

Gianluca Orefice:

*“Deep Trade Agreements and Heterogeneous Firms Exports in Developing Countries”*

Abstract:

*This paper studies the effect of deep regional trade agreements on firms' exports in developing countries. Using detailed information on the content of trade agreements and firm-level exports for 27 countries in 2000–2020, the analysis shows that the depth of trade agreements matters for the export performance of firms in developing countries. Moving from shallow to deep regional trade agreements boosts firms' exports by 3% percent. This impact is stronger for large firms and firms involved in global value chains, and it is negative for small firms. Robustness tests and an Instrumental Variable strategy confirm the causal interpretation of the results. The heterogeneous impacts of deep trade agreements on firms' exports imply a selection effect with significant consequences for welfare in developing countries.*