The preference of a type of partner in a TAs then becomes an empirical question. Do South-South TAs promote trade and industrial development among their members? The empirical literature overall reports positive effects of TAs on the trade of member countries, but with considerable heterogeneity on the estimation coefficients. For example, a meta-analysis of research papers on the effects of TAs on member trade, encompassing 85 papers and 1827 estimates, finds an average of 0.59 (an 80% increase in trade), with a median of 0.38 (a 46% increase in trade), a wide range of coefficient estimates (-9.01 to 15.41), and only 312 out of 1827 estimates reported as negative (Cipollina and Salvatici, 2010). Furthermore, a survey of the empirical research on the effect of economic integration agreements on international trade flows, as well as using the most modern econometric techniques to address biases, found an increase of 50% on international trade, but with significant variation in the effects of specific agreements (Kohl, 2014). However, much of the empirical research is focused on the effects of TAs on or including the most advanced economies. Empirical research focused exclusively on the effects of South-South TAs or comparing them to the effects of North-North or North-South TAs, is much less prevalent in the literature. Although, several research papers do control for the type of agreement (North-South or South-South) and have found positive and significant effects of South-South TAs (Medvedev, 2006; Mayda and Steinberg, 2007; Dahi and Demir, 2013; Deme and Ndrianasy, 2017), these articles tend to be limited in their scope, sample size or only focus on trade volumes. Using firm-level data, empirical literature studying trade outcomes using unit values of exports reports evidence of the value per unit increasing as the income level of the importing nation increases (Hallak, 2006; Bastos and Silva, 2010). Relevant to our analysis, one article finds evidence that the same firms export their products at a higher value per unit the higher the income level of the importing nation (Manova and Zhang, 2012). Beyond providing evidence that the direction of trade has immediate repercussions, this could also provide evidence in favour of North-South TAs, as they can generate more revenue and promote quality upgrading (Dahi and Demir, 2017). At the same time, other strands of the empirical research literature emphasise the importance of similarities in trade structure and preferences and provide evidence that countries of similar levels of income, technology and endowments have higher levels of trade, and importantly, more potential for convergence and spillovers (Hallak, 2010). Important for our discussion of the structure of product space, empirical research finds that trade between similarly endowed countries have more diversified exports between them, relative to trade with countries with different endowments (Regolo, 2013), and that countries with neighbours with shared or similar comparative advantages will experience an increase in the export of similar products to the neighbouring country (Bahar, Hausmann and Hidalgo, 2014). If similarity between countries is highly relevant for knowledge transfer, South-South TAs can potentially be more beneficial for developing countries.

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