products in established markets (which represents change at the "intensive margin").

At the same time, the increased availability of large, firm-level datasets has allowed researchers to shed light on the firm-level dynamics that are reflected in aggregate national trade and investment performance measures, on the quantitative significance of the channels through which trade and investment influence the productive capacity of a national economy, and on the effectiveness of public policies that affect firms' export engagement.

To explore these research developments, the Department of Foreign Affairs and International Trade organized a conference on Exporter Dynamics and Productivity, 27 March 2009. The present edition of *Trade Policy Research* is comprised of research presented at the conference and developed since.

This chapter provides a thematic overview of the findings of these papers. Following the structure of the book, it addresses in turn: exporter dynamics and productivity; the effectiveness of trade promotion programs; and Canadian trade and investment dynamics.

Exporter dynamics and productivity

John Baldwin and Beiling Yan, in their paper "Export Market Dynamics and Plant-level Productivity: Impact of Tariff Reductions and Exchange Rate Cycles," examine how trade liberalization and fluctuations in real exchange rates affect export-market entry/exit and plant-level productivity.

Inspection of the firm-level data quickly reveals that firms that export and those that do not differ markedly in measurable characteristics: exporters tend to be larger, more productive, and more innovative. The perennial question in the literature has been whether this superior performance is a consequence of exporting—i.e., as a result of "learning by exporting", or of access to economies of scale enabled by serving larger markets—or is exporting a consequence of superior performance? That is, do good firms "self-select" into export markets (and conversely do weak firms self-select out)?