Exporting and plant-level efficiency gains: It’s in the measure

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While there is strong evidence that more productive plants select into exporting, the literature has struggled to identify export-related efficiency gains within plants. We show that this is due to the common use of revenue-based productivity measures (TFPR): more efficient producers tend to charge lower prices, leading to a downward bias in TFPR. Using census panels of Chilean, Colombian, and Mexican manufacturing plants, we find sizable efficiency gains after export entry based on efficiency measures that are not affected by output prices. Evidence suggests that a complementarity between exporting and investment in technology is an important driver of these gains.