The Local-Area Incidence of Exporting

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This paper

- Develops a new algorithm to map confidential firm-level exports to their underlying establishments that can be implemented using U.S. micro-data.
- Starting with restricted-access firm-level export transaction data, the algorithm relies on using several additional datasets to allocate the transaction to the appropriate establishment.
- As a result, the paper is able to track exports down to zip-code level establishments.

Super-important!

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- Taking into account the establishment origin rather than the firm location is important: US exports are much more concentrated than both employment and sales.

- **Illustrative example:** Counties experiencing greater declines in foreign demand performed worse in terms of employment, pay, and wages during the Great Recession. This effect does not exist when publicly available imputed export data is used.

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The current paper cannot access further census data, so treat all my comments as open questions for future work.

Comments 1 and 2: Heterogeneity across industries, firms

- Are there specific industries or types of firms for which using firm rather than establishment level data creates bigger problems? When is it okay to use firm-level data when studying local effects?
  - Do agglomeration economies influence the location of establishments of a firm for certain industries more than others?
  - Plot the spatial correlation of establishments within a firm for different industries or types of firms (MNC vs non-MNCs, high vs low tech, differentiated vs non-differentiated producers etc.)

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Related comment: *How do we account for spatial correlation since the labor market decisions at the establishment level across firms are likely to be correlated for the same firm? Two-way firm and state-level clustering?*

Comment 3: What can we learn using the establishment level data?

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- Dynamic-
  1. Establishment-level analysis allows to distinguish between true greenfield entrants (new physical locations) and firm-level changes driven by mergers, acquisitions, or restructuring. Crucial for understanding business dynamism, local job creation, and the resilience of regions to economic shocks.

  2. Establishment participation into exports, entry, survival, and exit- Do the firm-level facts on exporting hold at the establishment level?

Further uses of the data: I. Policy evaluation for regional export promotion

- Without establishment level data it is impossible to study the effects of local export promotion programs which almost always have location requirements.

- Examples:
  1. Wisconsin International Market Access Grant- "Have substantial export-related operations located within Wisconsin that provide economic benefit to the state. Self-certify that at least 35% of the value of the product or of the service is composed of Wisconsin cost inputs."
  2. Oregon Export Promotion Program: "Businesses must be headquartered in Oregon, and at least 50 percent of the business's total employees must be employed in Oregon".

Further uses of the data: II. What can we learn about agglomeration economies?

- Does the presence of exporting establishments in a region boost the export propensity or productivity of neighboring establishments (even across firms), capturing local agglomeration or knowledge spillovers?
- Does proximity to exporting establishments reduce the costs of entry into new markets or products?

Enjoyed reading the paper a lot, looking forward to the final version!