

Learning by Exporting, Importing or Both?

Structural estimation of productivity with multi-product firms and the role of international trade

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Abstract

In this paper, we analyze the relationship between exporting/importing status and firm productivity. We use a rich product-firm-level dataset providing both revenue and quantities of all products for a large panel of Danish manufacturing firms over the period 1998-2005 and link it to another dataset describing firms' international trade transactions by product. We first use our detailed product level information to compute a firm level deflator following Eslava et al. (2004). We thus avoid the criticism of biased estimates due to the use of industry level deflator (Klette and Griliches, 1996; De Loecker, 2009). We then follow the literature (Van Biesebroeck, 2005; De Loecker, 2007; Halpern et al., 2009; Kasahara and Rodrigue, 2008) to isolate the learning by importing/exporting effect from the selection effect. We find that both importing and exporting behaviours are strongly associated with productivity, but the effect of importing is larger in most industries.