

Export platforms

- ▶ Assume that $\tau_{us,ir}$ is large enough to rule out exporting from US
- ▶ $\epsilon_{ir} = \epsilon_{eu} = 3, w_{eu} = 2, f^p = 2, E_{eu} = E_{ir} = 100, \varphi = 2, f^e = 0.9,$
 $\tau_{ir,eu} = 0.3$
- ▶ When $w_{ir} = 1.0$, would the US firm use an export platform in Ireland, or operate an affiliate in both countries?

Export platforms, Ireland “develops”

- ▶ Assume that $\tau_{us,ir}$ is large enough to rule out exporting from US
- ▶ $\epsilon_{ir} = \epsilon_{eu} = 3, w_{eu} = 2, f^p = 2, E_{eu} = E_{ir} = 100, \varphi = 2, f^e = 0.9,$
 $\tau_{ir,eu} = 0.3$
- ▶ When $w_{ir} = 2.0$, would the US firm use an export platform in Ireland, or operate an affiliate in both countries?