

The Structure of Export Entry Costs

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Abstract

Heterogeneous firm models of international trade include a country specific sunk cost that firms pay to enter a foreign market. Despite the important role these costs play in determining firm participation, we understand little about their structure. In particular, we do not know if there are country complementarities or general exporting experience components in entry costs. Characterizing the structure of sunk entry costs relies on careful identification of state dependence conditional on heterogeneity. I employ reduced form and structural approaches and a confidential panel of US manufacturers' exporting behavior to the top 50 destinations 1992-2007 to conclude that export entry costs are mainly country specific.

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2:00—3:30P

MILAM HALL RM 123

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