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BIGGER, STRONGER, FARTHER… RELATIVE PERFORMANCES OF FRENCH EXPORTING FIRMS

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NON-TECHNICAL SUMMARY

The gradual removal of trade barriers since the 1960s and, to a lesser extent, lower transport costs have generated an unprecedented growth of world trade. However, a closer look to firms' activity shows that exporting is not a trivial activity yet. In most countries, the share of exporting firms remains surprisingly low. France is no exception: only 4.4% of the total number of French firms do export; this share barely exceeds 20% for manufacturing industries. Above all, the characteristics of exporting firms are significantly different from those of non-exporters: they are larger, more productive and more profitable. Such a difference reveals that international market integration is still very far from being perfect. It suggests also that exporting requires specific investments and a high level of competitiveness.

In this paper, we compare the performances of French exporting firms to those of non-exporters. We use a very detailed - and almost exhaustive - database which describes the activities of manufacturing firms. The purpose of this study is twofold.

Firstly, we assess the differences between the two kinds of firms, bringing some new results. Since our sample is not restricted to large firms, we show that the superiority of exporting firms is significantly larger compared to previous studies. Exporters' productivity is, on average, 11% larger. A comparable difference is also observed for the average wages and mark-ups. The exporters are also much larger; they have about 3.6 times more employees. We show that the superiority of exporting firms increases with the number of markets they serve and their export intensity. More importantly, the productivity gap is clearly stronger for firms exporting to non-EU countries.

Secondly, we aim to determine whether the superiority of exporting firms is the consequence of a selection effect (ie only the most competitive firms are able to export) or the outcome of a learning process (ie firms starting to export improve their performances, benefiting from economies of scale and a more stimulating environement). Our estimates support the first hypothesis at the expense of the latter. Actually, one to two years before starting to export, firms show a relatively strong productivity growth. This trend continues one or two years after their internationalisation, then stops.

Finally, this study suggests two kinds of policy recommendations. (1) In oder to increase the number of exporting SMEs, important efforts should be made to reduce trade barriers and to support firm's investments. These efforts should primarily focus on assisting firms willing to export to distant markets. (2) Beyond their direct impact on export volumes and firms' competitiveness, we should not expect this kind of policies to foster firms' productivity growth on the long run.

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