1. Motivation: The increasing relevance of time as a trade barrier;

Log of GDP per capita
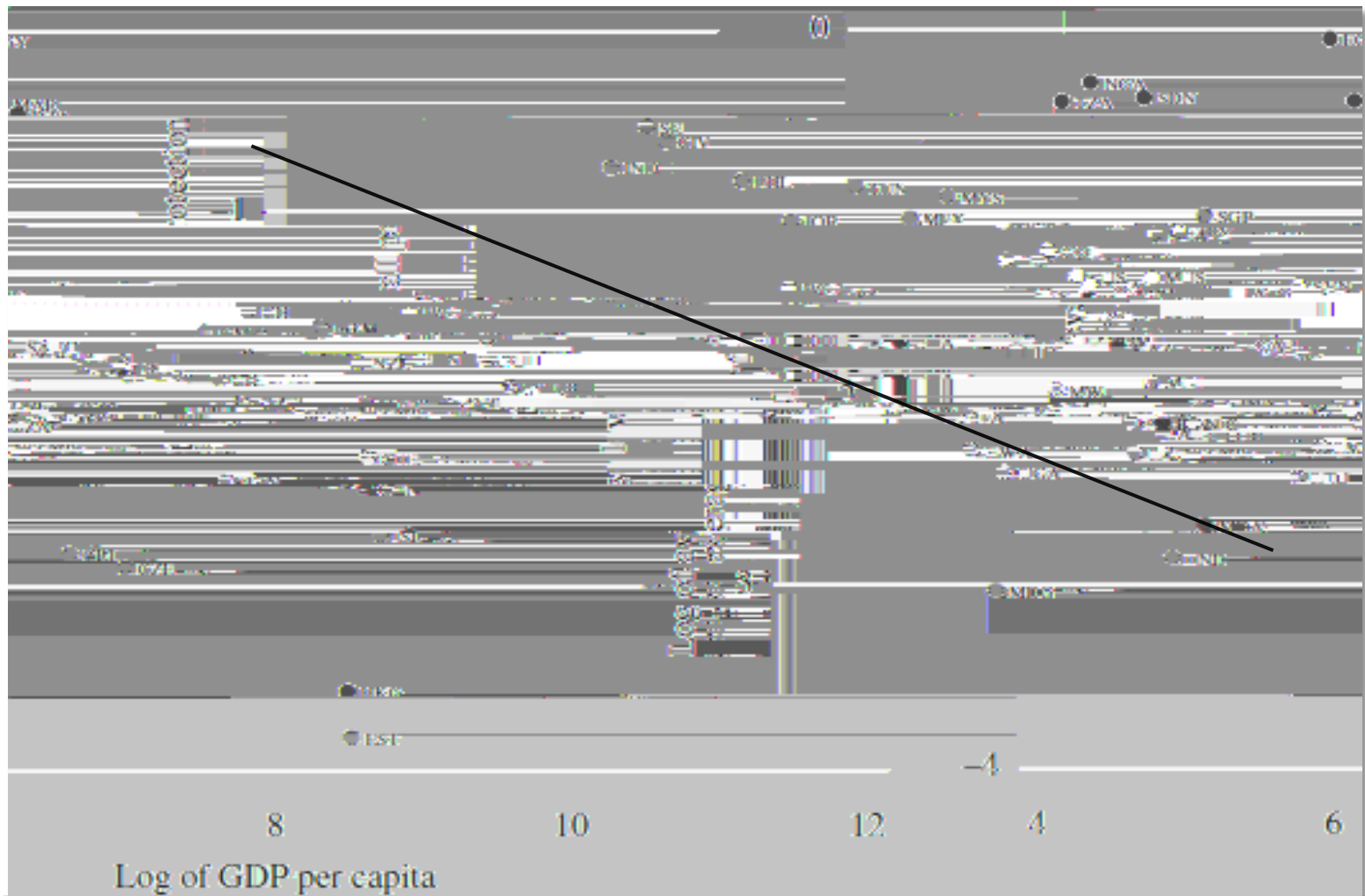
9.0. Measuring the costs of delays at

9.1. Measuring the costs of delays at Customs at the product level (Hummels and Schaur, AER, 2013)

In the model, Consumers have CES type preferences over a bundle of differentiated goods:

$$U = \left(\sum_j \sum_z \lambda_j^z (q_j^z)^\theta \right)^{1/\theta} \qquad \theta = (\sigma - 1)/\sigma,$$

The time of delivery by firms is treated as a product quality dimension, according to:

9.2. Measuring the costs of delays at Customs at the product level (Hummels and Schaur, AER, 2013)

$$q_j^z = E\left(\frac{p_j^{z*}}{\cdots} \right)^{-\sigma}$$

9.3. This idea can be illustrated by the graphic below. For the equilibrium quantity Q^*, consumers are willing to pay P^* for a good that arrives late. They would pay P^1 for a zero delay good. Therefore, the implicit Ad valorem cost of delay will be $(P^1-P^*)/P^*$.

