

A Cross Country View On South-North Migration And Trade. Dissecting the Channels.*

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Abstract

We explore the nexus between North-South trade and migration in a cross country framework over the period 1990-2005. In addition to the relatively unexploited cross country framework, our main contribution resides in the search for heterogeneous responses of trade to migration according to different good typologies. Besides the usual distinction between homogeneous and differentiated products dictated by the information channel, we also investigate the effects of migration on trade in primary and final goods and in labour and capital intensive goods with the purpose to assess the preferences and technology channels too. Our results show that, as expected, migration enhances the imports of primary and final goods (preferences channel) and the exports of differentiated-low elasticity of substitution goods (information channel). On the other hand, there is some evidence that the increase in the presence of migrants from the South enhances the export of labour intensive goods (technology channel).

JEL Classification: F22, F16.

Keywords: trade, migration, North-South.