

**Comment on Daniel R. Yorgason's paper
“Exporting by Foreign Manufacturing
Affiliates of U.S. Multinationals”**

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Using micro data of foreign manufacturing affiliates of U.S. multinational companies, the author examines the determinants and the persistence of exports.

The author finds

- 1) In contrast with the popular view of multinationals as footloose, exporting by foreign affiliates is strongly persistent.**
- 2) the persistence of export status is caused by “broad inexperience costs” not by “entry costs.”**

The empirical analysis is carefully conducted and I found the paper very instructive.

Comment 1. On Differences in the Persistence of U.S. Affiliates' Exporting Status across Countries.

- In order to start exports of their products to the developed economies, U.S. affiliates in the developing economies might need to incur large sunk costs to improve the quality of their output.**
- Then, the persistence of U.S. affiliates' exporting status will be stronger in developing economies.**
- I would like to know whether the author has tried to examine such differences of persistence among host countries.**

Comment 2. On the Flexibility of Exports by Foreign Affiliates

- The strong persistence of export status does not mean that foreign affiliates fix their export amounts.**
- According to the theory on labor market hysteresis, adjustment through the number of workers and adjustment through working hours are close substitutes (Fukao and Otaki, JPE 1993).**
- U.S. affiliates in China might drastically reduce their exports to the U.S. under the coming appreciation of the Yuan, if exporting a tiny amount is sufficient to maintain export experience.**
- I wish that the author would provide us with information on how inflexible export amounts of foreign affiliates are.**

Comment 3. On the destination of exports

- **If learning costs for exporting to unrelated customers are high, we can expect a stronger persistence of the export status in the case of exports to such customers.**
- **However, the author mainly focuses on the results of the base case, where the “exports to the United States” category is used as the indicator of export status.**
- **I would like to ask the author whether the persistence of export status is found to be quite different depending on export destinations.**