French-Japanese Webinar in Economics

Main objectives

This webinar (virtual seminar) aims to bring together researchers from Japanese and French universities, research centers and economic policy think tanks to exchange and share their research results (work in progress, finalized papers, drafts, informal talks) on all aspects of economics (both theoretical and empirical work in any subject of the field).

This webinar is a good platform to discuss the most recent innovations and trends as well as challenges in different fields of Economics. It is also an opportunity to establish collaborations between French and Japanese colleagues and researchers.

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Organization

The organization of the webinar is under the responsibility of two researchers, one in Japan and the other in France. For the period from February 2024 to December 2024, Prof. Kiyotaka Sato from Yokohama National University (YNU) and Prof. Gilles Dufrénot from the Aix-Marseille School of Economics and Sciences Po Aix will take on the responsibility of the seminar.

The principle of organization is as follows. Once a month, two researchers from each country (France and Japan) present a paper. Each presentation lasts 30 minutes and is followed by another 30 minutes discussions/questions with the participants. The webinar therefore lasts two hours in total.

French-Japanese Webinar in Economics 2014

Time schedule

Summer time (from the last week of March to the third week of October)

France 10:00-12:00
Japan 17:00-19:00

Winter time (from the last week of October to the third week of March)

France 9:00-11:00
Japan 17:00-19:00

France 09:00-10:00   **Japan** 17:00-18:00   Presenter 1 : **Federico Trionfetti, Aix-Marseille School of Economics**

Topic : Migration

Title : Immigration and the skill premium
Co-authors : Daniela Maggioni, Alessia Lo Turco,

[Web page](#)   **Paper available :** No

Abstract

We investigate the impact of immigration of low skilled workers on the skill premium. According to standard theoretical predictions, we expect to find a positive relationship due to the increase in the relative supply of unskilled labour. Using data for the Italian economy between 2008 and 2013 we find no significant impact. We rationalise this puzzle by introducing matching, screening, and firm-level wages in a two-sector, two-goods closed economy. In this model, immigration causes a reduction in the relative cost of matching with unskilled labour. As a consequence, firms reduce their skill-intensity as well as the relative severity of screening skilled workers. The latter effect follows from the fact that the benefits of the screening activity accrue to a relatively smaller number of workers. The relative ability of skilled workers then declines and may compensate or offset the increase in the skill premium induced by the reduction in the skill ratio. By estimating a proxy for relative ability of the skilled, we indeed find evidence that migration flows from low and middle income countries into Italian regions have caused a reduction in the relative ability of skilled workers within sectors. We also estimate the welfare consequences of low-skill immigration

Keywords : Matching, screening, skill-intensity, factor relative ability
JEL Codes: F22; J61; F16; D24

16 February 2024

France 10:00-11:00   **Japan** 18:00-19:00   Presenter 2 : **Uraku YOSHIMOTO, Ministry of Finance, Japan**

Topic : International Finance

Title : Invoice Currency Choice in Intra-Firm Trade: A Transaction-Level Analysis of Japanese Automobile Exports
Co-authors : Taiyo Yoshimi, Kiyotaka Sato, Takatoshi Ito, Junko Shimizu, Yushi Yoshida

Web page   Paper available : Yes

Abstract

This study empirically investigates how the invoice currency choice differs between intra-firm and arm's-length exports. We also examine whether other firm- and product-level characteristics affect the choice of invoice currency. This study is the first to be granted access to highly disaggregated transaction-level trade data for Japan. Focusing on Japanese automobile exports to France, we demonstrate that the importer's currency tends to be chosen in intra-firm export invoicing based on a panel logit estimation. Our empirical findings remain robust when different types of intra-firm export variables and other conventional explanatory variables are introduced, such as firm and product market share, exchange rate volatility, a dummy for intermediate goods exports, euro-invoiced imports, labor productivity, and research and development intensity. Given growing intra-firm trade and expanding global value chains, Japanese parent firms tend to invoice in the importers' currency, assuming the foreign exchange risk that arises from intra-firm trade. Thus, exchange rate risk management is a significant consideration for Japanese parent firms.

