

Discussion: Firm heterogeneity and trade in EU countries: a cross-country analysis (by Giordano and Lopez-Garcia)

Helena Schweiger

EBRD

1st Data User Conference
Paris, October 8, 2019

Differences between old and new EU member countries

- 1 Can the early 2000s still be considered the early years of transition (esp. in new EU member countries)?
 - ▶ Most of the churning occurred in the early 1990s
 - ▶ By mid-2000s, productivity in transition countries was comparable to that of other emerging economies with similar income levels (EBRD 2013), and Bartelsman et al. (2013) also refer to the early 1990s in their paper

Differences between old and new EU member countries

- 1 Can the early 2000s still be considered the early years of transition (esp. in new EU member countries)?
 - ▶ Most of the churning occurred in the early 1990s
 - ▶ By mid-2000s, productivity in transition countries was comparable to that of other emerging economies with similar income levels (EBRD 2013), and Bartelsman et al. (2013) also refer to the early 1990s in their paper
- 2 Period covers at least a couple of pre-accession years for new EU member countries
 - ▶ Did tariff and non-tariff trade barriers in new EU member countries decrease after they joined the EU?

Differences between old and new EU member countries (cont.)

3 Productivity distribution is much more skewed in new EU member countries

- ▶ Does it become less skewed over time?
- ▶ Does this have an impact on concentration of exports? Chart 5 seems to suggest that exports are more concentrated in new EU member countries

Impact of global financial crisis

- ▶ The period covers global financial crisis - it would be good to acknowledge this and clarify how it is dealt with (controlling for country*year or year FE, for example)
- ▶ Table 2 includes country, sector, year and country*year effects, so it implicitly takes that into account
- ▶ It may be useful to look at some of the other results before and after the financial crisis

Specific comments

- ▶ It would be helpful to know the data for which countries are included in each chart/table
 - ▶ The paper generally covers 14 (15?) countries, but some charts only show 8 (chart 4, for example)
 - ▶ Portugal (PT) appears in Charts 3 and 4, but is not listed or mentioned elsewhere
 - ▶ Example - Chart 4: Data for the estimation of equation (1) are presumably available for all countries, since all are shown in Chart 3. Fraser Institute indicators are also available for the countries that are not shown.

- ▶ Table 1: Do these results differ for new vs. old EU member countries? Did you try to run a “horse-race” between the factors by including them all in the regression at the same time?

Specific comments (cont.)

- ▶ Chart 8: What is the difference between maximum and minimum value for each variable across countries? Would it perhaps be better to take the median rather than unweighted averages across countries? Show old and new EU separately?
- ▶ Chart 9: TFP growth premium is higher than labour productivity premium for exports in old EU member countries, but vice versa in new EU countries. What could explain this?
- ▶ Chart 13: Does the ranking differ in new vs. old EU member countries?
- ▶ Page 16, last sentence in the third paragraph: Are the numbers interpreting the results correct?

Suggestions for next CompNet data vintage

- ▶ Collect data on two-way traders, firms that only export and firms that only import separately
- ▶ Two-way traders could be used as a proxy for participation in GVCs, which is much harder to measure (see, for example, Bernard et al. 2009, Johnson 2018)
- ▶ Ideally, also collect information on the month in which new exporters started exporting (see Bernard et al. 2017 on partial year effects)