

Appendix

Effects of Cultural Institutes on Bilateral Trade and FDI Flows:

Cultural Diplomacy or Economic Altruism?

Firat Demir¹
University of Oklahoma
Department of Economics
436 CCD1, 308 Cate Center Drive
Norman, Oklahoma, USA 73019
E-mail: fdemir@ou.edu

Hyeonjin Im
University of Missouri
Department of Economics
909 University Avenue, 118 Professional Building
Columbia, MO 65211-6040
E-mail: hin55@mail.missouri.edu

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¹ Corresponding author. Tel: (+1) (405) 325-5844.

A. Regression results for tables reported in the text

Table A1: Cultural institutes and trade in goods and services-panel analysis (Table 6 in the text)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FE	PPML	FE	PPML	FE	PPML	FE	PPML
	Exports	Exports	Imports	Imports	ServicesEx	ServicesEx	ServicesIm	ServicesIm
<i>dlnInst_{ijt}</i>	0.534*** (0.071)	0.291*** (0.044)	0.373*** (0.088)	0.119** (0.058)	-0.168 (0.178)	-0.150 (0.168)	0.115 (0.086)	0.135 (0.131)
<i>lnGDP_{jt}</i>	0.005 (0.075)	0.286 (0.222)	-0.021 (0.117)	0.417*** (0.131)	-1.042*** (0.129)	-1.594*** (0.118)	0.069 (0.464)	1.101*** (0.099)
<i>lnGDP_{it}</i>	0.037 (0.253)	0.125 (0.490)	1.098*** (0.337)	-0.035 (0.703)	-4.572*** (0.531)	3.621*** (0.506)	-0.587 (1.429)	1.135 (1.921)
<i>lnGDPPC_{jt}</i>	0.758*** (0.075)	0.404* (0.234)	0.786*** (0.115)	0.175 (0.127)	0.966*** (0.126)	1.442*** (0.115)	0.496 (0.488)	0.325*** (0.107)
<i>lnGDPPC_{it}</i>	1.001*** (0.264)	0.603 (0.524)	-0.079 (0.353)	0.805 (0.723)	4.455*** (0.554)	-3.770*** (0.528)	1.058 (1.483)	-0.218 (1.987)
<i>lnDistance_{ij}</i>	-0.903*** (0.019)	-0.426*** (0.074)	-1.015*** (0.023)	-0.623*** (0.072)	-0.314*** (0.035)	-0.577*** (0.035)	-0.517*** (0.115)	-0.463*** (0.155)
<i>lnAreap_{ij}</i>	1.195*** (0.269)	0.595*** (0.201)	-0.203 (0.358)	0.451*** (0.133)	4.686*** (0.563)	-3.796*** (0.536)	0.155 (0.347)	-0.116 (0.090)
<i>Colony_{ij}</i>	0.450*** (0.073)	0.084 (0.286)	0.383*** (0.075)	-0.430** (0.207)	0.631*** (0.109)	0.703*** (0.117)	-0.534* (0.300)	0.319 (0.370)
<i>Border_{ij}</i>	0.043 (0.070)	0.381** (0.155)	-0.115 (0.076)	0.230 (0.154)	-0.504*** (0.124)	-0.217 (0.134)	-0.180 (0.311)	-0.324 (0.437)
<i>Language_{ij}</i>	0.933*** (0.093)	0.068 (0.214)	0.296*** (0.098)	0.168 (0.120)	0.460*** (0.131)	0.476*** (0.143)	0.344 (0.306)	0.705 (0.506)
<i>Religion_{ij}</i>	-0.081 (0.051)	0.212 (0.261)	-0.034 (0.059)	0.051 (0.196)	-0.528*** (0.077)	-0.409*** (0.075)	0.265 (0.400)	0.230 (0.589)
<i>Legal_{ij}</i>	0.138*** (0.021)	0.540*** (0.124)	0.184*** (0.025)	0.479*** (0.080)	0.166*** (0.037)	0.139*** (0.038)	0.404*** (0.145)	0.110 (0.224)
<i>PTA_{ijt}</i>	0.236*** (0.028)	0.474*** (0.125)	0.269*** (0.035)	0.409*** (0.107)	0.221*** (0.055)	0.250*** (0.055)	0.508*** (0.166)	0.839*** (0.295)
<i>EU_{ijt}</i>	0.254*** (0.042)	0.573*** (0.166)	0.166*** (0.048)	0.751*** (0.147)	-0.156 (0.110)	-0.472*** (0.112)	-0.242 (0.224)	-0.247 (0.410)
Constant	-34.410***	-24.583**	-17.936***	-18.120	-10.976**	61.606***	3.543	-50.839

