Séminaire doctorants. Revisiting the trade restrictions-industrialisation nexus in developing countries: the case of log export ban and wood processing

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Revisiting the trade restrictions-industrialisation nexus in developing countries: the case of log export ban and wood processing

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RÉSUMÉ

Many developing countries impose restrictions on the export of logs primarily to promote local wood processing. This study focuses on the Log Export Ban (LEB) policy and investigates if this policy impacts both the production and exports of two processed wood, i.e., sawnwood (first stage of processing) and veneer (second stage of processing). We implement the propensity score matching method to assess the average treatment effect on the treated (ATT) of the LEB policy in 101 developing countries. We find a positive and significant effect of the LEB policy on both sawnwood and veneer production while the effect is stronger in the case of sawnwood (about 4 percents) compared to veneer (about 1 percent). Moreover, we also find a positive and significant effect on the exports of sawnwood (around 10 percents) while we do not find any significant results on the exports of veneer. In addition, we investigate the heterogeneity in treatment effects using control function with some institutional variables such as the level of corruption, the quality of law and order as well as the bureaucracy quality. The results found are comparable to the ATTs results. Also, to avoid endogeneity issue, we apply the two-step GMM estimation model that confirms the ATTs results. Taking together, these results suggest than the LEB policy has mainly contributed to improve the first stage of wood processing rather than the second stage.