

**ARTNeT Workshop ON Emerging trade issues
in asia & The pacific
Meeting modern challenges**

**Does Protection Make Firms More
Productive?**

**Evidence from Philippine Micro
Data**

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4-5 april 2012**

Motivation

- **Philippine case: substantial liberalization from late 1980s to mid-90s, policy reversal from late 90s onwards**
- **Impact of trade policy changes on productivity**
- **Melitz (2002): with firm heterogeneity, liberalization leads to productivity increases through firm exit & market share reallocation**
- **Pavcnik ('00), Fernandes ('03), Topalova ('03), Chand&Sen ('00), Amiti&Konings ('04), Muendler ('02), Schor ('03)**
- **Industries facing greatest tariff reduction & import competition have faster productivity growth than protected industries**
 - ❑ **Resource allocation due to exit of inefficient plants & productivity improvements within plants**

Presentation Outline

- **Trade Policy Reforms & Structure of Protection**
- **Manufacturing Performance, Growth, Structure**
- **Methodology: adapted Pavcnik (2002)**
 - ❑ TFP estimation: Levinsohn & Petrin approach
 - ❑ TFP decomposition: within firm productivity & reallocation of market shares & resources from less to more efficient firms
 - ❑ Regression: determinants of productivity
- **Analysis of Results**
- **Summary & Policy Implications**

Part 1: Trade Policy & Protection

Year	Description
1980s-mid 1990s	removal tariff & non-tariff barriers (tariff reform programs 1 & 2)
1995	tariff reform program (TRP) 3 as first step towards uniform 5% tariff by 2005
1996	tariffication of quantitative restrictions on agriculture & creation of tariff quotas
1998	mini reform packages not implemented, tariffs frozen at 2000 levels
2001	TRP 4 never implemented
2003	selective protection through Executive Orders 241 & 264

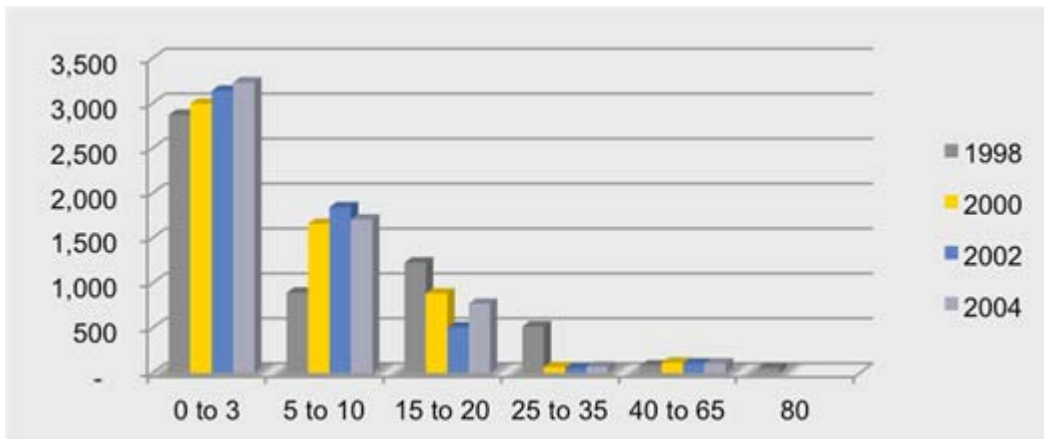
Tariffs & frequency distribution

Average Tariff Rates (in %)

