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AWI This Week

Monday, 13.5.13

Departmental Seminar

17.15-18.45

AWI 00.010

Daniel M. Bernhofen, University of Nottingham,
GEP and CESifo

"Estimating the effects of the container revolution
on world trade"

Abstract

Departmental Seminar

Daniel M. Bernhofen

"Estimating the effects of the container revolution on world trade"*

The introduction of containerization triggered complementary technological and organizational changes that revolutionized global freight transport. Despite numerous claims about the importance of containerization in stimulating international trade, econometric estimates on the effects of containerization on trade appear to be missing. Our paper fills this gap in the literature. Our key idea is to exploit time and cross - sectional variation in countries' adoption of port or railway container facilities to construct a time - varying bilateral technology variable and estimate its effect on explaining variations in bilateral product level trade flows in a large panel for the period 1962 - 1990. Our estimates suggest that containerization did not only stimulate trade in containerizable products (like autoparts) but also had complementary effects on non-containerizables (like automobiles). As expected, we find larger effects on North-North trade than on North-South or South -South trade and much smaller effects when ignoring railway containerization. Regarding North-North trade, the cumulative average treatment effects of containerization over a 20 year time period amount to about 700%, can be interpreted as causal, and are much larger than the effects of free trade agreements or the GATT. In a nutshell, we provide the first econometric evidence for containerization to be a driver of 20th century economic globalization.

*with Zouheir El-Sahli and Richard Kneller

New Publications

The paper "The Warnings Puzzle: An Upstream Explanation" by Timo Goeschl and Johannes Jarke has been accepted for publication in the *Journal of Regulatory Economics*.

Miscellaneous

Research Grants

The German Research Foundation DFG has decided to fund two new research projects at the Research Center for Environmental Economics. One project, involving Timo Goeschl and Daniel Heyen, will examine information acquisition under fundamental uncertainty in the context of environmental regulation. The other project will study the limits of liability systems for international risk allocation in Geoengineering. This is part of a larger joint undertaking with legal scholars at Trier University, climate modelers at the Max Planck Institute in Hamburg, and philosophers at Bielefeld that is coordinated by Timo Goeschl. Tobias Pfrommer will be the research associate on this project.

**Editorial deadline for issue 11/2013 of the newsletter:
Thursday, May 15, 2013, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.