REGULATION OF ENTRY AND THE VARIETY OF MANUFACTURED EXPORTS FROM DEVELOPING COUNTRIES

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February 2011

Abstract: This paper analyzes the effect of regulation of firm entry on the variety of manufactured goods exported by developing countries. Using panel regressions, I find robust evidence that an increase in entry regulation significantly reduces the variety of manufactured goods that developing countries export. Given the evidence which clearly shows that export variety of manufactured goods positively affects productivity, the results imply that reducing regulatory barriers to entry can raise productivity, and this is especially important in low income countries where exports are heavily concentrated in primary products and the cost of entry regulation is quite high.

JEL classification: F1, O1
Key words: Regulation of entry, export variety, productivity

*I am very grateful to the editor and an anonymous referee for comments on an earlier draft which significantly improved the paper. Usual disclaimers apply.
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