

# Export Destinations and Input Prices: Evidence from Portugal

joint paper with Bastos, P., J. Silva

## Abstract

This paper investigates whether the destination of exports matters for the input prices paid by firms, using detailed customs and firm-product-level panel data from Portugal. We use exchange-rate movements as a source of exogenous variation in export destinations and find that exporting to richer countries leads firms to pay higher prices for inputs, other things equal. There does not appear to be a significant effect of exporting per se on input prices paid by firms. These results are consistent with a model of endogenous input and output quality choices by heterogeneous firms, in which firms sell higher-quality goods to richer countries and producing high-quality outputs requires high-quality inputs.