

Gravity Model via PPML

- Theoretical basis: Anderson & van Wincoop (2003)
- Industry standard for analyzing trade between countries
- Accounts for countries that don't trade with each other
- Controls for country-specific factors over time

Data

Sample Size: $78 \text{ ACP} \times 27 \text{ EU} \times 26 \text{ years} = 43,238$ observations

- **Trade data:** BACI database (international trade records)
- **Economic data:** GDP and population (World Bank)
- **Control variables:** Distance, language, colonial ties

Results

Main Finding: “Stumbling block” effect

- Countries that trade more with neighbors trade less with EU
- At average regional integration (10%): 16% less EU trade
- At high regional integration (26%): 36% less EU trade
- EPAs partially counteract this effect

Is the result reliable?

- Analyzing each region separately
- Using different statistical methods
- *Result: Main finding holds in all cases*

Feasibility, Weaknesses, Ethics

Feasible: Data ready, analysis complete, writing remains

Weaknesses: Can't perfectly control for all factors: some countries have very limited trade data

Ethical Concerns: None, as it's public secondary data only