

List of Projects

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Quality of goods imports: Which role for non-tariff measures?

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One major feature of non-tariff measures (NTMs) is their opacity and complexity of their effects. Regulatory standards embedded within NTMs might cause significant trade frictions, while some could stimulate trade due to positive externalities. When NTMs become very trade restrictive and discriminatory, trade disputes may arise. Specifically, when technical NTMs are not improving the quality of the imported product but mostly act as an unnecessary obstacle to trade, the implications of those NTMs might be regarded as protectionism. The study will provide information for trade policy makers to have a better understanding of the current stocks of technical barriers to trade (TBT) and Sanitary and Phytosanitary (SPS) measures and their effects with a focus on quality. In fact, by knowing how these trade policy measures affect quality differently from price and quantity of trade, the study will provide insights on motives behind their implementation.

Innovative modeling of non-tariff measures in trade

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Starting in the 1960s, non-tariff measures (NTM) have been continuously replacing tariffs as the core element of trade negotiations. The number of types of non-tariff measures and the number of countries making use of these instruments increases continuously. Therefore, many different approaches have developed recently for the evaluation of NTM and free trade agreements (FTA). Starting from models using simple dummy variables for the indication of NTM or FTA, today there is a wide range of databases available varying in content (i.e. capturing different aspects of NTM and FTA) and in applied methodologies (e.g. extracting information from legal texts, survey data, notifications to the WTO). Our contribution to the existing literature is at least threefold: First, it aims at modelling non-tariff measures in a Structural Gravity framework. Second, it assesses the value added of different data on the structure of FTA and NTM by means of evaluating their ability to predict the trade effects of the EU-South Korea Free Trade Agreement. Based on these results, the third contribution lies in the estimation of effects of the envisaged EU-Japan Economic Partnership Agreement.

Of Smile Curves and Global Value Chains: The Role of Functional Specialisation for Economic Growth

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The central insight of the smile curve is that different functions (or 'tasks') that need to be performed along a firm's value chain have different potentials for generating value added, with the production stage often being the least promising one. Project-level data on greenfield crossborder investments with information on both the industry and the function they serve are used to identify countries' functional specialisation. A metric labelled 'relative functional specialisation in global value chains' and a related measure, the 'relative production specialisation index', are developed. The descriptive part of the project will use these indicators to create 'portraits' of functional specialisation of EU Member States, NAFTA and the South East Asian region. In a second step, the implication of the smile curve, i.e. that countries specialised in the pre-production and post-production tasks of the value chain should capture higher value added, is tested econometrically. To this end the relative function specialisation measure and the relative production specialisation index are embedded into an empirical endogenous growth model.

Background paper contribution for the Industrial Development Report 2020 'The Future of

Industrialization'

UNIDO

November 2018 - March 2019

There is a general expectation that the global economy is currently facing a new wave of technological change – Industry 4.0 – that is based on digitalisation and information and communication technologies (ICT) such as artificial intelligence, additive manufacturing and blockchain. As a background paper to UNIDO Industrial Development Report 2020, this project initially analyses the impact of total factor productivity (TFP) growth (i.e. a measure on technological progress) on employment, labour share, and value added growth of industries in emerging and transition countries. The analysis will take in to account the direct industry-own effects in addition to indirect impact across both national and international backward and forward linkages. Furthermore, wiiw analyses the corresponding impacts on employment, the labour share, and value added that arise from introduction of industrial robots, a prominent phenomenon in Industry 4.0.

The relevance of the EU-Japan FTA for the Austrian economy

Federal Ministry of Science, Research and Economy

December 2017 - June 2018

Since the beginning of 2017, a paradigm change in international trade policy is observed. While the protectionist rhetoric of the administration of the US – the largest economy in the world – is threatening international trade, trade and investment initiatives of China – the world's second largest economy – are gaining in significance and attracting global attention. The EU and Japan are aware of these developments and look for ways of cooperation. The aim of the study is to estimate the effect of the envisaged EU-Japan FTA for Austria based on qualitative and quantitative analysis and to derive recommendations for Austrian foreign economic policy.

