Linking Firms' Intermediate Input Imports and Export Performances

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Abstract

While intermediate inputs largely dominate today's global exchanges as production processes get "sliced" internationally, there is only little understanding on their contribution to firms' export performances. This paper establishes the direct connection between imports of intermediate inputs and export outcomes, using detailed firm-level trade data for Morocco between 2002 and 2011. We investigate whether imported intermediate inputs promote firm exports at all margins of trade. We find robust evidence that Moroccan exporters perform better when they source inputs from abroad rather than domestically. Furthermore, greater amount, diversity and quality of imported inputs contribute significantly to raise the value, scope and quality of exported varieties. Estimated effects are always stronger for inputs sourced in OECD countries, whose technological content is arguably higher. These results suggest that, by spreading technology and new varieties, the outsourcing of inputs may strongly promote countries' participation in export competition and patterns of quality upgrading.