	(2.514)	(9.933)	(3.541)	(15.368)	(5.065)	(4.703)	(30.095)	(40.176)
Observations	22,565	22,025	22,565	22,025	22,565	22,565	20,275	22,565
R-squared	0.889	0.944	0.838	0.922	0.547	0.533	0.818	0.742
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A2: Cultural institutes and FDI flows-panel analysis (Table 7 in the text)

	(1)	(2)	(3)	(4)
	FE	PPML	FE	PPML
	FDI-Out	FDI-Out	FDI-In	FDI-In
<i>dlnInst_{ijt}</i>	-0.231 (0.153)	0.607** (0.285)	0.246* (0.143)	0.376* (0.203)
<i>lnGDP_{jt}</i>	-0.261*** (0.099)	0.335 (0.810)	0.101 (0.087)	0.812 (0.912)
<i>lnGDP_{it}</i>	-0.944** (0.477)	-0.879 (2.276)	-2.097*** (0.412)	2.510 (2.059)
<i>lnGDPPC_{jt}</i>	0.458*** (0.096)	0.698 (0.791)	0.031 (0.081)	0.259 (0.935)
<i>lnGDPPC_{it}</i>	0.934* (0.497)	2.067 (2.497)	2.204*** (0.430)	-1.732 (2.123)
<i>lnDistance_{ij}</i>	-0.658*** (0.030)	-0.228* (0.124)	-0.301*** (0.026)	-0.724*** (0.108)
<i>lnAreap_{ij}</i>	1.058** (0.505)	0.882 (0.547)	2.327*** (0.436)	0.173 (0.619)
<i>Colony_{ij}</i>	0.313*** (0.099)	0.014 (0.260)	0.024 (0.087)	-0.173 (0.241)
<i>Border_{ij}</i>	-0.072 (0.109)	-0.113 (0.270)	0.204* (0.105)	-0.544** (0.255)
<i>Language_{ij}</i>	0.642*** (0.125)	1.195*** (0.213)	0.323*** (0.113)	0.472* (0.248)
<i>Religion_{ij}</i>	-0.049 (0.070)	1.597*** (0.333)	0.074 (0.061)	-0.256 (0.374)
<i>Legal_{ij}</i>	0.288*** (0.034)	0.219 (0.168)	0.322*** (0.029)	0.827*** (0.159)
<i>PTA_{ijt}</i>	0.200*** (0.050)	0.693*** (0.168)	0.159*** (0.039)	0.420 (0.310)
<i>EU_{ijt}</i>	0.126 (0.098)	0.150 (0.246)	0.223** (0.089)	-0.342 (0.289)
Constant	-0.499 (4.420)	-30.519 (48.662)	-20.337*** (3.704)	-80.661** (41.095)
Observations	22,565	21,970	22,565	19,810
R-squared	0.522	0.530	0.540	0.451
Exporter FE	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A3: Cultural Institutes and trade in goods and services - cross section: Country heterogeneity
(Table 9 in the text)

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ij}</i>	0.203** (0.092)	0.046 (0.093)	0.260 (0.160)	0.442*** (0.166)	1.278*** (0.296)	0.188 (0.309)
<i>lnInst_{ij}_Advanced_j</i>	-0.080 (0.102)	0.080 (0.096)	0.063 (0.173)	-0.091 (0.157)	-1.065*** (0.283)	-0.320 (0.291)
<i>lnDistance_{ij}</i>	-0.464*** (0.063)	-0.611*** (0.051)	-0.488*** (0.087)	-0.545*** (0.072)	-0.594*** (0.190)	-0.418*** (0.143)
<i>lnAreap_{ij}</i>	0.792*** (0.026)	0.969*** (0.069)	0.212 (0.131)	0.408*** (0.117)	0.531*** (0.180)	-0.246*** (0.061)
<i>Colony_{ij}</i>	0.080 (0.165)	-0.109 (0.146)	-0.004 (0.291)	-0.512** (0.229)	-0.391 (0.526)	0.187 (0.446)
<i>Border_{ij}</i>	0.454*** (0.094)	0.190** (0.086)	-0.097 (0.152)	0.067 (0.142)	0.696 (0.536)	0.530 (0.450)
<i>Language_{ij}</i>	0.004 (0.160)	0.284** (0.119)	0.389** (0.189)	0.253 (0.213)	0.547 (0.525)	0.943* (0.495)
<i>Religion_{ij}</i>	0.433*** (0.158)	0.208 (0.147)	0.633** (0.290)	0.258 (0.316)	1.118** (0.544)	1.009* (0.606)
<i>Legal_{ij}</i>	0.301*** (0.071)	0.297*** (0.065)	0.548*** (0.105)	0.562*** (0.111)	-0.649** (0.301)	0.051 (0.280)
<i>PTA_{ijt}</i>	0.503*** (0.113)	0.581*** (0.104)	0.253 (0.246)	0.159 (0.193)	0.016 (0.308)	-0.110 (0.362)
<i>EU_{ijt}</i>	0.338*** (0.127)	0.433*** (0.108)	0.190 (0.209)	0.621*** (0.213)	-0.906** (0.406)	0.051 (0.501)
<i>Constant</i>	-8.729*** (1.065)	-14.056*** (2.264)	-0.402 (3.899)	-4.706 (3.298)	-9.918** (5.020)	-17.037*** (2.884)
Observations	1,489	1,489	1,505	1,425	684	680
R-squared	0.960	0.942	0.908	0.913	0.854	0.770
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes

