Dissertation title

Essays on International Trade, Vertical Linkages, and Trade Agreements

SUMMARY

International trade is the exchange of goods and services across international borders or regions. Promoting international trade is important for economic development. International agreements are common in the globalized world. Trade agreements (TAs) are agreements between countries to promote trade. Investment treaties (ITs) are agreements for private investment which helps promote trade. One crucial issue is technology and knowledge spillovers. Spillover effects emerge from developed to developing counties. Channels of spillovers to domestic firms are generally classified into two types, namely, ‘horizontal’ and ‘vertical’ spillovers. Horizontal or intra-industry spillovers benefit domestic firms operating in the same sector. Vertical or inter-industry spillovers benefit domestic firms operating in sectors that supply or purchase products to or from multinationals, and they originate from two types of international linkages, ‘backward’ linkage between local suppliers and their foreign affiliates (from downstream multinationals to upstream local suppliers) and ‘forward’ linkage between local buyers and their foreign affiliates (from downstream local buyers to upstream multinationals). The backward linkage and forward linkage effect on productivity growth is crucial. Our third study evaluates backward and forward linkages effect on not only firms’ productivity but also choice of inputs (capital and labor).

The second chapter examines the effect of trade agreements on trade. The trade agreements have become prevalent in the globalized world. The primary objective of such international trade agreements is to promote economic integration, which would ultimately be reflected by trade flows. The second chapter discusses how trade agreements help promote bilateral trade flows by applying country fixed effects and matching methods over the period from 2000 to 2015. The estimated results of country fixed effects with the consideration of multilateral resistance show that the positive effects of trade agreements are larger for south-south trade agreements than for north-south trade agreements. However, once we incorporate possible endogeneity problems, our matching estimates of treatment effects present different results, showing that north-south trade agreements are more effective in promoting bilateral trade flows than south-south trade agreements. These findings suggest that south countries could enhance trade with north partners by forming trade agreements under ongoing globalization.

The third chapter examines the effect of international agreements on trade and investment have become prevailed with the importance of trade-investment relationship in a globalized
world. The third chapter discusses how trade agreements (TAs) and investment treaties (ITs) promote trade in the north-south trade contexts. Our entropy balancing matching estimates present that ITs intensify trade creation effects of TAs, i.e., ITs complement TAs, and such complementary effects are larger for north-north and north-south trades than for south-south trade. The estimated results of country fixed effects with the consideration of the MR terms have shown that south-south trade agreements have the most significant positive effects compared to north-north and north-south trade agreements. However, once we incorporate non-linear MR term and selection bias related to TA by applying matching method, the estimates have presented different results: north-north and north-south trade agreements are more effective than south-south trade agreements. Globalization with complex supply chains has intensified with trade integration involving inter- and intra-industry trade among not only developed countries but also developing countries. Our results suggest that south countries could enjoy more trade with north countries, rather than with other south countries, through the formation of trade agreements, and north countries could enjoy more trade through trade agreements with both north and south partners.

The fourth chapter examines how vertical spillover through backward and forward linkages in the garment sector, Myanmar, which is important export sectors in the country. It is widely acknowledged that foreign direct investment (FDI) plays a crucial role in promoting horizontal and vertical spillovers in developing countries. Using primary survey data at the firm level, the fourth chapter examines how vertical spillovers through backward and forward linkages with multinationals relate to productivity and inputs allocation for garment firms in a recently liberalized developing country, Myanmar. The main results confirm that while both backward and forward linkages promote vertical spillover effects on productivity growth with capital accumulation, they fail to accelerate employment growth. In particular, domestic firms with backward linkages tend to reduce employment of skilled workers, and those with forward linkages tend to reduce employment of unskilled workers. In addition, this study also considers external-domestic and direct-indirect channels of backward and forward linkages to discuss spillover effects through the direct transaction with foreign-located firms and the use of brokers or middlemen. Myanmar government has emphasized increased employment opportunities for its people’s welfare improvement by implementing a series of economic reforms with the provision of various incentives to attract foreign investment. One crucial lesson from our analysis is that although linkages with multinationals bring about productivity growth, such positive effects might be realized without clear evidence supportive of increased job opportunity for abundant labor.

備考 論文の要旨はA4判用紙を使用し，4,000字以内とする。ただし，英文の場合は1,500語以内とする。

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