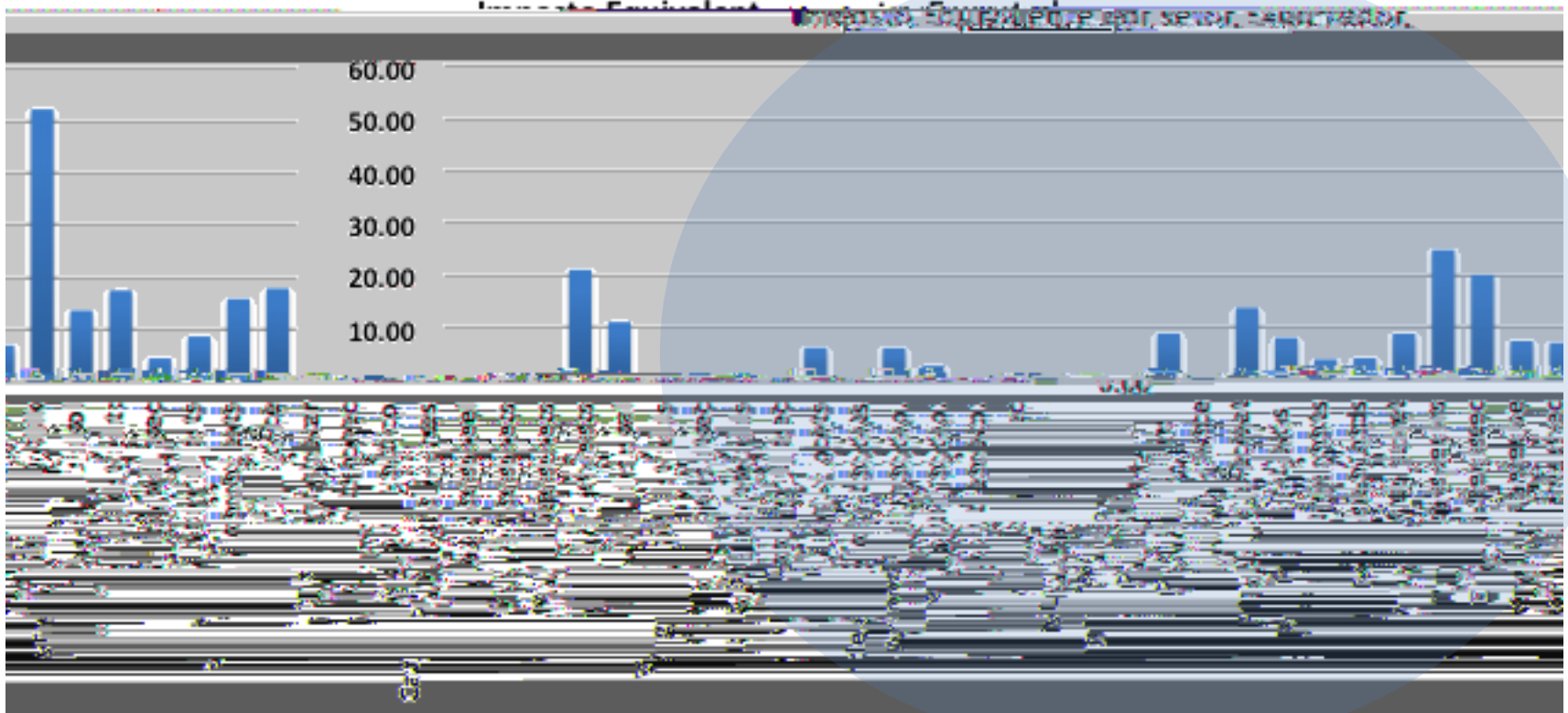*Supply Demand and Welfare Impacts (Partial Equilibrium) of Reducing a Delay in Trade*

Source: Minor (2013)

High World Upmed Lowmed Low

Imports   Exports

1.

