Abstract

The aim of this thesis is to define and classify international trade risks and provide an overview of key types of international trade operations. Furthermore, it describes the process of risk analysis, including the following decision-making, and outlines the most important tools in risk mitigation. Most importantly it uses a micro-founded gravity model to find a link between political risk indicators and international bilateral trade flows. Results were estimated using OLS and Poisson pseudo-maximum likelihood estimator and multilateral resistance terms were approximated with use of Taylor series and dummies.

Key words: International trade, Risk, Political risk, Gravity model