Estimating the Effects of Regional Trade Agreements

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (1) OLS | (2) PPML | (3) INTRA | (4) ENDG | (5) LEAD | (6) PHSNG | (7) GLBZN |
| Log distance | -1.216 | -0.822 | -0.800 |  |  |  |  |
|  | (0.039) | (0.031) | (0.031) |  |  |  |  |
| Contiguity | 0.223 | 0.416 | 0.393 |  |  |  |  |
|  | (0.203) | (0.084) | (0.080) |  |  |  |  |
| Colony | 0.670 | -0.205 | -0.182 |  |  |  |  |
|  | (0.149) | (0.116) | (0.115) |  |  |  |  |
| Common language | 0.661 | 0.250 | 0.244 |  |  |  |  |
|  | (0.082) | (0.078) | (0.078) |  |  |  |  |
| RTA | -0.004 | 0.191 | 0.409 | 0.557 | 0.520 | 0.291 | 0.116 |
|  | (0.054) | (0.067) | (0.070) | (0.104) | (0.087) | (0.091) | (0.088) |
| RTA(t+4) |  |  |  |  | 0.077 |  |  |
|  |  |  |  |  | (0.094) |  |  |
| RTA(t-4) |  |  |  |  |  | 0.414 | 0.288 |
|  |  |  |  |  |  | (0.068) | (0.063) |
| RTA(t-8) |  |  |  |  |  | 0.169 | 0.069 |
|  |  |  |  |  |  | (0.044) | (0.049) |
| RTA(t-12) |  |  |  |  |  | 0.119 | 0.002 |
|  |  |  |  |  |  | (0.031) | (0.030) |
| Int. border 1986 |  |  |  |  |  |  | -0.706 |
|  |  |  |  |  |  |  | (0.049) |
| Int. border 1990 |  |  |  |  |  |  | -0.480 |
|  |  |  |  |  |  |  | (0.044) |
| Int. border 1994 |  |  |  |  |  |  | -0.367 |
|  |  |  |  |  |  |  | (0.034) |
| Int. border 1998 |  |  |  |  |  |  | -0.158 |
|  |  |  |  |  |  |  | (0.024) |
| Int. border 2002 |  |  |  |  |  |  | -0.141 |
|  |  |  |  |  |  |  | (0.017) |
| N | 25689 | 28152 | 28566 | 28482 | 28482 | 28482 | 28482 |
| R2 | 0.843 |  |  |  |  |  |  |
| logLik (in thousands) | -45 | -2176 | -2836 | -1380 | -1379 | -1296 | -1030 |
| AIC (in thousands) | 92 | 4354 | 5675 | 2766 | 2764 | 2599 | 2067 |
| Intra-national trade | No | No | Yes | Yes | Yes | Yes | Yes |
| Notes: All estimates are obtained with data for the years 1986, 1990, 1994, 1998, 2002, and 2006, and use exporter-time and importer-time fixed effects. The estimates of the fixed effects are omitted for brevity. Columns (1) and (2) use data on international trade flows only. Column (1) applies the OLS estimator and column (2) uses the PPML estimator. Column (3) adds intra-national trade observations and uses country-specific dummies for internal trade. Column (4) adds pair fixed effects. The estimates of the pair fixed effects are omitted for brevity. Column (5) introduces RTA lead. Column (6) allows for phasing-in effects of RTAs. Finally, column (7) accounts for the effects of globalization. Standard errors are clustered by country pair and are reported in parentheses. | | | | | | | |