



KATEDRA HOSPODÁRSKEJ POLITIKY



CENTRUM PRE EKONÓMIU A FINANČIE



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM



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Export diversification and output volatility: comparative firm-level evidence

Abstract

Openness to trade improves long-term growth but increases exposure to high volatility. We study relationship between export diversification and output volatility using unique firm-level data from four countries (including Slovakia) during the great recession. The endogenous treatment regression is applied where the volatility of real value added in 2008-2011 is explained by endogenously treated pre-recession export diversification in 2008. The results show that the effect of export diversification on output volatility is statistically significant and economically quite large. Exporters that are more diversified than the median experienced smaller output volatility by one standard deviation than did exporters that are diversified by less than the median. The effect of diversification in goods is somewhat larger than the effect of diversification in destination markets. The paper also demonstrates that the propensities for diversification are higher for older, larger and more productive firms and for firms with high export intensity.

Venue: National Bank of Slovakia, Conference room
Imricha Karvasa 1, Bratislava

Date: October 22, 2014

Program: 9:50 registration
10:00 Jaanika Meriküll: Export diversification and output volatility
11:00 coffee