

# **How Does Antidumping Protection affect the Productivity of Domestic Firms ?**

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## **Abstract**

On the basis of a large panel data set of European firms, we investigate the effects of trade policy on firm productivity. More in particular we want to find out the effect of European Antidumping policy on the productivity of domestic firms. There are two alternative hypotheses that can be tested for. Either firms protected from imports by Antidumping measures use the five year protection period (Sunset Clause) as an adjustment period during which they restructure in order to become more efficient over time. Or, alternatively firms engage in more X-inefficiency when they are sheltered from tough import competition under EU Antidumping measures. We apply various estimation methods using firm level data to distinguish between these two opposing hypotheses. In addition we also look for firm and sector heterogeneity in the data.

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