

PRESS RELEASE

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East Asian Economic Review
Announces Winner of 2017 Best Paper Award

- KIEP presents 2017 EAER Best Paper Award to Douglas H. Brooks (Asian Development Bank), Elvira Kurmanalieva (Eurasian Development Bank) and Doo Yong Yang (Kyunghee University).

The Korea Institute for International Economic Policy (KIEP) has selected the paper "Trade, Trade Finance, and Global Liquidity in Asia: Markov-Switching FAVAR Approach," co-authored by Douglas H. Brooks (Asian Development Bank), Elvira Kurmanalieva (Eurasian Development Bank) and Doo Yong Yang (Kyunghee University) for 2017 EAER Best Paper Award.

As a quarterly journal published by KIEP, the East Asian Economic Review (EAER) annually selects and announces the winner of its Best Paper Award, with the purpose of building stronger theoretical foundations and advancing interdisciplinary research in the field of international economics.

The 2017 Best Paper Award Selection Committee, composed of six members, reviewed 16 papers published between 2016 and 2017. The committee applied four criteria of excellence for selection: academic contribution, research originality, logical clarity, and policy implications. The Selection Committee members each submitted their choices for the three best papers, using a scale of 1 to 3 points. As a result of this process, the paper written by Douglas H. Brooks, Elvira Kurmanalieva and Doo Yong Yang received the highest score and hence was recommended as 2017 best paper by the majority of the Committee.

In their paper the authors analyze an important question of why world trade collapsed after the Global Financial Crisis. Using the methodology of FAVAR, the authors argue that the dynamics between trade and trade finance served as an important factor behind the collapse. The findings of this paper are important because they will be relevant for the process the world will recover from this recession and move back to a new steady state for the level of world trade.

Up to now the most convincing explanations provided by international trade economists and

macro economists have been: 1) changes in the demand composition of developed economies (the declining share of durable consumption and investment as well as the increasing share of services), and/or 2) decline in world trade related to Global Value Chains (GVC). However, these perspectives cannot properly explain the quick recovery of world trade towards the long-term trajectory from the “collapse” in 2009. One of the main findings of this paper is that trade finance mattered. In addition to this contribution, the paper’s research method shows academic seriousness by employing adaptive-FIGARCH model, which serves very well for the purpose of empirical analysis in order to consider the long memory property and structural breaks simultaneously.

The award ceremony was held on 22nd December, 2017 at the Korea Institute for International Economic Policy (KIEP).

Appendix 1: Winners of the Best Paper Award (1st - 16th)

YEAR	TITLE	AUTHOR
1st (2001)	Intra-industry Trade and the Gravity Equation: A Cournot-Ricardo Approach	E. Young Song (Sogang Univ.)
2nd (2002)	Impact of FDI on Competition: The Korean Experience (1991-1997)	Mikyung Yun (KIEP)
3rd (2003)	Deviation from Covered Interest Rate Parity in Korea	Seungho Lee (The Bank of Korea)
4th (2004)	Realized Volatility in Seoul Foreign Exchange Market	Chae-Shick Chung (Sogang Univ.) Sangyong Joo (Konkuk Univ.) Seung Moon Lee (The Bank of Korea)
5th (2005)	Estimation of the Exchange Rate Pass-Through: Evidence from Korean Domestic Prices	Sangho Yi (The Bank of Korea)
6th (2006)	(1st) Integration Among Major Capital Markets in the World: An Investigation Focusing on Firm Value	Jungwon Suh (Ewha Womans Univ.)
	(2nd) Dynamic Determinants of Korean Productivity Changes: with Emphasis on Trade	Sangho Kim (Honam Univ.) Hyunjoon Lim (Rochester Univ.)
7th (2007)	(1st) Trade in Services and Economic Growth	Soonchan Park (Kongju National Univ.)
	(2nd) Natural Resources, Governance, and Economic Growth in Africa	Bokyeong Park (KIEP) Kang-Kook Lee (Ritsumeikan Univ.)
8th (2008)	Equilibrium Indeterminacy in a Small Open Economy with Traded and Non-traded Capital	Jongkyou Jeon (Kyung Hee Univ.)
9th (2009)	Greenhouse Gases Emissions Reduction and WTO Trade Rules	Younghwan Kim (Ministry of Knowledge Economy)
10th (2010)	Impacts of Service Offshoring on Productivity and Employment: Evidence from Korea	Soonchan Park (Kongju National Univ.)

11th (2011)	Investing in Port Infrastructure to Lower Trade Costs in East Asia	Kazutomo Abe (Tokyo Denki Univ.) John S. Wilson (World Bank)
12th (2012)	Protection of Intellectual Property Rights and Subsidy Policy for Foreign Direct Investment	Moonsung Kang (Korea Univ.)
13th (2013)	A Free Trade Area of the Asia Pacific (FTAAP): Is It Desirable?	Sangkyom Kim (KIEP) Innwon Park (Korea Univ.) Soonchan Park (Kongju National Univ.)
14th (2014)	Country Fundamentals and Currency Excess Returns	Daehwan Kim (Konkuk Univ.) Chi-Young Song (Kookmin Univ.)
15th (2015)	Trade Finance and Trade Collapse during the Global Financial Crisis: Evidence from the Republic of Korea	E. Young Song (Sogang University)
16 th (2016)	Comparing the Global and Merged with the Local and Separate: On a Downside to the Integration of Regions and Nations	Oded Stark (Universities of Bonn and Warsaw; Georgetown University)

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- **About the Korea Institute for International Economic Policy (KIEP)**

The Korea Institute for International Economic Policy (KIEP) was founded in 1990 as a government-funded economic research institute. It is a leading institute concerning the international economy and its relationship with Korea. KIEP advises the government on all major international economic policy issues and serves as a warehouse of information on Korea's international economic policies. Further, KIEP carries out research by request from outside institutions and organizations on all areas of the Korean and international economies by request.

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[Photo1] The EAER Best Paper Award was held on December 22nd, 2017 at the Korea Institute for International Economic Policy (KIEP) in Sejoing.



(From the left) Jung Taik Hyun(President of KIEP), Doo Yong Yang(Kyunghee University), Chul Chung(Vice President of Department of International Trade at KIEP)

[Photo2] Professor Doo Yong Yang of Kyunghee University was awarded The EAER Best Paper Award by President Jung Taik Hyun of KIEP on December 22nd, 2017 at the Korea Institute for International Economic Policy (KIEP) in Sejoing.



(On the middle) Jung Taik Hyun(President of KIEP) and (On the right) Doo Yong Yang(Kyunghee University)