

TRADE AND FINANCE



Composante
École
d'économie
de la
Sorbonne
(EES)



Volume
horaire
18h



Période de
l'année
Automne

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Description

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This course aims to study the impact of financial constraints on international trade. It highlights the role of financial constraints in accessing export markets, examines the impact of these constraints on the behaviour of multinational firms, and studies some methods for financing international trade. The impact that these constraints may have had in the 2008 financial crisis is also analysed.

Grading

Students are required to present in groups a paper of their choice on the topic of financial constraints in international trade. The final grade for each student will be composed of the group grade (40% of the final grade), an individual grade (60% of the final grade) which is composed of the final exam (50% of the final grade) and a course participation/attendance grade (10% of the final grade).

Objectifs

Syllabus

Week 1: Financial constraints and access to export markets

Manova, K. (2013). Credit constraints, heterogeneous firms, and international trade. Review of

Economic Studies, 80(2), 711-744.

Chaney, T. (2016). Liquidity constrained exporters. *Journal of Economic Dynamics and Control*, 72, 141-154.

Muûls, M. (2015). Exporters, importers and credit constraints. *Journal of International Economics*, 95(2), 333-343.

Berman, N., & Héricourt, J. (2010). Financial factors and the margins of trade: Evidence from cross-country firm-level data. *Journal of Development Economics*, 93(2), 206-217.

Week 2 : Financial Instruments and International Trade

Antras, P., & Foley, C. F. (2015). Poultry in motion: a study of international trade finance practices. *Journal of Political Economy*, 123(4), 853-901.

Niepmann, F., & Schmidt-Eisenlohr, T. (2017). No guarantees, no trade: How banks affect export patterns. *Journal of International Economics*, 108, 338-350.

Felbermayr, G. J., & Yalcin, E. (2013). Export credit guarantees and export performance: An

empirical analysis for Germany. *The World Economy*, 36(8), 967-999. Schmidt-Eisenlohr, T. (2013). Towards a theory of trade finance. *Journal of International*

Economics, 91(1), 96-112.

Week 3 : Trade Finance and the Great trade collapse

Ahn, J. (2020). *A theory of domestic and international trade finance*. Emerald Publishing Limited.

Chor, D., & Manova, K. (2012). Off the cliff and back? Credit conditions and international trade during the global financial crisis. *Journal of international economics*, 87(1), 117-133.

Ahn, J., Amiti, M., & Weinstein, D. E. (2011). Trade finance and the great trade collapse. *American Economic Review*, 101(3), 298-302.

Amiti, M., & Weinstein, D. E. (2011). Exports and financial shocks. *The Quarterly Journal of Economics*, 126(4), 1841-1877.

Levchenko, A. A., Lewis, L. T., & Tesar, L. L. (2010). The collapse of international trade during the 2008–09 crisis: in search of the smoking gun. *IMF Economic review*, 58(2), 214-253.

Weeks 4, 5 and 6: Presentations (Non-exhaustive list)

Foley, C. F., & Manova, K. (2015). International Trade, Multinational Activity, and Corporate Finance. *Annual Review of Economics*, 7(1), 119-146.

Manova, K., Wei, S. J., & Zhang, Z. (2015). Firm exports and multinational activity under credit constraints. *Review of Economics and Statistics*, 97(3), 574-588.

Manova, K., & Yu, Z. (2016). How firms export: Processing vs. ordinary trade with financial frictions. *Journal of International Economics*, 100, 120-137.

Bilir, L. K., Chor, D., & Manova, K. (2019). Host-country financial development and multinational activity. *European Economic Review*, 115, 192-220.

Manova, K. (2008). Credit constraints, equity market liberalizations and international trade. *Journal of International Economics*, 76(1), 33-47.

Feenstra, R. C., Li, Z., & Yu, M. (2014). Exports and credit constraints under incomplete information: Theory and evidence from China. *Review of Economics and Statistics*, 96(4), 729-744.

Iacovone, L., Ferro, E., Pereira-López, M., & Závacka, V. (2019). Banking crises and exports: lessons from the past. *Journal of Development Economics*, 138, 192-204.

Paravisini, D., Rappoport, V., Schnabl, P., & Wolfenzon, D. (2015). Dissecting the effect of credit supply on trade: Evidence from matched credit-export data. *The Review of Economic Studies*, 82(1), 333-359.

Niepmann, F., & Schmidt-Eisenlohr, T. (2017). International trade, risk and the role of banks. *Journal of International Economics*, 107, 111-126.

Bricongne, J. C., Fontagné, L., Gaulier, G., Taglioni, D., & Vicard, V. (2012). Firms and the

global crisis: French exports in the turmoil. *Journal of International Economics*, 87(1), 134-146.

Minetti, R., & Zhu, S. C. (2011). Credit constraints and firm export: Microeconomic evidence from Italy. *Journal of International Economics*, 83(2), 109-125.