Keywords: Invoice currency; intra-firm trade; Japan Custom's data; market share; export competitiveness
JEL Codes: F14, F31

29 March 2024

France 9:00-10:00   **Japan** 17:00-18:00   Presenter 1 : **Jamel Saadaoui, University of Strasbourg**

Topic : Real exchange rates

Title : Real Exchange Rate and International Reserves in the Era of Financial Integration
Co-authors : Joshua Aizenman, Sy-Hoa Ho, Luu Duc Toan Huynh, Gazi Salah Uddin

Web page   **Paper available :** here

Abstract

The global financial crisis has brought increased attention to the consequences of international reserves holdings. In an era of high financial integration, we investigate the relationship between the real exchange rate and international reserves using nonlinear regressions and panel threshold regressions over 110 countries from 2001 to 2020. Our study shows the level of financial-institution development plays an essential role in explaining the buffer effect of international reserves. Countries with a low development of their financial institutions may manage the international reserves as a shield to deal with the negative consequences of terms-of-trade shocks on the real exchange rate. We also find the buffer effect is stronger in countries with intermediate levels of financial openness.

Keywords : International Reserves, Financial markets, Real exchange rate
JEL Codes: F30, F40, F44

France 10:00-11:00   **Japan** 18:00-19:00   Presenter 2 : **Nagendra SHRESTHA, Yokohama National University**

Topic :   Global Input-Output Analysis

Title : Measuring Economic Importance of a Country in Global Context
Co-authors :

Web page   Paper available : No

Abstract

Global economy is interlinked in complex manner with different countries in the World. Somehow it is difficult to measure absolute economic importance of a country, as other non-economic factors such as politics, geography, social conditions etc. also play significant roles to promote the economic linkages globally. Here, we attempt to measure an economic importance of a country with others by addressing global economic linkages as traced by Global Input-Output framework in 2020. The salient feature of this paper is to use newly complied Global Input-Output table in real terms (subject to industry-specific prices and country-specific exchange rates) by hypothetically extracting a country of interest from the GIO table. In contrast to the conventional method of hypothetical extraction that uses same input and value-added coefficient before and after the extraction to measure the inducements, we try to reflect the change in input and value-added coefficients caused by new trade structure under the assumption that the country of interest does not produce, consume, and trade with other countries hypothetically. Our preliminary results show that China and the US have largest influence on the induced global production and the global value-added respectively. Interestingly, Japanese importance seems to be weaker than Korean influence if the inducement of global production is concerned.

Keywords : Real Global Input-Output tables, Hypothetical Extraction Method, Economic Importance, Production inducements, Value-added inducements
JEL Codes: C67, F01, F60

12 April 2024

France 10:00-11:00   **Japan** 17:00-18:00   Presenter 1 : **Laurent Ferrara, Skema Business School**

Topic : Weather shocks and production

Title : Dynamic effects of weather shocks on production in European economies
Co-authors : Daniele Columbo

Web page   **Paper available :** here

Abstract

The global financial crisis has brought increased attention to the consequences of international reserves holdings. In an era of high financial integration, we investigate the relationship between the real exchange rate and international reserves using nonlinear regressions and panel threshold regressions over 110 countries from 2001 to 2020. Our study shows the level of financial-institution development plays an essential role in explaining the buffer effect of international reserves. Countries with a low development of their financial institutions may manage the international reserves as a shield to deal with the negative consequences of terms-of-trade shocks on the real exchange rate. We also find the buffer effect is stronger in countries with intermediate levels of financial openness.

Keywords : Weather shocks, Bayesian VAR, Non-linear local projection, European production
JEL Codes: C32, E23, Q54

France 11:00-12:00   **Japan** 18:00-19:00   Presenter 2 : **Tomoo INOUE, Seikei University**

Topic : International trade and business cycle

Title : Exploring the Macroeconomic Interdependence of East Asian Countries: A GVAR Approach
Co-authors : Tuan Khai Vu

Web page   Paper available : No

Abstract

Over the past few decades, with rapid economic growth, East Asia has also experienced deepening economic integration with active intraregional economic activities such as trade and investments. This development has contributed to the complex and possibly time-varying macroeconomic interdependence of countries in the region. To understand this interdependence more fully, this study aims to employ the Global Vector Autoregressive (GVAR) model. This model is useful because it can comprehensively capture the interdependence of domestic macroeconomies in the region and quantitatively describe the impact of shocks that occur in East Asian countries on the macroeconomies of other countries. By incorporating changes in trade relations over time, the model can capture the temporal evolution of shock propagation through supply chains. Furthermore, the idea of connectedness measures, developed by Diebold and Yilmaz (2009), will be applied to quantify changes in the interdependence of East Asian countries over the past 40 years.

