A discussion of “Export Survival and Foreign Financing”
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What do the authors do?

- Putting together a unique dataset on exporters with information about (domestic and foreign) financing
- Asking an original question: Does financing affect export survival?

Why is this relevant?

The identification challenge:

1. The need for facts
2. The need for a good instrument

Getting a (potentially) useful result: "foreign financing exerts a positive causal effect on export survival"
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1. Questions on data and empirics
2. Potential directions to explore

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Questions about the estimation method

- It is unclear what is the best estimation method. Albornoz, Fanelli and Hallak (JIE, 2016) estimate the probability of surviving upon entry.
- Good for comparability.
- Good for interpreting the marginal effect of foreign financing.
- About the interest rate as instrument.
- This could be problematic if the country source is the same as the export destination. As the interest rate might reflect market conditions (demand, exchange rates) that are correlated with export survival.
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How to distinguish between variable and fixed costs? A hint: fixed costs do not affect the intensive margin
Directions forward: the role of experience

Fanelli and Hallak on survival (2018) (and Albornoz, Calvo, Corcos and Ornelas (2012) on other dimensions of export behavior) show that first entrants behave (survive) differently than re-entrants. This paper can explore this distinction between new entrants and re-entrants to investigate the effect of experience on the financing choice and provide a mechanism to explain why experienced firms exhibit higher rates of survival.
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Further Directions

- Why should anyone care about this result?
- What are the policy implications?
Great data, great question, promising results
On track to a great paper
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Motivation

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  - New exporters explain about 50% of export growth in Colombia between 1996 and 2005 (Eaton et al, 2008)
  - New exporters explain 38% of export growth in Argentina between 1995 and 2006, and 61% of this growth when we add old exporters entering new destinations (Albornoz, Fanelli and Hallak, JIE 2015)

A large fraction of export incursions fail (e.g. Eaton et al 2008, Albornoz, Calvo, Corcos, Ornelas, 2012)

What makes incursions in export markets survive?

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