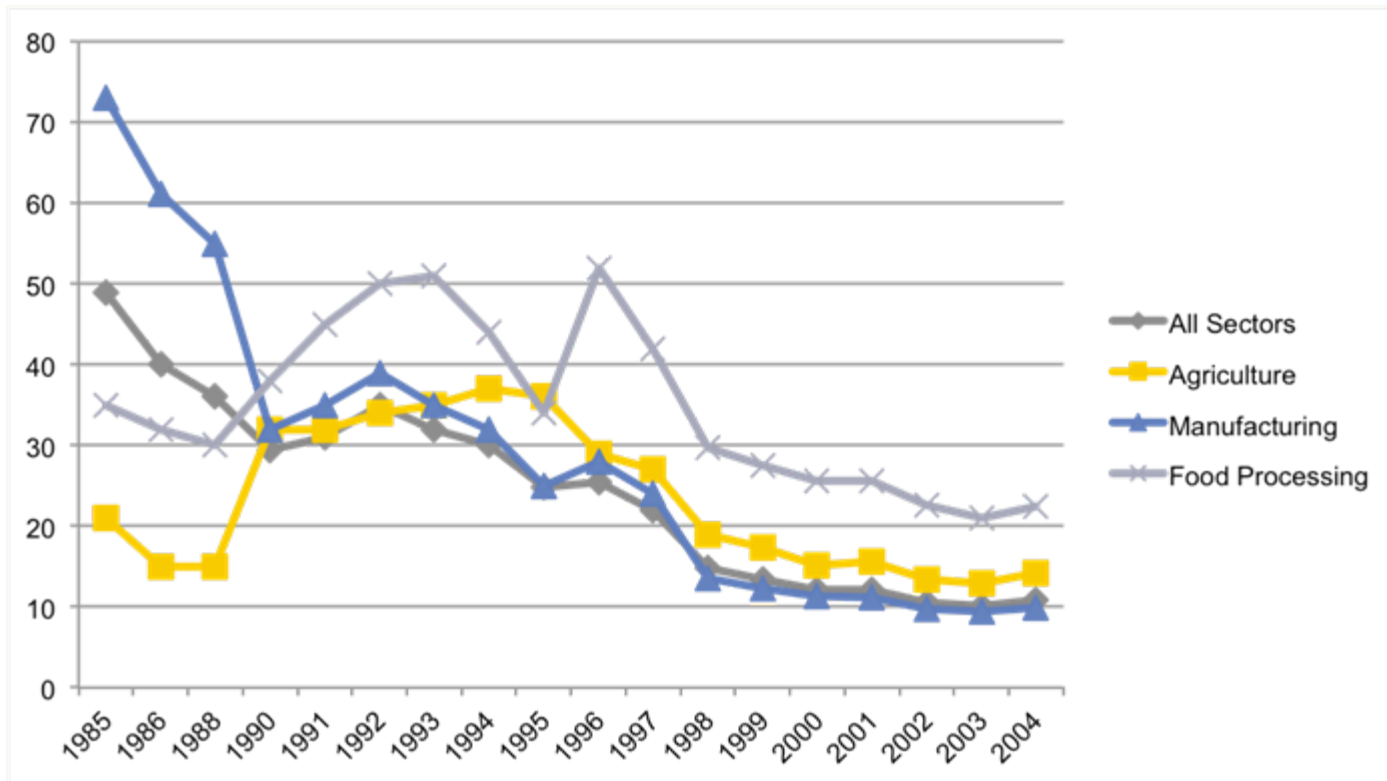
	1996	1998	2000	2002	2003	2004
Mfg	28.0	11.4	8.5	6.39	6.57	6.76
CV	0.97	0.93	0.95	1.3	1.03	1.03
Agri	29.0	15.9	11.5	10.4	10.4	11.3
CV	0.95	1.07	1.3	1.31	1.22	1.17
All	25.5	11.3	8.47	6.45	6.60	6.82
CV	1.02	0.96	0.99	1.17	1.06	1.07

- Substantial trade reforms from 1980s-1990s
- In 2003-04, selective protection
- After '04, liberalization thru ASEAN CEPT Program
- Average tariffs already very low, except for selected products esp. sugar, petrochemicals, flat glass, iron & steel

Frequency distribution of tariffs



Effective Protection Rates (in % 1985-2004)



- EPRs have declined
- Substantial differences in protection across sectors
- Food manufacturing receives highest protection

EPR of Importables vs. Exportables

	1998	2000	2002	2004
All Sectors	14.75	12.13	10.55	10.88
Importable	25.64	21.21	18.82	19.09
Exportable	3.45	2.72	1.98	2.36
Agriculture	18.98	15.12	13.38	14.15
Importable	22.67	19.01	17.97	18.09
Exportable	15.36	11.31	8.89	10.30
Mfg	13.61	11.37	9.79	9.96
Importable	27.30	22.48	19.53	19.87
Exportable	-1.57	-0.96	-1.02	-1.04

- Importables remained highly protected
- Exportables penalized esp. mfg (negative EPRs)

Version: Coefficient of 1 (CV)

	1998	2000	2002	2004
	2.82	3.21	2.13	2.27
	0.75	0.77	0.88	0.77
ng	3.27	3.68	2.45	2.64

ire of dispersion, indicator whether structure is

of CV, esp in manufacturing

ucture continues to discriminate

or of agriculture & food manufacturing

or of importables & against exports, remained

structure implies strong incentive to misallocate

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_7692

