This table shows the results of panel growth regressions with the dependent variable being the **Growth of exports from country 1 to country 2**. It presents several econometric models (1) to (5) using different variables and specifications, with the purpose of explaining how various factors impact export growth between countries. Let's break down the main elements:

**Variables**

1. **Growth(HOST1)t-1 and Growth(HOST2)t-1**: These represent the lagged growth rates of country 1 and country 2, respectively, likely measuring the past growth of the host countries as predictors for future export growth.
   * Positive in some models (for HOST1), while HOST2 has negligible or negative coefficients.
2. **Log(HOST1)95 and Log(HOST2)95**: These are the logged values of some host country factors (likely population, income, or infrastructure) in 1995.
   * Both have positive and significant impacts on export growth, showing that higher levels of these factors in 1995 predict stronger future exports.
3. **Log(EXPORT12)**: The logged value of exports between country 1 and country 2.
   * Negative coefficients, indicating that higher export levels are associated with a slowdown in export growth, a possible sign of diminishing returns.
4. **Growth(GDP2)**: The growth rate of GDP for country 2.
   * Positive and highly significant, indicating that GDP growth in country 2 is a strong driver of export growth.
5. **Log(DISTANCE12)**: The logged physical distance between country 1 and country 2.
   * Negative and significant in most models, implying that greater distance reduces export growth.
6. **Growth(ExchRate)t-1**: The lagged growth rate of the exchange rate.
   * Appears less significant, but exchange rate fluctuations might have some influence on trade flows, depending on the model.
7. **Log(GDP1)95 and Log(GDP2)95**: The logged values of GDP for country 1 and country 2 in 1995.
   * Both appear in some models but have mixed effects on export growth.
8. **Log(POP1)95 and Log(POP2)95**: Logged population sizes of country 1 and country 2 in 1995.
   * Positive and significant, indicating that larger populations in 1995 are associated with higher export growth.
9. **Year-Fixed Effects**: Indicates whether fixed effects for specific years are included in the models. This controls for unobserved factors that might affect all countries in a particular year.

**Coefficients and Significance**

* Coefficients are provided in the table, and the **t-statistics** (in parentheses) indicate statistical significance.
  + A coefficient with a higher t-statistic (above 2 in absolute value) is generally considered significant at the 95% confidence level.

**Adjusted R-square**

* The **Adjusted R-square** values (0.010 to 0.094) reflect how well the model explains the variation in export growth. Higher values indicate better model fit.

**Observations**

* The number of observations varies between models, with the largest sample being 9057 in models (1) and (2), while models (3) to (5) have slightly smaller samples due to the exclusion of outliers.

**Key Insights**

* **GDP growth** of the receiving country (country 2) is a strong positive factor for export growth.
* **Distance** has a consistently negative effect, showing the challenge of exporting to distant markets.
* The lagged values of host country factors and export levels provide mixed results but generally indicate past levels of development and exports influence future trade growth.

**Slide 12**

This table presents the results of **panel growth regressions** that analyze the **effect of distance** on the **growth of exports from Country 1 to Country 2** between 1997 and 1999. Let's break down the variables and results:

**Variables**

1. **Growth(HOST1)t−1**: The lagged growth rate of the exporter (Country 1).
   * The coefficient is **0.022**, with a **t-statistic of 1.94**, suggesting a positive but borderline significant impact of past growth of Country 1 on the current growth of exports.
2. **Growth(HOST2)t−1**: The lagged growth rate of the importer (Country 2).
   * The coefficient is **−0.008**, with a **t-statistic of −1.18**, indicating an insignificant and negative effect of the past growth of Country 2 on export growth.
3. **Log(HOST1)95**: The logged value of a host country variable (likely GDP, infrastructure, or population) for Country 1 in 1995.
   * The coefficient is **0.011**, with a significant **t-statistic of 3.86**, showing a positive and highly significant effect of the economic characteristics of Country 1 in 1995 on the growth of exports.
4. **Log(HOST2)95**: The logged value of a host country variable for Country 2 in 1995.
   * The coefficient is **0.009**, with a **t-statistic of 4.31**, also showing a significant positive effect of the characteristics of Country 2 in 1995 on export growth.
5. **Log(DISTANCE12)**: The logged geographic distance between Country 1 and Country 2.
   * The coefficient is **−0.049**, with a **t-statistic of −6.56**, showing that greater distance has a strong negative effect on the growth of exports, as expected in most trade models where transportation costs increase with distance.
6. **LONGDIST12**: A binary (dummy) variable that indicates whether the distance between the two countries exceeds a certain threshold (likely representing long-distance trade relationships).
   * The coefficient is **−0.008**, with a **t-statistic of −0.41**, showing an insignificant impact of long-distance trade on export growth when controlling for other factors.
7. **Growth(HOST1)t−1 \* LONGDIST12**: An interaction term between the lagged growth of Country 1 and the long-distance dummy variable.
   * The coefficient is **0.003**, with a **t-statistic of 0.21**, indicating an insignificant effect of this interaction term on export growth.
8. **Growth(HOST2)t−1 \* LONGDIST12**: An interaction term between the lagged growth of Country 2 and the long-distance dummy variable.
   * The coefficient is **0.011**, with a **t-statistic of 1.02**, showing an insignificant but slightly positive effect of this interaction on export growth.

