This paper studies the effects of power outages and exchange rate undervaluation on the allocation of manufacturing firms between the domestic and the exports market. I apply the instrumental variables approach to a sample of 12,062 manufacturing firms located in 33 Sub-Saharan African countries. The main results show that a 1% increase in the length of power outages reduces the share of exports in total sales by 0.94%. An undervaluation of 1% leads to an increase in the share of exports by 0.54%. The collateral damage effects show a negative impact of power outages and undervaluation on the share of foreign inputs and a positive effect on the share of domestic input in the total purchase of inputs. Moreover, power outages and exchange rate undervaluation affect more the share of exports in countries with poor access to electricity (-1.19% for power outages and 1.31% for undervaluation) than those with better access to electricity (-0.45% for power outages and 0.31% for undervaluation). The length of power outages has a greater effect on the share of exports in non-innovative firms compared to innovative firms (-1.46% for non-innovative firms and -0.59% for innovative firms). The undervaluation allows for offsetting the negative impact of power outages on the share of exports in non resources-rich countries. The exclusion of firms from the top exporters countries reduces the effects of power outages and exchange rate undervaluation on the share of exports compared to the overall sample. The previous results are confirmed by some robustness tests in connection with the change in the variables of interest and estimation method.
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