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Italo Colantone is a Ph.D. candidate in Economics at the Catholic University of Leuven (KUL). His research deals with entrepreneurship, international trade and industrial dynamics. He is research assistant at the LICOS Centre for Institutions and Economic Performance, and he is also active in the research group of the Vlerick Leuven Gent Management School. In 2004 he completed with distinction the Master in Economics at Bocconi University. In 2003 he had obtained, from the same university, an undergraduate degree *cum laude* in Economic, Statistic and Social Sciences. The paper to be presented is co-authored with Leo Sleuwaegen.

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Max Planck Institute of Economics
Entrepreneurship, Growth and Public Policy Group
Seminar Room V03

Entry and Exit in Globalizing Industries: Evidence from the EU

We explore the effects of trade openness on entry and exit of manufacturing firms, at the industry-level. We focus on nine European countries, for the time-span 1997-2003. The analysis is theoretically grounded on two different lines of research: new international trade models with heterogeneous firms (Melitz and Ottaviano 2005) and entrepreneurship theory (Grossman 1984). This paper adds to the previous empirical studies on industry adjustments to trade exposure in three ways. First, the exit margin of adjustment is studied at a cross-country level. Second, for the first time we also explore the impact of trade on the entry margin in a consistent framework. Finally, the homogeneity of trade effects across different size categories of firms is assessed. Preliminary results and methodological issues are discussed.