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Promoting Trade in The Digital Era: A Study of Ebay's Global Shipping Program

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ABSTRACT

The topic of promoting exports, especially from small and medium-sized enterprises via new technologies, has gained much attention from policymakers, as evidenced by the recent partnership between the U.S. Department of Commerce and eBay. In light of these policies, I analyze the impacts of eBay's free and voluntary export-promoting program, the Global Shipping Program (GSP), on export volumes and total welfare of the market participants. After making international sales, GSP opted-in sellers only need to ship sold items to a U.S. shipping center and have the international shipping and custom forms handled by the professionals. In this paper, I examine this policy from a topdown and a bottom-up approach. I first estimate country-level gravity models and find that GSP reduces trade elasticity of distance by 8.9%. The implied change in total welfare could then be computed under some general equilibrium setup. Subsequently, I explore transaction-level data and find that GSP-enrolled sellers enjoy 20% more international sales in the 10 months following their enrollments. Furthermore, this policy seems to induce nonexporters to start exporting and raises their total sales by 36%. In future work, I plan to model firms' exporting decisions based on their characteristics and structurally estimate firms' cost parameters. Counterfactuals will be performed to compute change in welfare under hypothetical policy changes.