

Abstract

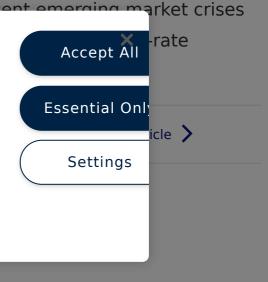
Using firm-level data, we find that a currency depreciation has two opposite effects on exports when firms are indebted in foreign currency: (i) a pro-competitive effect that increases both the amount of exports by firm (the intensive margin) and the number of firms (the extensive margin); and (ii) a balance-sheet effect that forces some firms to exit the export market and decreases the extensive margin. These results both provide

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Notes

¹Eichengreen and Hausman (2000) and Bernard and Jensen (2004).

²Bangladesh, China, India, Indonesia, Morocco and Thailand. Our results are robust to dropping each country separately (meaning that our results are not driven by one particular country in our sample).

³That is, foreign participation in its capital is at least 49%.

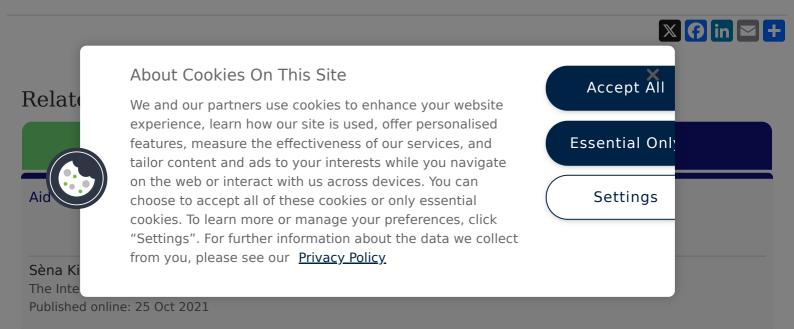
⁴As shown in Melitz (2003) and Bernard and Jensen (2004).

⁵As a robustness check, we also performed estimations using the first lagged values of the regressors; the results were unchanged.

⁶Estimates including selection variables available upon request.

⁷Note that because our sample contains 3 years per firm, the 2SLS are performed over a single year. Therefore, the exchange-rate variation cannot enter these estimations because it is perfectly correlated with country dummies.

⁸These results are confirmed by the the use of Ai and Norton (<u>2003</u>) methodology to compute interacted effect after probit estimations.



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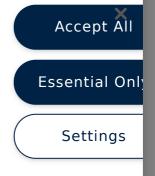
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