The sample home countries are China, France, Germany, Spain, Japan, Portugal, Turkey, and U.K. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors clustered at country-pair level are in parenthesis. For other variable definitions refer to Tables 1 and 4.

Table A4: Cultural Institutes, trade and investment flows - panel: Country heterogeneity
(Table 10 in the text)

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>dlnInst_{ij}</i>	0.002 (0.077)	-0.066 (0.110)	-1.207*** (0.430)	-1.729*** (0.655)	0.481** (0.239)	-1.791* (0.983)
<i>dlnInst_{ij}_Advanced_j</i>	0.388*** (0.102)	0.282* (0.147)	1.448*** (0.441)	1.975*** (0.662)	0.192 (0.500)	2.217** (0.998)
<i>lnGDP_{jt}</i>	0.299 (0.222)	0.422*** (0.130)	0.081 (0.456)	1.098*** (0.099)	0.337 (0.810)	0.849 (0.910)
<i>lnGDP_{it}</i>	0.138 (0.492)	-0.018 (0.701)	-0.569 (1.431)	1.165 (1.927)	-0.869 (2.279)	2.505 (2.057)
<i>lnGDPPC_{jt}</i>	0.392* (0.234)	0.169 (0.126)	0.482 (0.478)	0.318*** (0.106)	0.695 (0.790)	0.224 (0.932)
<i>lnGDPPC_{it}</i>	0.594 (0.525)	0.791 (0.720)	1.052 (1.486)	-0.238 (1.995)	2.060 (2.498)	-1.717 (2.121)
<i>lnDistance_{ij}</i>	-0.426*** (0.074)	-0.622*** (0.072)	-0.517*** (0.114)	-0.462*** (0.154)	-0.229* (0.125)	-0.723*** (0.108)
<i>lnAreap_{ij}</i>	0.585*** (0.201)	0.448*** (0.132)	0.146 (0.341)	-0.114 (0.090)	0.880 (0.547)	0.151 (0.617)
<i>Colony_{ij}</i>	0.085 (0.286)	-0.426** (0.205)	-0.535* (0.298)	0.315 (0.369)	0.011 (0.261)	-0.174 (0.240)
<i>Border_{ij}</i>	0.385** (0.154)	0.234 (0.152)	-0.178 (0.311)	-0.319 (0.437)	-0.114 (0.270)	-0.541** (0.255)
<i>Language_{ij}</i>	0.068 (0.213)	0.169 (0.119)	0.344 (0.306)	0.708 (0.506)	1.196*** (0.213)	0.469* (0.248)
<i>Religion_{ij}</i>	0.222 (0.257)	0.053 (0.196)	0.269 (0.400)	0.226 (0.589)	1.600*** (0.330)	-0.253 (0.373)
<i>Legal_{ij}</i>	0.533*** (0.123)	0.475*** (0.080)	0.400*** (0.145)	0.104 (0.224)	0.219 (0.168)	0.824*** (0.159)
<i>PTA_{ijt}</i>	0.473*** (0.124)	0.412*** (0.106)	0.506*** (0.165)	0.839*** (0.295)	0.692*** (0.168)	0.418 (0.308)
<i>EU_{ijt}</i>	0.574*** (0.164)	0.751*** (0.147)	-0.242 (0.223)	-0.248 (0.409)	0.148 (0.247)	-0.335 (0.288)
Constant	-24.837** (9.970)	-18.501 (15.322)	3.136 (30.145)	-51.446 (40.302)	-30.734 (48.734)	-80.598** (41.084)
Observations	22,025	22,025	20,275	22,565	21,970	19,810
R-squared	0.946	0.922	0.819	0.742	0.530	0.451
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A5: Cultural Institutes, trade and investment flows - cross: Home country heterogeneity (Table 12 in the text)

