

Electricity prices and manufacturing trade between Canada and U.S.
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The paper looks at whether differences in electricity prices affects trade between Canadian provinces and American states. The Hechsher-Ohlin-Viner Theory suggests that higher electricity prices in any state or province should lead to lower exports of goods that use electricity intensively and promote the exports of goods that do not use electricity intensively. This paper shows the relationship between energy price and trade quantity using the a panel gravity model of trade. I do this using aggregate province-state trade data as well as disaggregated sectoral province-state trade data. My findings do not support this hypothesis. Trade flows are not correlated with electricity prices.