Firms and Foreign Market Engagement: Trade and Offshoring Activities among Japanese Firms

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Recent research has identified significant differences between exporters and importers, and those firms that produce only for the domestic market. Related strands of research have anticipated similar patterns among firms that engage in FDI and other offshoring activities. Furthermore, not all firms engage in trade directly; many less productive producers rely on the distribution networks of other firms. In this paper, I seek to both provide evidence for these theories by analyzing data from a new survey of Japanese firms. I expect that firms engaging in FDI or other forms of offshoring will be the most productive, followed by two-way traders, exporters and importers, respectively. An improved understanding these behaviors should allow for the creation of better informed policy prescriptions; in future work, I also hope to increase our understanding of the ways in which heterogeneity in firm characteristics and behaviors can affect the ways in which firms seek to influence governments' policy-making processes.

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