

**You are kindly invited to attend a Joint Seminar of the  
National Bank of Belgium, CES-KUL, Ecares-ULB and UCL**

by

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on

**Greasing the Wheels of International Commerce:  
How Services Facilitate Firms' International Sourcing**

**(with Horst Raff, Department of Economics, University of Kiel  
and Kiel Institute for the World Economy)**

**Abstract**

We use unique plant-level data to study the link between the local availability of services and the decision of manufacturing firms to source materials from abroad. To guide our empirical analysis we develop a monopolistic-competition model of the materials sourcing decisions of heterogeneous firms. The model generates predictions about how the intensity of international sourcing of materials depends on a firm's productivity and the availability of local services. These predictions are supported by the data. We find evidence that more productive manufacturing firms tend to have a higher ratio of imported materials to sales. In addition, we find evidence that services grease the wheels of international commerce: A greater availability of services across regions, industries and time increases a firm's foreign sourcing of materials relative to sales. Interestingly, this positive impact of local service availability on imports especially applies to stand-alone firms that, unlike multinationals, are less likely to rely on imported or internally provided services.

The seminar will take place on Thursday, **March 4** from **16.30 until 18.00** in the Auditorium of the National Bank of Belgium, **Room A1, Entrance: Warmoesberg 61**, 1000 Brussels.

Please reply by email to [Yvette.Vandenbosch@nbb.be](mailto:Yvette.Vandenbosch@nbb.be) if you wish to participate to this seminar. With name and car plate number to access the NBB Parking Warmoesberg 41.

Kind regards,

H. De Wachter (KUL), R. Kollmann (ULB), C. Poily (UCL) and R. Wouters (NBB)