Competitiveness drivers and obstacles, intra-EU linkages and European value chains in GVCs

European Commission, DG Growth

January 2017 - January 2018

The emergence of international value chains (VCs) and the implied cross-border production sharing between countries has dramatically altered the international trading system. In view of the joint cross-border production processes numerous products would deserve the designation of origin 'Made in the World', as suggested by the WTO initiative of the same name – although in general there is the perception that international value chains are predominantly regional in scope. Since the Great Recession, however, there are concerns that the trend towards geographically-dispersed production has come to a halt with, among other factors, re-shoring initiatives and protectionist tendencies. Against this background this report analyses some of the key issues related to international VCs with data from the World Input-Output Database (Release 2016) which covers the period 2010-2014. Based to a large extent on a measure of international value chain (VC) trade termed re-exported domestic value added, which comprises exports of intermediates that cross international borders at least twice, the question whether the world has reached 'peak value chain trade' and to what extent VCs have contributed to the decline in the income elasticity of trade is addressed. The research also re-examines whether value chains are predominantly global or regional in scope both worldwide and at the EU level. Furthermore, the extent of regional VC integration across the major regional trading blocs is compared. Finally, some of the implications of value chain trade for structural change and competitiveness are investigated.

Productivity, Non-Tariff Measures and Openness (PRONTO)

European Commission, 7th Framework Programme

February 2014 - January 2018

Over the past fifty years, there has been significant progress in lowering tariff barriers to international trade. With the rising importance of global sourcing, multinational enterprises and increased tradability of non-tangible products, Non-Tariff Measures (NTMs) have attracted growing attention from policy makers and academic scholars alike. Against this background, PRONTO aims to compile new data, develop better methodologies and increase our understanding of the impact of NTMs on international investment and trade. The proposed research project is divided into seven Work Packages (WPs). The first three provide the foundation for work in the project by consolidating existing and developing new NTM measures. The fourth WP acts as a bridge by establishing a methodological framework for using these measures in estimations and policy analysis. The fifth and sixth WPs use this framework and the new NTM indicators to consider the effect of NTMs on a variety of social and economic outcomes, providing both useful estimations for policy and a framework for future academic exploration of NTMs. The final WP focuses on dissemination of the data, methodologies, and results of the other six WPs. The project was

funded by European Commission, 7th Framework Programme and received additional funding by the Austrian Federal Ministry of Education, Science and Research within the research program TOP.EU.

<http://prontonetwork.org/>

Production linkages, value added trade and employment in the wider Europe

Anniversary Fund of the Oesterreichische Nationalbank

January 2015 - December 2016

The establishment of supply and production links has been a major driving force of the integration of the new EU Member States. Countries strongly integrated in production networks benefited in terms of productivity, value added and export growth. An important question on the further widening of Europe therefore is the integration of today's accession countries and possibly the EU neighbourhood countries in that respect. For a detailed study of actual patterns of production integration, a European multi-country input-output table is constructed allowing for an analysis of patterns of integration and value added trade in the wider European context. The potential impacts are further investigated by using a gravity modelling approach accounting for the importance of trade in intermediates and value added trade. Finally, various scenarios will be calculated providing evidence of potential impacts of further integration or disintegration on income and employment.

Provision of updated input-output and supply-use tables of the World Input-Output Database (WIOD)

European Commission, DG Economic and Financial Affairs

January 2016 - June 2016

The EU/Seventh Framework project WIOD (as well as other ongoing initiatives such as OECD-WTO TiVA, EORA, EXIOPOL) produced comprehensive sets of internationally linked supply and use and/or input-output tables which have been widely used by academic researchers and policy-makers. Given the urgent requirement for having such data for recent years and the fact that the WIOD tables (as other efforts) are becoming outdated quickly, the need for an update of the WIOD arose. wiiw provided a revision and update of these data which - to the extent possible - are consistent with the existing data.

<http://www.wiod.org>