

## Accepted Manuscript

Title: Globalization and the environmental impact of sectoral FDI

Author: Nadia Doytch Merih Uctum

PII: S0939-3625(16)30068-1

DOI: <http://dx.doi.org/doi:10.1016/j.ecosys.2016.02.005>

Reference: ECOSYS 574

To appear in: *Economic Systems*

Received date: 17-4-2015

Revised date: 26-12-2015

Accepted date: 14-2-2016



Please cite this article as: Doytch, Nadia, Uctum, Merih, Globalization and the environmental impact of sectoral FDI. *Economic Systems* <http://dx.doi.org/10.1016/j.ecosys.2016.02.005>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

## Globalization and the environmental impact of sectoral FDI

Nadia Doytch<sup>a,b,c,\*</sup> and Merih Uctum<sup>a,b,\*\*</sup>

<sup>a</sup>*Department of Economics, School of Business, Brooklyn College, City University of New York*

<sup>b</sup>*Ph.D. Program in Economics, Graduate Center, City University of New York,*

<sup>c</sup>*Asian Institute of Management (non-resident Research Fellow)*

### Abstract

We analyze the environmental impact of capital inflows and investigate the halo effect (FDI improves the environment). We control for the type of FDI inflows, the EKC (Environmental Kuznets Curve) effect and the country income level, and find (i) a differential industry effect: FDI flows into manufacturing increase pollution (negative halo effect), while those flowing into services support the halo effect hypothesis; (ii) an income inequality effect: FDI flowing into low- and middle-income countries degrades the environment, while flows to high-income countries benefit the environment and support a halo effect; (iii) support for the EKC effect if capital flows into agriculture and services in poorer countries and into mining and manufacturing in wealthier economies. We show that studies relying only on firm-level or aggregate data miss the sectoral spillovers, and thus may lead to misleading conclusions.

**Acknowledgements:** The authors thank seminar participants at the University of New Haven, William Patterson University, and conference participants at the Society for the Study of Emerging Markets Euroconference, Turkey, 2010, for valuable comments. The second author gracefully acknowledges support from a PSC-CUNY grant. The data used in this study are available from the authors upon request.

*Keywords:* Sectoral FDI, Environmental spillovers, Dynamic panel

*JEL classification:* F21, Q5

\**E-mail address:* [ndoytch@brooklyn.cuny.edu](mailto:ndoytch@brooklyn.cuny.edu)

\*\**E-mail address:* [muctum@gc.cuny.edu](mailto:muctum@gc.cuny.edu)

Download English Version:

<https://daneshyari.com/en/article/5056238>

Download Persian Version:

<https://daneshyari.com/article/5056238>

[Daneshyari.com](https://daneshyari.com)