September
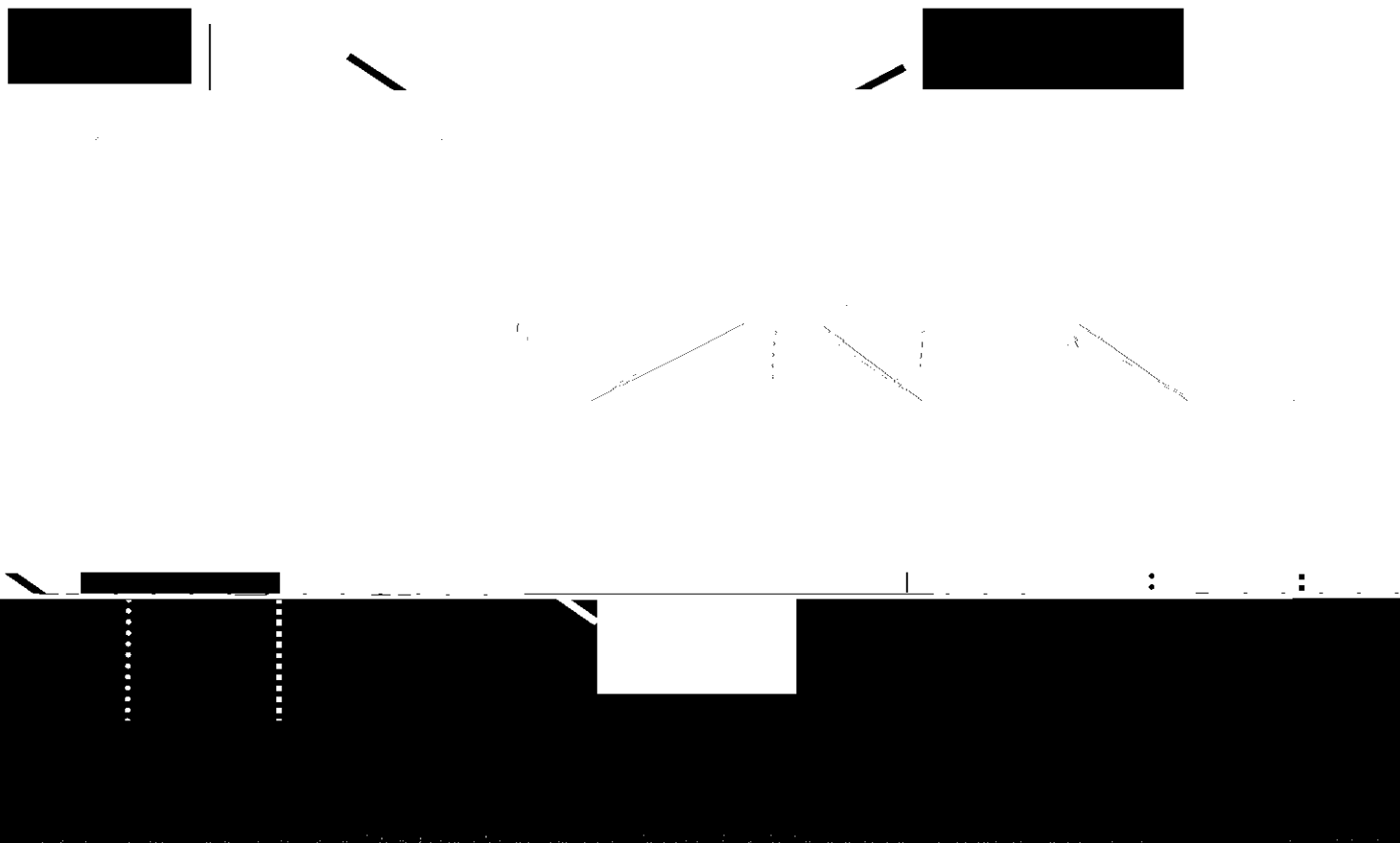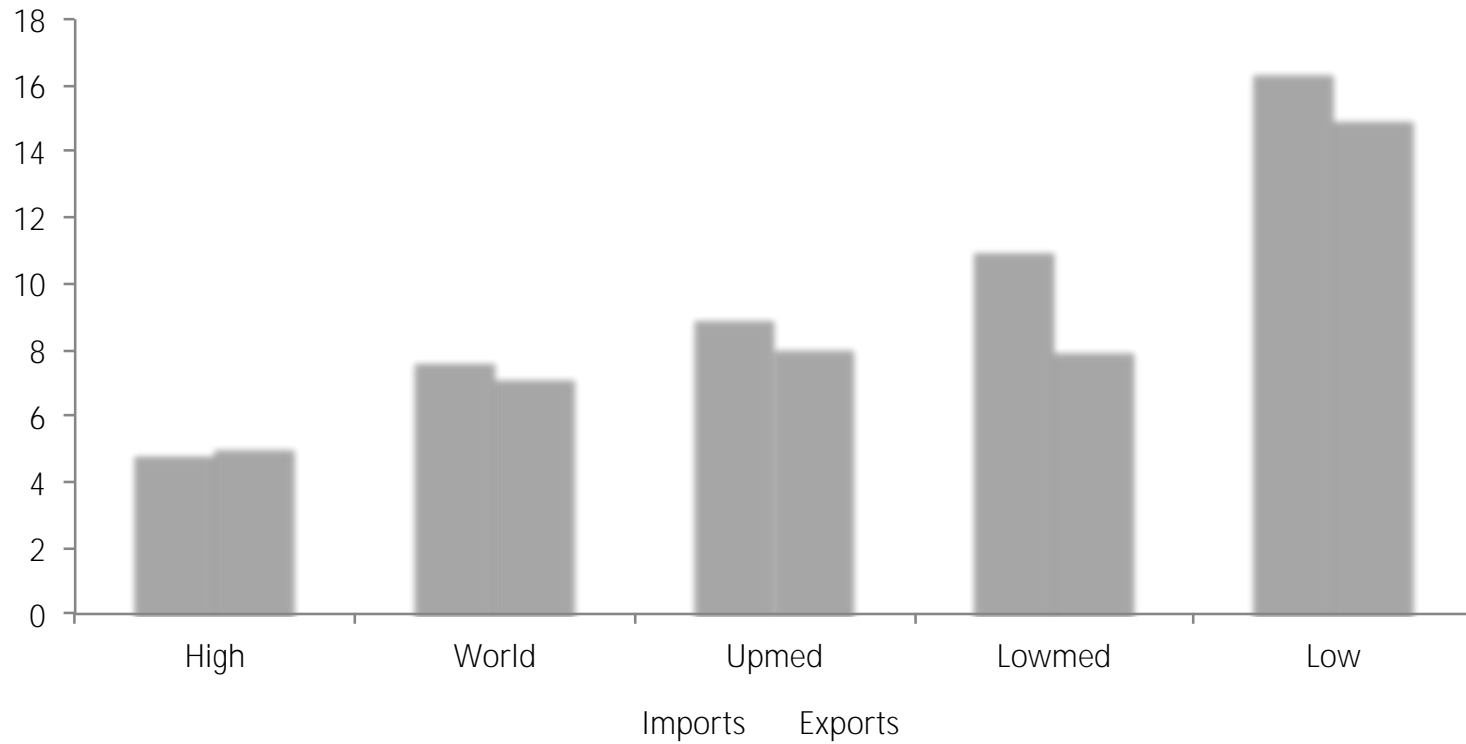
The architecture of Global Value Chains in 2011, from the perspective of VS, broken down by factor of production

