NANYANG TECHNOLOGICAL UNIVERSITY

Nanyang Technological University

DIVISION OF ECONOMICS

Seminar Series

The Division of Economics and Economic Growth Centre invite you to a seminar by Assistant Professor Jackie M.L. Chan

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Speaker	:	**Assistant Professor Jackie M.L. Chan** *Department of Economics* *The Chinese University of Hong Kong*
Topic	:	**"Trade Intermediation, Financial Frictions, and the Gains from Trade"**
Chairperson	:	**Assistant Professor Xiaoping CHEN** *Division of Economics* *School of Humanities & Social Sciences*
Date	:	**26 August 2016 (Friday)**
Time	:	**10:30am to 11.30am**
Venue	:	**HSS Seminar Room 5** (HSS 04-89) *Nanyang Technological University* *School of Humanities and Social Sciences* *14, Nanyang Drive* *Singapore 637332*

About the Speaker:

Professor Jackie M.L. Chan is an Assistant Professor at the Chinese University of Hong Kong. Having received B.A. from the University of British Columbia in 2010, and completed Ph.D. at Stanford University 2015, Prof Chan has published in the Journal of Development Economics and the Pacific Economic Review, and has also been a referee for the Review of International Economics and Economica. His main field of research is international trade and his work is both theoretical and empirical. Topics of interest include the role financial frictions in determining trade patterns, intermediary trade, and Asian economics. Current research includes studying the determinants of foreign direct investment flows and reform fatigue in democracies. He has been teaching courses in international trade and international finance.

Abstract:

This study develops a heterogeneous firm model of international trade with trade intermediation and financial frictions. Indirect exporting through intermediaries entails lower fixed costs but larger variable costs, and thus intermediaries alleviate financial frictions which magnify the costs of exporting. The model finds strong empirical support in firm-level data on indirect exports for over 100 countries as well as country-level data on entrepot trade through Hong Kong for over 50 countries. Financially more constrained exporting firms and financially less developed countries are more likely to use trade intermediaries, with both of these effects stronger in financially more vulnerable industries. Calibrating a two-country version of the model in general equilibrium for China and US reveals important gains from trade intermediation. When indirect exporting is eliminated from China, welfare, exports, and the share of exporting firms fall by 0.24%, 18%, and 59% respectively.

Reservation:

Admission is free. Please reply to h-dae@ntu.edu.sg to confirm your attendance.

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