



Motivation “Ezio Tarantelli” Prize 2024

“The Effect of Trade on Skill Requirements: Evidence from Job Postings” **Fabrizio Colella**

The AIEL Executive Board has unanimously decided to award Ezio Tarantelli Annual Prize to Fabrizio Colella (USI Lugano) for his paper “The Effect of Trade on Skill Requirements: Evidence from Job Postings”, presented at the 2023 Conference.

Colella's paper investigates how fluctuations in international market prices affect firms' skill demand by altering terms of trade. It exploits an unexpected and exogenous currency appreciation in Switzerland, which impacted trade prices, encouraging firms to offshore parts of their value chains or increase imports of foreign capital inputs. Both strategies resulted in a rise in demand for high-skilled labor, either by substituting workers in offshorable activities with foreign inputs or by replacing those vulnerable to automation.

The paper relies on a unique dataset that combines detailed firm-level import and export transaction data with job postings that reflect firms' labor demand. It develops a novel measure of firms' exposure to the currency shock and classifies them accordingly.

Using difference-in-differences models, Colella estimates the impact of the shock, and a two-stage least squares model instruments imports with an interaction term between the shock and the exposure measure. The paper finds that firms exposed to offshoring and automation increased imports and advertised more high-skilled positions in the two years following the shock, with a 10% rise in imports leading to a 2.1% decrease in the routine intensity of tasks.

The AIEL Executive Board believes that Colella's paper is highly deserving of the Tarantelli Prize due to its rigorous methodological approach, use of high-quality original data, and significant contribution to understanding how trade affects labor market outcomes and skill requirements