

**Technical Barriers to Trade, Product Quality and Trade Margins:  
Firm-level Evidence\***

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**Abstract**

Utilizing matched firm-trade data, this study examines the effect of technical barriers to trade (TBTs) on trade margins and quality upgrading in Chinese manufacturing. We find that TBTs are associated with higher probability of exit. Surviving exporters enjoy larger sales and charge higher export prices. They upgrade product quality by expanding their research and development and importing more intermediate inputs and capital goods. The positive impact of TBTs on quality upgrading offsets that on price increases, resulting in lower quality-adjusted export prices. This suggests the net welfare-enhancing effect of TBTs for the consumers of imported products.

Keywords: Non-tariff Measures, Technical Barriers to Trade, Trade Margins, Quality Upgrading

JEL classification: F13, F14, D22

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