Trade policy differences across EU Member States

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What is the difference in trade policy of EU Member States?

1. None.
2. Let's explore.

Sample and data

Sample

- ▶ EU Member States as of 2017.
- ▶ EU candidate and potential members
- ▶ European Neighbourhood Policy

Data

- ▶ External trade from COMEXT (HS6 level)
- ▶ World Development Indicators (World Bank)
- ▶ CEPII GeoDist
- ▶ Global Database of Events, Language and Tone (GDELT) 2.0
- ▶ Affinity of Nations (Voting patterns in UN General Assembly)
- ▶ Special Eurobarometer 491: Europeans' attitudes on Trade and EU trade policy

Respect

Meausures of interest

	Obs	Mean	SD
Intended visits by exporter (count)	6078	2.06	12.95
Actual visits by exporter (count)	6078	4.77	22.86
Contiguity (dummy)	6078	0.04	0.20
Common language (dummy)	6078	0.09	0.28
Colonial relationship (dummy)	6078	0.07	0.26
Colonizer (dummy)	6078	0.03	0.16
Trade flow (log)	6066	19.38	2.89
Distance (log)	6078	8.11	0.95
Agreement in UN (log)	6039	-0.29	0.20
Difference in public opinion (log)	1332	-1.58	1.08
Exporter nominal GDP (log)	6078	26.67	1.61

Respect

A gravity equation for state visits

Table: Simple model of intended and actual visits

	Intent	Visits
Trade flow (log)	-0.190**	-0.111
	(0.083)	(0.083)
Distance (log)	-0.852***	-0.621***
	(0.127)	(0.117)
Exporter nominal GDP (log)	1.069***	0.846***
	(0.130)	(0.142)
Importer nominal GDP (log)	0.897***	0.700***
	(0.102)	(0.113)
Number of observations	5855	5855
Pseudo R^2	0.479	0.447

Notes: Poisson pseudo-likelihood regression without fixed effects is used for
Standard errors: Clustered standard errors are in parantheses.
Sample: All countries.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Respect

In harmony with your neighbor

Table: Determinants of intented and actual visits

	Intent	Visits
Trade flow (log)	0.302***	0.237*
	(0.066)	(0.134)
Distance (log)	0.001	-0.261
	(0.411)	(0.472)
Contiguity (dummy)	-0.418	-0.225
	(0.276)	(0.245)
Common language (dummy)	-0.609*	-0.317
	(0.327)	(0.335)
Colonial relationship (dummy)	1.786***	1.177***
	(0.448)	(0.340)
Colonizer (dummy)	2.411**	1.342***
	(0.969)	(0.471)
Agreement in UN (log)	4.572***	2.350***
	(1.511)	(0.621)
Difference in democracy level (log)	-0.823	-0.644*
	(0.637)	(0.364)
Number of observations	940	1025
Pseudo R^2	0.752	0.728

Not all EU countries are alike

Table: Determinants of intented and actual visits

	Intent	Visits
Trade flow (log)	-0.087	-0.111
	(0.205)	(0.202)
Distance (log)	-1.395***	-1.712***
	(0.449)	(0.446)
Contiguity (dummy)	0.495	0.156
	(0.378)	(0.270)
Common language (dummy)	-3.121***	-2.771***
	(0.358)	(0.313)
Colonial relationship (dummy)	-0.948**	-0.818***
	(0.435)	(0.179)
Colonizer (dummy)	2.158***	1.434***
	(0.751)	(0.410)
Agreement in UN (log)	34.771**	17.819***
	(15.695)	(2.643)
Difference in democracy level (log)	-0.692***	-0.552***
	(0.207)	(0.125)
Difference in public opinion (log)	-0.606***	-0.325***
	(0.169)	(0.095)
Number of observations	687	789

An index of Trade Similarity

- For any pair of countries (EU–neighbour), compare their export product shares to the EU average.
- Convert this index of divergence to a [0,1] index of Trade Similarity.