

# Golden Revolving Door: How Government Supply Chains Work



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**The Chinese University of Hong Kong**

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## **Abstract:**

This paper investigates whether government suppliers behave differently in terms of imports during trade conflicts. We focus on the US-China Trade War setting and find that import from China of US government suppliers increases while that of other firms declines after the launch of the Trade War. Using both indirect and direct measurements of the firm's government connection, we find suppliers more closely connected with the government increase imports from China in a faster manner. The connection with the government also offers firms the advantage of getting approvals for tariff exclusion applications. The advantages of being government suppliers are reflected in the superior operating performance during the trade tension, but investors are not aware of such advantages until the information is reflected in earnings announcements, cumulative abnormal returns, and analyst forecast revisions. At last, as an external validity test, our main finding also holds for the US and Russia trade tension under the 2022 Russian invasion of Ukraine.

## **Biography:**

Prof. Jing Wu is an Associate Professor in the Department of Decision Sciences and Managerial Economics at the Chinese University of Hong Kong (CUHK) Business School. He is the Director of the Asian Institute of Supply Chains & Logistics (AISCL)'s Institute Development Office. He receives his Ph.D. (major in operations management, minor in economics & finance) and MBA from the University of Chicago Booth School of Business and his bachelor's degree in Electronic Engineering from Tsinghua University. Professor Wu's primary research fields are the operations-finance interface, global supply chains, FinTech, and business intelligence. His papers are published in leading journals such as Management Science, M&SOM, and POMS. His articles appear in business magazines such as MIT Sloan Management Review, the Economist, and Forbes. His quantitative research on the supply chain impact of COVID-19 and the Trade War has been reported by over 400 media outlets in over 20 countries worldwide. Before academia, he worked as a quantitative strategist at Deutsche Bank, New York.

**Your attendance is most welcome!**

