Abstract

Using micro-data for Dutch firms, we argue that the productivity spillovers from importing technology intensive products from Taiwan differ from importing unskilled-labor intensive products from Switzerland. We show that both the geographic component (what country is the import from) and the intensity component (what type of good is imported) is crucial for measuring and understanding these spillovers. We show that increasing distance and decreasing levels of development of the origin economy negatively affect the diffusion of efficiency gains embodied in imported goods. Similarly, these gains are larger for technology intensive goods and smaller for unskilled-labor intensive goods. This implies that the geographic-intensity markets are unique and cannot be lumped together. In addition, a diversified import portfolio (the extensive dimension) is always positively associated with firm-level productivity.