1. Focus

- Research focus on the complementary effects as opposed to competitive effects of imports on South African manufacturing firms.
- Research structured around three relationships:
  - Heterogeneous traders: Descriptive picture of firms that trade
  - Direct importing and firm productivity in manufacturing
  - Direct importing and exporting in manufacturing
- Ignore effects of imports on firm outcomes via (i) indirect purchase of imports, (ii) effect of import competition on domestic prices.

2. Data

- Use SA Revenue Services Customs transaction data for Exports and Imports:
  - 2009 – 2014 by month
  - By HS8 digit and source/destination
  - A couple of million observations
- Restrict sample to firms for which productivity can be calculated leading to 24,000 firm observations in each year between 2009 and 2013.

3. Heterogeneous firms

- We find widespread simultaneous exporting and importing behaviour:
  - One third of firms directly trade, half of which directly export and import.
- Trading entities that export and import employ more labour, pay higher wages and are more productive than firms that don’t trade or only export or import.

4. Importing and productivity

- In this section we test whether importing is positively related to firm productivity through various channels.
- Kernel density estimates clearly illustrate a strong positive relationship between productivity of manufacturing firms and import status.

5. Importing and exporting

- In the final section of the paper, we briefly assess the connection between imported inputs and firm export performance.
- A positive relationship is corroborated by the scatter plot between the value of direct imports (x-axis) and the value of exports (y-axis) presented in the scatter plot below.

- In addition, our detailed regression analysis controlling for firm and year fixed effects as well as TFP reveal evidence of:
  - Export propensity: Prior import status raises the probability that a firm exports in the subsequent period by 2.5 per cent.
  - Complementarity effects: Manufacturing firms that import more varieties of inputs export larger values and more products to more destinations.
  - Technology transfer effects: The relationship between direct imports from high income countries and export values and export variety is twice as strong as the relationship with imports from emerging economies.

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**Figure: Trading premia over non-trading firms in manufacturing (2009-13) (percentage)**

- Number and share manufacturing firms trading stagnant with high degree of persistence in trading status and low level of dynamism:
  - Average survival rate of exporters and importers in each year is 91 per cent.
  - Only 3 per cent of non-trading firms enter into trading in the subsequent year.