**Adjusted R-squared**

* The **Adjusted R-squared** value is **0.033**, meaning the model explains about **3.3%** of the variation in the growth of exports. This is quite low, indicating that while some factors (like distance) significantly affect export growth, other unobserved factors also play a role.

**Number of Observations**

* There are **8292** observations in this regression, indicating a large dataset that strengthens the reliability of the findings, particularly for the significant coefficients.

**Key Insights**

* **Distance** is a major negative factor for export growth, with both the logged distance and long-distance dummy showing adverse effects (though only the logged distance is significant).
* The **economic characteristics of both countries in 1995** (Log(HOST1)95 and Log(HOST2)95) are important positive drivers of export growth, suggesting that countries with better economic fundamentals in earlier periods tend to experience stronger export growth later.
* **Lagged growth rates of the exporting country** (Country 1) also play a role, but only marginally significant, while the **importing country’s past growth** (Country 2) does not appear to have a significant impact.
* The interaction terms involving long-distance trade are insignificant, suggesting that distance alone, rather than its interaction with growth, explains the bulk of the negative effect.

In summary, the main takeaway from this table is the negative impact of geographic distance on export growth, with stronger historical economic characteristics of both countries leading to higher future trade growth.

Slide 13

This table presents the results of **cross-section gravity regressions**, where the dependent variable is the **Log(trade between countries i and j)**. The gravity model of trade, commonly used in international trade analysis, estimates trade flows based on country characteristics such as economic size, population, and geographic distance.

**Key Variables and Their Coefficients**

1. **Log(HOST\*HOST)** and **Log(HOST\*HOST)t−2**: These are interaction terms representing the host countries' characteristics.
   * In models (6) to (8), this term is negative and insignificant, while in models (9) and (10) it turns positive and significant. This suggests that the effect of host country interaction on trade might be time-sensitive.
2. **Log(GDPi\*GDPj)t**: The product of the logged GDPs of countries i and j, which measures the combined economic size of the trading pair.
   * Strongly positive and highly significant across all models. This aligns with the gravity model, where larger economies tend to trade more.
3. **Log(POPi\*POPj)t**: The product of the logged populations of countries i and j, which measures the size of the trading populations.
   * Negative coefficients in most models, indicating that larger populations reduce trade. This could imply that more populous countries might be more self-sufficient, reducing the need for trade.
4. **Log(DISTANCEij)**: The logged geographic distance between countries i and j.
   * Negative and highly significant in all models, showing that greater distance reduces trade, which is a consistent finding in gravity models.
5. **COMMON**: A dummy variable indicating whether the trading partners share a common feature (likely a common border or similar).
   * Positive and significant, indicating that sharing a common characteristic increases trade.
6. **LANGUAGE**: A dummy variable indicating whether the trading partners share a common language.
   * Positive and significant across all models, showing that sharing a common language facilitates trade.
7. **COLONIAL**: A dummy variable indicating a colonial relationship between the trading partners.
   * Positive and significant, though less so than language or common characteristics. This shows that historical colonial ties can still influence trade.
8. **LINK**: Likely indicates some form of economic or political link between the countries (e.g., a trading agreement or partnership).
   * Generally positive and significant, though the effect is smaller than other factors like GDP or distance.
9. **ADJ**: A dummy variable indicating whether countries are geographically adjacent (i.e., they share a border).
   * Positive and significant in all models, reflecting that neighboring countries trade more due to proximity and lower transportation costs.
10. **FTA**: A dummy variable representing whether the countries have a free trade agreement (FTA).
    * Positive and significant, indicating that FTAs boost trade between countries.
11. **Log(TRADEij)1995**: This measures the logged trade levels in 1995 for models analyzing 1999 data. It is used to control for previous trade levels.
    * Positive and highly significant, showing that trade in 1995 strongly predicts trade in subsequent years, indicating persistence in trade patterns.

**Adjusted R-squares**

* The **Adjusted R-squares** are high across all models, ranging from **0.707** to **0.786**, suggesting that these models explain a substantial portion of the variation in trade flows between countries.

**Number of Observations**

* The number of observations varies slightly across models, with a range between **1478** and **1501**. This difference is likely due to variations in data availability for different years.

**Summary of Key Insights:**

* **Economic size (GDP)** is the strongest predictor of trade flows, consistent with the gravity model.
* **Distance** has a negative impact on trade, while factors such as common language, adjacency, and free trade agreements significantly promote trade.
* The trade patterns observed in previous periods (e.g., 1995) continue to influence trade in later years, demonstrating the persistence of trade relationships.

This table effectively shows how geographic, economic, and institutional factors contribute to trade between countries, with clear support for the gravity model's predictions