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Title: Exporting and Pollution Abatement Expenditure: Evidence from Firm-Level Data

Although several studies utilize aggregate (i.e., country- and state-level) data to examine the environmental consequences of trade, firm-level analyses exploring the issue are relatively few. This is particularly striking since firms with and without international linkages have been extensively compared across other dimensions such as productivity and wages. Accordingly, we utilize firm-level data from a survey of Indonesian manufacturing establishments to assess the effect of exporting on pollution abatement expenditure. Moreover, due to concerns over endogeneity of exporting status accompanied by the paucity of traditional exclusion restrictions, we rely on a number of novel identification strategies. While two of the approaches use higher moments of the data for identification, the other estimators are aimed at obtaining treatment effects when exclusion restrictions are unavailable. More precisely, the methods are described in Millimet and Tchernis (2013), Lewbel (2012), and Klein and Vella (2009). Overall, we find exporting to encourage pollution abatement activities.

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