

BATModel

better agri-food trade modelling for policy analysis



Firm's performance measures and international trade behavior: Evidence from the EU agri-food sector

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Why do firms charge different prices for similar products exported to different destinations? What factors can explain the variation in firms' export sales across destinations? And what is the impact of firms' international trade behavior on their performance measures? Several demand and supply side fundamentals that affect firms' production costs and product prices, may be relevant to answer these questions. The empirical literature has to some extent analyzed the relationship between some of the firm-level factors (such as firms' productivity, product quality, and markups) and international trade. However, due to technical and/or data deficiencies in measuring some of the firm-level factors, empirical evidence is particularly limited when it comes to the agri-food sector. Understanding the role of these factors is of direct interest to firms in seeking their profitability objectives and policymakers in shaping policies to foster competition. Thus, the objective of Working Package 3 (Markets, quality, and competition) is to bring further insights into the relationships of firms' supply and demand fundamentals with their international trade behavior in the agri-food sector.