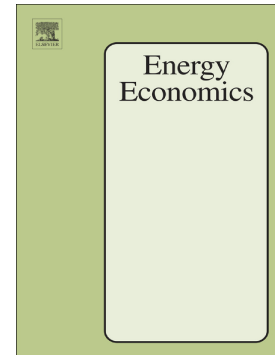


Accepted Manuscript

Environmental Degradation in France: The Effects of FDI, Financial Development, and Energy Innovations

Muhammad Shahbaz, Muhammad Ali Nasir, David Roubaud



PII: S0140-9883(18)30270-6
DOI: doi:[10.1016/j.eneco.2018.07.020](https://doi.org/10.1016/j.eneco.2018.07.020)
Reference: ENEECO 4099
To appear in: *Energy Economics*
Received date: 5 March 2018
Revised date: 21 July 2018
Accepted date: 23 July 2018

Please cite this article as: Muhammad Shahbaz, Muhammad Ali Nasir, David Roubaud , Environmental Degradation in France: The Effects of FDI, Financial Development, and Energy Innovations. Eneeco (2018), doi:[10.1016/j.eneco.2018.07.020](https://doi.org/10.1016/j.eneco.2018.07.020)

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.

**Environmental Degradation in France:
The Effects of FDI, Financial Development, and Energy Innovations**

Muhammad Shahbaz

Montpellier Business School, France

Email: muhdshahbaz77@gmail.com

Muhammad Ali Nasir^{1,*}

Leeds Business School, Leeds Beckett University

Email: m.a.nasir@leedsbeckett.ac.uk

David Roubaud

Montpellier Business School, France

Email: d.roubaud@montpellier-bs.com

Abstract: This paper explores the determinants of carbon emissions in France by accounting for the significant role played by foreign direct investment (FDI), financial development, economic growth, energy consumption and energy research innovations in influencing CO₂ emissions function. In this endeavour, we employ the novel SOR (Shahbaz et al. 2017) unit root test on French time series data over the period 1955-2016 to examine the order of integration in the presence of sharp and smooth structural breaks in the variables. We also apply the bootstrapping bounds testing approach, recently developed by McNown et al. (2018), to investigate the presence of cointegration and the empirical findings underscore the presence of cointegration among the time series. Moreover, we find that FDI has a positive impact, while energy research innovations have a negative impact, on French carbon emissions. Financial development lowers carbon emissions, thereby improving the French environmental quality. FDI degrades the environment, and thus supports the pollution-haven hypothesis in France. Similarly, financial development suggests that financial stability is a required condition for improving environmental quality, so are energy research innovations. Contrarily, energy consumption is positively linked with carbon emissions. However, the relationship between economic growth and CO₂ emissions is an inverted-U, which is a validation of the environmental Kuznets curve (EKC).

Keywords: FDI, Carbon Emissions, Financial Development, Energy Research Innovations

JEL Codes: F21, O13, P18, Q43

¹ *Corresponding author: Economics, Analytics & International Business Group, Leeds Business School, Leeds Beckett University, The Rose Bowl, Portland Crescent, Leeds, LS1 3HB, UK, Email: m.a.nasir@leedsbeckett.ac.uk, Telephone: 0044(0)7508457981

Download English Version:

<https://daneshyari.com/en/article/7350228>

Download Persian Version:

<https://daneshyari.com/article/7350228>

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