threefold. First, we document the existence of a political cycle in enforcement spending at the external EU borders which is orthogonal to expected flows. Second, we use this result as a first stage to deal with the endogeneity of border policies and retrieve the causal impact of enforcement on unauthorized flows. Third, we analyse the effect of outsourcing border controls to a non-EU transit country (the 2016 EU-Turkey deal) on deterrence and diversion of unauthorized flows.



We are looking forward to your participation in the events.

Kind regards

Alexander Hudetz and Birgit Buschbom  
FIW Project Office

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*The FIW - Research Centre International Economics (<https://www.fiw.ac.at/>) is a cooperation between the Vienna University of Economics and Business (WU), the University Vienna, the Johannes Kepler University Linz and the University of Innsbruck, WIFO, wiiw and WSR. FIW is funded by BMBFW and BMDW.*

