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Mandatory Fair Value Accounting and Information Asymmetry: Evidence from the European Real Estate Industry.

This paper provides evidence for an aspect of trade often disregarded in international trade research: countries' sectoral export diversification. The results of our semiparametric empirical analysis show that, on average, countries do not specialize; on the contrary, they diversify. Our results are robust for different statistical indices used to measure trade specialization, for the level of sectoral aggregation, and for the level of smoothing in the nonparametric term associated with per capita income. Using a generalized additive model (GAM) with country-specific fixed effects it can be shown that, controlling for countries' heterogeneity, sectoral export diversification increases with income.