THE EFFECT OF EXTERNAL FINANCE ON AFRICA’S VARIETY OF MANUFACTURED EXPORTS TO THE EUROPEAN UNION

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ABSTRACT
This paper analyzes the effect of external finance on African exports of manufactured varieties to the EU. Results from cross-section and panel regressions show that external finance has a positive and significant impact on the exports of manufactured varieties. Related literature has shown that an expansion in the variety of manufactured exports contributes to the observed productivity gains from exposure to trade. The paper thus contributes to the identification of effective strategies for encouraging export diversification among manufactured products in order to realize higher productivity and economic growth in Africa.

JEL classification: F1, O1
Key words: external finance, export variety, productivity

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