

Firm-level Impacts of Natural Disasters on Production Networks: Evidence from a Flood in Thailand

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Abstract: In this paper, we explore the firm-level impacts of flooding in Thailand in 2011, specifically those on the procurement patterns in Japanese affiliates in Thailand. Our findings are as follows. First, the damaged-small firms are more likely to lower their local procurement share, particularly the share of procurement from other Japanese-owned firms in Thailand. Second, damaged-young firms and damaged-old firms are more likely to raise the shares of imports from Japan and China, respectively. Third, there are no impacts on imports from ASEAN and the other countries. These findings are useful on uncovering how multinational firms adjust their production networks before and after natural disaster.

Keywords: Natural disasters, Flooding, Production networks

JEL Classification: D22; F23; Q54

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