Based on the theoretical and empirical best-practices found in the relevant literature, we employ the following gravity equation using a PPML estimator and a balanced panel data approach with multiple exporters, multiple importers and time as our benchmark model:

Where denotes the value of exports from an origin country to a destination country ; and are, respectively, exporter-time and importer-time fixed-effects; is a country-pair fixed-effect; and are our main variables of interest, which, respectively indicate if and are members of a PTA at time and, to account for potential “phase-in” effects over time of the PTA, at time ; is a set of dummies that equal 1 for international trade and 0 for domestic trade observations at each time ; and is an error term.

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