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Firm Export Heterogeneity and International Productivity Gap: Evidence from France and Japan*

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Abstract

Do exporters from one country outperform those from another country? Similarly, do non-exporters from one country outperform those from another country? Previous studies could not answer these questions because they focused on a productivity gap between firms within a single country. This paper attempts to address this issue, using firm-level data for France and Japan from 1994 to 2006. One of the contributions of this paper is that we compare directly the distribution of firm-level total factor productivity (TFP) within the same industry across two different countries. We find that the productivity advantage of French and Japanese firms is generally consistent with each country's comparative advantage. Regardless of export status, French firms outperform Japanese firms in chemical and plastic industries while Japanese firms outperform French firms in machinery industries. Besides, whatever the direction of the comparative advantage, Japanese exporters perform relatively better than French exporters. Specifically, the productivity gaps are larger in industries in which Japanese firms have comparative advantage while it is smaller in industries in which French firms have comparative advantage. These results together imply that the productivity advantage of Japanese exporters relative to French exporters reflects not only comparative advantage but also export costs.

Key words: Firm heterogeneity; Comparative advantage; Export costs; International productivity gap; Productivity distribution

JEL classification code: F1, D24

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