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Productivity and wage premiums : evidence from Vietnamese ordinary and processing exporters

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Abstract

We propose some new stylized facts about Vietnamese exporters emphasizing firms heterogeneity in trade regimes and firm ownership. We show first that the distribution of firms export intensities is U-shaped with more than half of Vietnamese exporters exporting more than 50% of their output on average. This contrasts with the pattern of exports in industrialized countries but is similar to the pattern of export intensity for other emerging economies with strong participation in global value chains. Next, we show that export premia, evaluated in terms of both productivity and wage indexes, are positive only for Vietnamese exporters involved primarily in ordinary trade, and that processing exporters achieve lower productivity and pay lower wages than their non-exporting counterparts. This pattern is more pronounced among the group of foreign-owned firms in Vietnam compared to the group of domestic firms which is in line with previous findings for China. Taken together, our findings question the role of processing activities in driving up productivity and wages in emerging economies.

Keywords: Processing trade, wage, firm productivity, firm-level data, Vietnam

JEL code: F10, F14, L60

1 Introduction

In this paper, we provide first evidence on the performance of Vietnamese exporters compared to non-exporters, based on a large scale firm level data set which allows us to differentiate firms according to their main trade activity and their ownership. Some previous contributions on the relative performance of Vietnamese exporters¹ use small firm samples from the World Bank 2005 survey. The data used in this paper (only recently made available to researchers) are from the General Statistics Office (GSO) of Vietnam Annual Survey on Enterprises (ASOE), and cover all registered firms in Vietnam over the

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¹See in particular Hiep and Ohta (2007, 2009).

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