



# “Multiproduct Firms, Export Product Scope, and Trade Liberalization: The Role of Managerial Efficiency”

(in English)



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## Biography:

Prof. YU is an associate professor of China Center for Economic Research, National School of Development in Peking University. He received his PhD degree in Economics from University of California, Davis. He is an associate editor of China Economic Journal. His main research field is international trade and applied microeconomics. He has published papers on the Economic Journal, Review of Economics and Statistics, and Journal of Development Economics.

## Abstract:

This paper provides a theoretical and empirical analysis of the effects of unilateral tariff cuts on firms' export product scope. The theoretical model explicitly incorporates cost of management, in addition to the commonly used production cost. Firms are heterogeneous in terms of managerial efficiency but homogenous in terms of production productivity. The analysis predicts that the home country's tariff cut reduces all home firms' export product scope, whereas in response to the foreign country's tariff cut, a home firm's export product scope expands (shrinks) if the firm's management cost is low (high). These predictions are supported by our empirical analysis based on data on Chinese firms from 2000 to 2006.