

Title: The Role of Unequal Spatial Distribution of African Migration in Chinese Exports to Africa

Speaker: Ajay Bhaskarabhatla, Erasmus University Rotterdam

Area: Strategy

Date: 10.04.2024, Venue: Q101 @ 3PM

Abstract:

Using administrative data on Chinese exports during 2000-2015 of more than 110 million transactions, we examine whether Guangzhou, a city host to the largest spatial concentration of African migrants in China, confers an advantage to exporting firms based in Guangzhou compared to other Chinese firms based outside Guangzhou. We find evidence of a significant location-based advantage: In narrowly defined product markets, Guangzhou-based firms export eight percent more in value terms than firms based outside Guangzhou to African countries compared to countries in Asia or the rest of the world. Within Africa, the advantage for Guangzhou-based firms is stronger in exporting to those African countries that send the most migrants to Guangzhou. The advantage is also stronger for (i) products in the bottom quartile of the price distribution, and (ii) goods transported by river and sea, consistent with the beneficial role migrant traders play in lower-priced variants in narrowly defined product markets. We rule out (i) the intensity of local competition, (ii) peer effects in exporting to Africa, (iii) complementarities with importing from Africa, (iv) the scope of exporting to outside Africa, and (v) stronger travel connections as potential mechanisms in explaining Guangzhou's regional advantage in exporting. Additional analyses show that Guangzhou's advantage is limited to exporting but does not extend to importing from Africa. We conclude that African migrants in Guangzhou, although episodically in strife with local authorities, are a scarce resource that serves as a localized source of competitive advantage in exporting by connecting Chinese manufacturers and African markets.

Speaker Profile:



Ajay Bhaskarabhatla is an associate professor at Erasmus School of Economics in the Netherlands. He received his PhD from Carnegie Mellon University and works in the areas of strategy, innovation, and sustainability. His research is published in Management Science, Strategy Science, Organization Science, Journal of Management, Journal of Management Studies, Journal of Economics and Management Strategy, Journal of Law and Economics, Antitrust Law Journal, Industrial and Corporate Change, and Journal of Technology Transfer.

Webpage Link: <https://www.erim.eur.nl/people/ajay-bhaskarabhatla/>