

List of Projects

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How can economic instruments of climate policy be directed through foreign direct investment?

Anniversary Fund of the Oesterreichische Nationalbank

October 2022 - March 2025

The mechanism through which the policy maker can foster novel green and environmental technologies via FDI is the main focus of the project. It comprehensively studies this by analysing in three work packages how FDI is determined in the EU and how it can help to diffuse technology. The first work package analyses which factors at the three levels of region, industry and firm determine FDI in firms located in the EU. The second work package analyses how FDI affects productivity growth and employment growth at both the firm level and the regional sector level. In the third work package the diffusion of knowledge, technology and know-how of FDI is analysed, which could lead to green and environmental innovation and finally patenting of these technologies. In both the second and the third work package the indirect impact of FDI on domestically owned firms is analysed separately from the impact of FDI on the whole regional sector, including foreign-owned firms.

Spend, transfer, or repay. What to do with all the money from the EU carbon border tax?

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The project addresses the expenditure side of the European carbon border adjustment (CBA) mechanism. Currently, there are intensive discussions concerning the design of the CBA mechanism. The use of revenue is a sensitive issue that can have far-reaching implications on the effectiveness and legality of the CBA. While different expenditure options have been proposed, there is a lack of research contrasting the economic effects of the said revenue options. Therefore, the priority of the research project is to explore the economic implications of different spending options for the revenues generated by the CBA. It estimates the effects of a carbon border tax on trade, GDP, and welfare for alternative spending scenarios for the carbon border tax revenues. This is explored with two different carbon border adjustment designs. The research will strive to contribute to the policy debate on the design of the CBA, and on the future of the EU budget in the context of new own resources.