VS

	Land	Skilled	Unskilled	Capital	NatRes	VS
High						
Upmed						
Lowmed						
Low						

1. Trade in intermediates is reality in the four country groups presented (VS);

1. Global/regional value chains are concentrated in manufacturing sectors (Capital);

1. Unskilled labor tasks tend to be offshored at a higher degree in comparison to skilled labor tasks...(Unskilled/Skilled)

Source: GTAP-9 (2011)

1. Rich countries are predominantly suppliers of capital/skilled labor intensive tasks to the

Hertel et al (2001) and Fugazza & Maur (2008),

CES type demand equation for good "i", exported from country "r"

]

(%)	High	Upmed	lowmed	Low
VS				
VS1				
VS+VS1				

VS (%)

	Land	Skilled	Unskilled	Capital	NatRes	VS
High						
Upmed						
Lowmed						
Low						

VS1(%)

	Land	Skilled	Unskilled	Capital	NatRes	VS1
High						
Upmed						
Lowmed						
Low						

income inequality has risen in a large number of OECD countries and some emerging economies (...), becoming, once again, a hotly debated policy concern;

increasing inequality not only in wages but also on other factors of ...tion; The ... ce is mixed

literature ...

m i x e d

VS (backward linkages):

Breaking down VS and VS1 confirms the Grossman and Rossi-Hansberg

Final Remarks

Merci!

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