

Global Production and Sourcing

Dr. Peter Eppinger
University of Tübingen
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Course objectives

We live in a world of globalized production. Many products of daily consumption are produced along global value chains, and their parts and components have crossed various international borders before they reach you as a consumer. Multinational firms are playing an increasingly important role in the world economy, organizing a large share of global production and trade, both within and across firm boundaries. Recent crises have highlighted the importance of global production and sourcing, e.g. in the sectors of medical equipment and natural gas.

These developments give rise to a variety of exciting questions: Why do some firms import intermediate inputs from other countries, while others source them domestically? How do firms choose their production locations? Why do some firms own foreign plants and source inputs via intra-firm trade, while other firms engage in international outsourcing? Do global value chains and multinational firm networks magnify international spillover effects from local shocks, or do they contribute to diversification and resilience?

The aim of this course is to introduce students to the frontier of economic research on these questions. We will study and apply state-of-the-art models and empirical methods to investigate global production and sourcing. Successful completion of the course prepares students for independent research and enables them to contribute in an informed manner to the globalization debate.

Curriculum

This course is eligible in the modules International Trade I (E421) and International Trade II (E422). It is primarily designed for students enrolled in the Master programs in Economics, International Economics, Economics and Finance, and European Economics. Students enrolled in Master programs in Data Science, Management, and Business may choose the course as an elective.

Prerequisites: Participants must have passed Advanced Microeconomics I (E424).

Having passed the course Advanced International Trade is useful but not required.

Credits: Successful completion of this course yields **9 ECTS**.

Organization and schedule

Time and place:

Wednesdays, 10.15am–11.45am, at seminar room H319, Geographie (Hauptbau), Rümelinstr. 23.
Thursdays, 2.15pm–3.45pm, at seminar room E01, Mohlstr. 36.

Start date: Wednesday, October 18th, 2023.

Lectures and exercise classes: The course is formally comprised of a three-hour lecture plus a one-hour exercise class, but there is no strict weekly separation between the two. Approximately every second week we will have an exercise class to discuss the assignments (same time slots).

Assessment

Grading is based on a final written exam at the end of the term. Bonus points can be earned on assignments to be submitted during the course.

Final exam: There will be a final exam of 90 minutes, and you can earn a maximum number of 90 points. The date of the final exam will be set by the examinations office.

Assignments: There will be assignments posted on a regular basis during the course. These assignments are intended to deepen your understanding of the course material and to enable you to solve theoretical models and conduct empirical analysis yourself.

By completing the assignments you can earn up to 15 bonus points that count towards your final exam. The deadlines for submitting the assignments will be announced in due course and we will discuss the solutions together in class.

Students are encouraged to form stable groups of up to three members for working on the assignments. Each group should submit one solution for each assignment. Details will be communicated in the first session.

Outline

1. Introduction
2. The location choice of multinational production
3. The organization of multinational firms
4. Shock transmission and resilience in global production networks

Literature

Main text: The following book forms the backbone of the course. Selected chapters (to be announced) are required reading:

Antràs, Pol, *Global Production: Firms, Contracts, and Trade Structure*, Princeton University Press, 2015. E-book accessible via the [University library](#).

Complementary reading: In addition, the course draws on a number of journal articles and handbook chapters, which will be provided during the course.

Registration

There is no need to formally register for this course. Just come to the first session.

All course materials will be made available on the [ILIAS](#) platform. Please register for the ILIAS course using the password, which will be communicated in the first session.

Contact details

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