

# Advanced Empirical Economics II: Empirical International Trade

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June 23, 2023

## 1 General Issues

The course “Advanced Empirical Economics II: Empirical International Trade” addresses Master’s students of Business Administration, Economics, Internationale Wirtschaft und Governance, and Philosophy & Economics. Advanced interested Bachelor’s students may also participate.

The course will focus on empirical international trade. The aim is to introduce state-of-the art empirical methods which are used to (i) evaluate the determinants of trade flows and (ii) to quantify the effects of international policies, such as the effects of regional trade agreements, currency unions or sanctions.

The course consists of the following parts:

1. Our **compulsory introductory meeting** will be on **20 October 2023, 10–12** (ct, room tba), where we will motivate the topics and discuss organisational issues.
2. In **preparation** for the seminar sessions, students will **read the *Advanced Guide to Trade Policy Analysis*** by Yotov, Piermartini, Monteiro, and Larch (2016) and answer questions that are provided via the e-learning. Therefore, please register in the **e-learning** for the course.

3. Two compulsory **interactive seminar sessions** will cover recent methods and applications of empirical international trade. We will discuss the contents of Yotov, Piermartini, Monteiro, and Larch (2016) and interactively answer the questions that guided our preparatory reading. Additionally, we will provide and work through codes implementing the latest methods in **computer tutorials**.
  - The **first session on 17 November 2023** will cover an introduction into the structural gravity model and partial equilibrium trade policy analysis (Chapter 1 in Yotov, Piermartini, Monteiro, and Larch, 2016). We will cover the theory and questions in the morning. In the afternoon, we will have a computer tutorial implementing the estimation stage in R.
  - The **second session on 8 December 2023** will cover general equilibrium trade policy analysis with structural gravity (Chapter 2 in Yotov, Piermartini, Monteiro, and Larch, 2016). After covering the theory and questions in the morning, we will develop a code to conduct general equilibrium analyses in R in the afternoon.
4. To practice the learned methods, you will evaluate one specific international policy on your own and write a **term paper** about it. Potential topics will be discussed in the seminar sessions. In the following weeks, students will have time to develop concrete ideas for their term papers and discuss these in an **office hour** with their supervisor in **January 2024** (exact dates and times tba).

For further questions concerning course details please contact Hanna Adam (hanna.adam@uni-bayreuth.de).

## 2 Requirements and Assessed Course Work

### *Requirements*

In order to participate in the course, interest in and good knowledge of empirical economics, ideally at the level of Advanced Empirical Economics I, is expected. This includes knowledge of R, the program to be used in this course. Further, knowledge of international trade theory, for example at the level of Advanced Trade Theory (Theorie und Empirie des internationalen Handels), is helpful.

### *Assessed Course Work*

The course work consists of:

- Active course participation during the interactive seminar sessions and answering the provided questions on the contents of Yotov, Piermartini, Monteiro, and Larch (2016).
- A term paper about one possible empirical, ex-ante analysis, such as TTIP, EU-Mercosur agreement, GREXIT, BREXIT, the effects of sanctions,... The term paper should consist of about 20,000 characters (including spaces, excluding references and figures). The specific topics for the term papers will be discussed in an office hour. The date of submission of the term paper will be 31 March 2024 (of course an earlier submission is possible at any time)

### *Language and Formal Requirements*

The language of the course is English. All the literature is also in English. Your term paper can be written in German or in English, even though we suggest to write it in English. For more details concerning the formal requirements of the written assignments please see the documents available in German (Hinweis zur Formatierung von Seminar- und Abschlussarbeiten) and in English (Formal requirements for term papers and Bachelor's/Master's theses).

### 3 Target Group

The course addresses students from the following degree courses:

- Betriebswirtschaftslehre (Master's): as “Advanced Empirical Economics II” (as part of the bloc “B 1 Forschungsmethoden” or as part of the bloc “V Empirische Wirtschaftsforschung”).
- Economics (Master's): as “Advanced Empirical Economics II” (which is part of the specialization “Modelltheorie”) or as substitute for “International Labor Markets” (which is part of the specialization “Internationale Wirtschaft”) or as “Individueller Schwerpunkt”.
- Internationale Wirtschaft und Governance (Master's): as “Advanced Empirical Economics II” (which is part of the specialization “Ökonomische Modellbildung und empirische Analyse”) or as substitute for “International Labor Markets” (which is part of the bloc “Internationale Wirtschaft”) or as “Individueller Schwerpunkt”.
- Philosophy and Economics (Master's): as electives course.
- History and Economics (Master's): as specialization.

Additionally, interested advanced Bachelor's students may participate.

### 4 Reading List

In order to have a common base for discussion in class and to answer the questions, you are all required to read the *Advanced Guide to Trade Policy Analysis* by Yotov, Piermartini, Monteiro, and Larch (2016), which can be freely downloaded from [https://www.wto.org/english/res\\_e/publications\\_e/advancedguide2016\\_e.htm](https://www.wto.org/english/res_e/publications_e/advancedguide2016_e.htm).

As further useful general background, we provide the following reading list:

- A hand-out with a model description and formulas used for the counterfactual analysis, which will be provided via e-learning.
- Head and Mayer (2014).

## 5 Overview of Important Dates

- 20 October 2023, 10–12 (ct): compulsory introductory meeting.
- 17 November 2023: Morning: interactive seminar session, afternoon: computer tutorial.
- 8 December 2023: Morning: interactive seminar session, afternoon: computer tutorial.
- January 2024 (exact dates and times tba): office hour to discuss term paper.
- 31 January 2024: registration deadline for seminar “examination” on cmlife (necessary for term paper submission).
- 31 March 2024: submission deadline for term papers.

## References

HEAD, K., AND T. MAYER (2014): “Gravity Equations: Workhorse, Toolkit, and Cookbook,” Chapter 3 in the Handbook of International Economics Vol. 4, eds. Gita Gopinath, Elhanan Helpman, and Kenneth S. Rogoff, Elsevier Ltd., Oxford, pp. 131–195.

YOTOV, Y. V., R. PIERMARTINI, J.-A. MONTEIRO, AND M. LARCH (2016): *An Advanced Guide to Trade Policy Analysis: The Structural Gravity Model*. World Trade Organization, Geneva.