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Many firms do not participate in foreign trade, despite advances in communication, transportation, and multilateral trade liberalisation. Explanations for this include the magnified impact of trade barriers in internationally integrated production, an increase in the value of timely delivery, and an abundance of non-tariff measures, as well as informal trade barriers. This thesis analyses how to tackle barriers to firm trade, using detailed panel data pertaining to different levels of actors. Our simulations indicate substantial welfare gains from further multilateral trade liberalisation. We also study structural change with respect to services in industrialised countries. We find that service intensity in manufacturing has increased over time on both the input and output side—in short, that manufacturing is being servicified. As services and migration may be instrumental to reducing informal trade barriers, we analyse their relationship with firm trade, using microeconomic techniques. The results suggest that migrants promote trade through foreign knowledge and networks. Regarding services, we find a link between in-house service production in manufacturing and competitiveness abroad. From a policy perspective, the reluctance of countries to facilitate trade in services and movements of persons is unfortunate, and a more integrated approach to trade negotiations with respect to manufactures and services would be appropriate. In addition, efforts to promote integration of immigrants into the labour market may provide another means of tackling barriers to firm trade.

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