GVC exporters' performance during the COVID-19 pandemic: the role of supply bottlenecks

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What does the paper do ?

- Supply chain disruptions in the center of policy debates in 2020 and 2021
- This paper : estimate whether exporters that participate in GVCs (= exporters that also import) had worse export performance in 2020 and 2021 than exporters that do not participate in GVCs (= exporters that do not import)
- Very good data : Monthly French transaction-level trade data (exports & imports). Also info on balance sheets.
- Very interesting and very timely paper to add to current (academic and policy) debate

What does the paper do ?

- Main specification is a simple Difference-in-difference :
- For firm f in month t :

$$\log(X_{ft}) = \alpha_f + \alpha_t + \beta \times \text{GVC}_f \times \text{Post}_t + \epsilon_{ft} \quad (1)$$

- β estimates the difference between the pre-post change in log exports for GVC firms and the pre-post change for non-GVC firms
- Split up by time period : Effect stronger in 2021

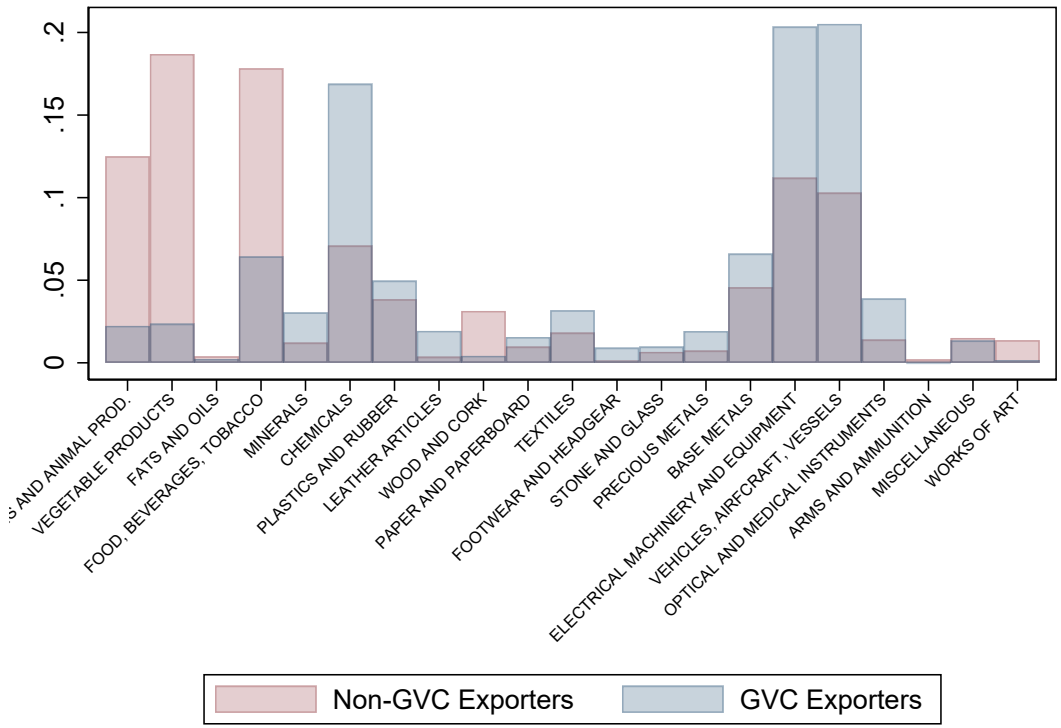
$$\log(X_{ft}) = \alpha_f + \alpha_t + \sum_{p=1}^{3} \beta_p \times \text{GVC}_f \times \text{Post}_{pt} + \epsilon_{ft}$$

- Many other heterogeneous treatment exercises (all generalizations of equation 1) : degree of upstreamness, diversification of imports, by main sourcing country, etc.

Comment 1 : Correlates of GVC integration

- GVC exports concentrated in some sectors

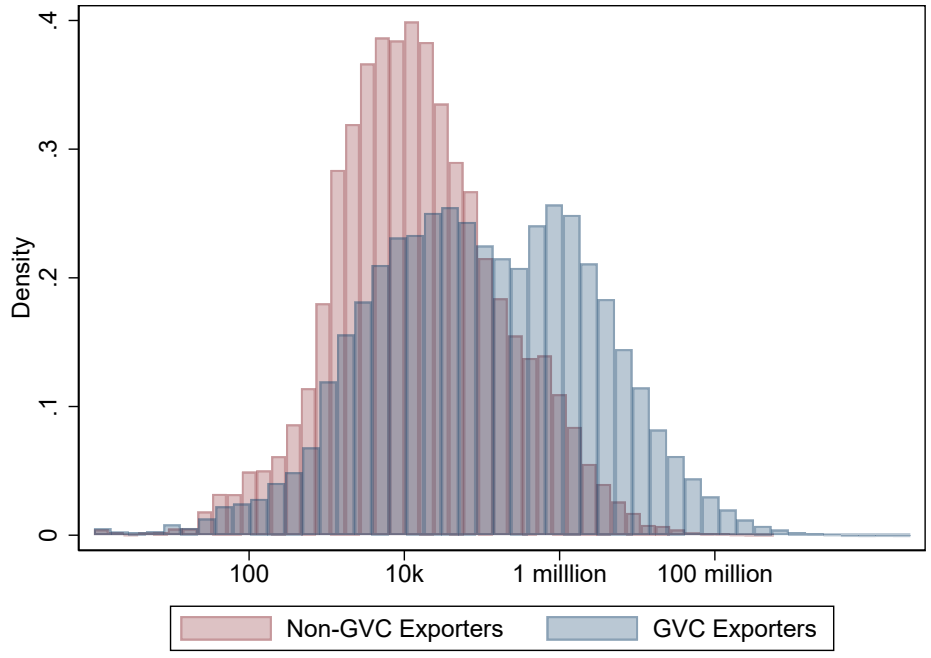
FIGURE : Sector Distribution of Exports



Comment 1 : Correlates of GVC integration

- Paper focuses on continuous exporters → roughly the top 25% in the size distribution. But GVC status still correlated with size
- In Bricongne et al. (2022) : *From Macro to Micro : Large Exporters Coping With Common Shocks*, BdF WP 881, we argue that large exporters react particularly strongly to common shocks

FIGURE : Exporter Size Distribution, by GVC Status



Comment 1 : Correlates of GVC integration

Suggestions :

- Provide more information about how GVC exporters differ from non-GVC exporters
  - Sectoral distribution
  - Distribution of destinations
- Control directly for these variables in the estimation. sector-by-time, destination-by-time FEs (One set of estimations done by sector, but very broadly defined)

Comment 2 : Measuring GVC-participation

- Currently a binary measure
- A firm would be in the treated group if it spends 0.01% of its revenue on imported goods or if it spends 50% of its revenue on imported goods
- Consider a continuous measure, and track firms according to their GVC intensity
- Imports not equal to imported inputs. Consider a measure that only captures imports of intermediate goods

Comment 3 : Sourcing Countries and Imports

- Suggestion : Look at imports of GVC exporters
- Analysis in appendix shows results comparing firms by main sourcing country. Interesting but also confusing : The exporters that did worse are the ones where the main sourcing country was the US (followed by UK and Switzerland) ?
- Do more along these lines : How did imports of GVC exporters change ? How do previous findings on export change by main sourcing country relate to change in imports from that main sourcing country ?

Comment 4 : Policy Implications

- During Covid, GVC firms did worse than non-GVC firms. But during GFC, it was the other way round. Need longer-term perspective to study the effect of GVC integration on volatility
- Diversification can reduce exposure to idiosyncratic shocks, but at what cost ?