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PII: S0304-3878(17)30028-7
DOI: http://dx.doi.org/10.1016/j.jdeveco.2017.03.004
Reference: DEVEC2141

To appear in: Journal of Development Economics

Received date: 1 October 2015
Revised date: 13 January 2017
Accepted date: 4 March 2017

Cite this article as: Roberto Bonfatti and Steven Poelhekke, From mine to coast transport infrastructure and the direction of trade in developing countries, Journal of Development Economics, http://dx.doi.org/10.1016/j.jdeveco.2017.03.004

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From mine to coast: transport infrastructure and the direction of trade in developing countries

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March 6, 2017

Abstract

Mine-related transport infrastructure typically connects mines directly to the coast, a pattern that is most clearly seen in Africa. We estimate the effect of such infrastructure on the pattern of bilateral trade flows. We find that a standard deviation increase in the number of mines over the mean biases a country’s pattern of trade flows in favor of overseas trade, to the extent that these mining countries import 56% less from neighboring countries (relative to overseas countries), than do countries with an average number of mines. However, this effect is reversed for mining landlocked countries, who import relatively more from neighbors.

We rationalize this finding through the unequal effect that mines have on a country’s network of infrastructure: because the mine-related transport infrastructure connects the coast rather than neighboring countries, it lowers the cost of trading with overseas countries more than with neighbors. In contrast, for landlocked countries trade costs are also lowered with some neighbors through which infrastructure is built to reach the coast. The effect is specific to

*Corresponding author. Email: steven.poelhekke@vu.nl. Views expressed are those of the authors and do not necessarily reflect official positions of De Nederlandsche Bank nor of the Eurosystem of central banks. We are also grateful to Kerem Cosar, Klaus Desmet, Brian Kovak, Torfinn Harding, Oliver Morrissey, Pierre-Louis Vezina, Tony Venables, seminar participants at the EBRD, the Vrije Universiteit Amsterdam, LSE, the Universities of Nottingham, Oxford, Birmingham, Trier, Manchester, Alicante, and Munich, as well as to conference participants at the 2015 CESifo Global Economy Conference, the 2015 CSAE Conference in Oxford, the 2012 Rocky Mountain Empirical Trade Conference in Vancouver, RCEF 2012 in Toronto, the 2012 EEA Meetings, and the 2012 ETSG. Both authors are also affiliated with OxCarre and CESifo.
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