Keywords : Business cycle; Connectedness; Global Vector Autoregression; Trade Linkage
JEL Codes: C32, C53, F62

France 10:00-11:00   **Japan** 17:00-18:00

Presenter 1 : **Cecilio Tamarit, University of Valencia**

Topic : Global value chains

Title : Globalisation and unemployment in the EU: new insights on the role of global value chains and workforce composition

Co-authors : Mariam Camarero, Antonia Lopez-Villavicencio

Web page   **Paper available :** here

Abstract

The participation of the European Union in Global Value Chains (GVCs) is significantly higher compared to North America and Asia and it has steadily increased with the creation of the Single Market and the launching of the euro. We provide empirical evidence on the consequences of GVC participation on aggregate unemployment. Using data for EU countries and impulse response functions derived from local projections, we show that a higher participation reduces the unemployment rate in less advanced EU economies while it increases it in core countries. Our results also show that unemployment is particularly sensitive to GVCs when the labour cost is low.

Keywords : Global value chains, EU, Local projections, unemployment
JEL Codes: C32, F14, F15, F62

France 11:00-12:00   **Japan** 18:00-19:00   Presenter 2 : **Yuki MASUJIMA, Deloitte Tohmatsu Financial Advisory LLC**

Topic : International Finance

Title : Drivers of Post-Pandemic Currency Movement: Recurring Impacts of Sovereign Risks and Oil Prices

Co-authors : SATO, Yuki

Web page   Paper available : No

Abstract

This paper tries to investigate the driving factors of FX rates, focusing on the roles of sovereign credit risks and energy prices in the post-pandemic period. We find that the yen's safe-haven status weakened, and the European currencies became more sensitive to debt risks and fragile to uncertainty. The yen's sensitivity to higher sovereign risks picked up after the introduction of the yield curve control (YCC) policy implemented by the Bank of Japan (BOJ), even if its policy could have reduced the volatility of Japan's credit default swap (CDS) rates. Moreover, the type of shock (supply or demand) may change the impacts of oil prices on FX moves.

Keywords : CDS, Oil Prices, Post-COVID-19, Safe-haven Currency
JEL Codes: E44; F31; G15

France 10:00-11:00   **Japan** 17:00-18:00   Presenter 1 : **Cristina Terra, ESSEC Business School**

Topic : Gender wage gap

Title : Gender Wage Gap and Job Flexibility

Co-authors : Gustavo Gonzaga and Maria Oaquim

[**Web page**](#)   **Paper available :** No

Abstract

We investigate the impact of two dimensions of job flexibility on the gender wage gap (GWG): one related to the characteristics of the occupation itself and another specific to the firm. Using a large administrative dataset for Brazil, we find that: (i) both the occupation and the firm dimensions of job inflexibility pay wage premiums; (ii) these wage premiums are larger for men compared to women; and (iii) the two dimensions of job inflexibility feed each other back, magnifying their widening impact on the GWG in favor of men.

Keywords : Gender wage gap, job flexibility
JEL Codes:

France 11:00-12:00   **Japan** 18:00-19:00

Presenter 2 : **Sheue Li ONG, Universiti Malaya**

Topic : Economic Integration

Title : Is the Chinese Renminbi Becoming a Regional Key Currency?
Evidence from Industry-Specific Real Exchange Rate Convergence and Latent Dynamics

Co-authors : Kiyotaka Sato

Web page   **Paper available :** Not yet

Abstract

This research explores the intricate dynamics of economic integration in Asia and Europe, assessing the degree of real exchange rate (RER) convergence. Departing from conventional bilateral RER calculations based on the Consumer Price Index (CPI), we utilize industry-specific RER based on the Producer Price Index (PPI) to evaluate RER convergence towards regional key currencies—the Chinese renminbi (RMB) in Asia and the euro in Europe. We specifically focus on RERs in three pivotal machinery industries—general machinery, electric machinery, and transport equipment—as significant drivers of regional and global supply chains. Employing a state space model, we aim to estimate industry-specific RER convergence and discern nuanced time variations in RER adjustment speeds across regional countries. The dynamic factor model (DFM) decomposes RER convergence dynamics for each regional country, identifying relative contributions from common global (US), regional (Asia or Europe), and idiosyncratic (country-specific) factors. This approach provides comprehensive insights into the intricacies of economic integration in Asia and examines the role of the RMB as a regional key currency.

Keywords : Economic integration; real exchange rate convergence; Chinese RMB, dynamic factor model
JEL Codes: C32, F15, F33, F36

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