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Abstract

Migrants, Trade and Market Access

Migrants shape market access: first, they change the geographical location of demand and second, they reduce trade frictions. This paper shows that both effects are quantitatively relevant. It estimates the sensitivity of exports to immigrant population and uses a model of inter- and intra-national trade and migration calibrated to US states to conduct quantitative exercises. Reducing US migrant population share back to 1980s levels increases export trade costs by 3.2% on average and decreases welfare of US natives by 0.13%. The small aggregate effect of this nationwide policy masks large heterogeneities across US states, with real wage changes ranging from -0.44% to 0.20%. States with higher exposure to international immigrants demand (both from within the state and from other states) than to international migrant labor supply competition suffer more from the removal of migrants. States with higher export exposure suffer more from the increased trade costs.