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ij}</i>	0.466*** (0.138)	0.353** (0.164)	0.424*** (0.142)	0.261** (0.131)	-1.047 (1.014)	-1.044* (0.544)
<i>lnInst_{ij}_CHN</i>	-0.310** (0.146)	-0.245 (0.168)	-0.003 (0.186)	0.212 (0.165)	1.267 (1.025)	1.012* (0.568)
<i>lnInst_{ij}_DEU</i>	-0.320** (0.158)	-0.368** (0.174)	-0.098 (0.197)	0.184 (0.208)	1.812* (1.049)	1.230* (0.646)
<i>lnInst_{ij}_ESP</i>	-0.315 (0.207)	-0.386** (0.181)	0.699* (0.363)	0.968** (0.383)	1.681 (1.059)	0.515 (0.755)
<i>lnInst_{ij}_FRA</i>	-0.351** (0.145)	-0.345* (0.178)	-0.295* (0.158)	-0.178 (0.152)	2.021* (1.124)	0.099 (0.623)
<i>lnInst_{ij}_GBR</i>	-0.548*** (0.197)	-0.090 (0.210)	-0.262 (0.182)	0.380* (0.211)	2.959** (1.430)	1.661** (0.739)
<i>lnInst_{ij}_JPN</i>	0.127 (0.249)	-0.675* (0.365)	-0.717 (0.553)	0.801** (0.334)	3.019*** (1.066)	2.359** (0.930)
<i>lnInst_{ij}_TUR</i>	-0.280 (0.307)	-0.250 (0.262)	1.665*** (0.519)	0.890** (0.446)	3.659*** (1.221)	0.687 (0.926)
<i>Net effects</i>						
Portugal	0.466***	0.353**	0.424***	0.261**	-1.047	-1.044*
China	0.156***	0.108**	0.420***	0.473***	0.220	0.820
Germany	0.145	-0.015	0.325*	0.444**	0.765**	0.186
Spain	0.150	-0.033	1.122***	1.229***	0.635	-0.529
France	0.115	0.008	0.128	0.082	0.975**	-0.945**
UK	-0.082	0.263*	0.162	0.640***	1.912*	0.618
Japan	0.592***	-0.322	-0.293	1.062***	1,972***	1.315*
Turkey	0.185	0.103	2.088***	1.150***	2.612***	-0.357
Gravity	Yes	Yes	Yes	Yes	Yes	Yes
Host FE	Yes	Yes	Yes	Yes	Yes	Yes
Home FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,489	1,489	1,505	1,425	684	558
R-squared	0.962	0.947	0.915	0.926	0.889	0.868

Notes: PPML estimates. Portugal is the reference country. *Net effects* refer to the net effect of (ln) *Inst* on each country calculated as the sum of coefficient estimates for (ln) *Inst* and its interaction term with country dummies. *Gravity* refers to the same set of gravity controls as in previous tables. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Tables 1 and 4.

Table A6: Cultural Institutes, trade and investment flows - panel: Home country heterogeneity with country-year and country-pair fixed effects (Table 13 in the text)

VARIABLES	(1) Exports	(2) Imports	(3) ServicesEx	(4) ServicesIm	(5) FDI Out	(6) FDI In
<i>dlnInst_{ijt}</i>	-0.052 (0.077)	-0.084 (0.061)	-0.189 (0.140)	-0.427*** (0.135)	0.373 (0.516)	1.547** (0.663)
<i>dlnInst_{ijt}_CHN</i>	0.157** (0.079)	0.125* (0.067)	0.155 (0.167)	0.118 (0.171)	-0.768 (1.018)	-0.624 (0.750)
<i>dlnInst_{ijt}_DEU</i>	0.216** (0.093)	-0.216 (0.151)	0.088 (0.282)	0.792** (0.339)	-0.720 (0.655)	0.780 (1.135)
<i>dlnInst_{ijt}_ESP</i>	0.025 (0.082)	0.107 (0.072)	0.180 (0.253)	0.278 (0.263)	1.078 (0.664)	-2.089** (0.920)
<i>dlnInst_{ijt}_JPN</i>	0.196 (0.192)	0.084 (0.114)	0.195 (0.280)	0.406* (0.244)	-0.335 (0.824)	-0.724 (1.474)
<i>Net effects</i>						
Portugal	-0.052	-0.084	-0.189	-0.427***	0.373	1.547**
China	0.104***	0.041	-0.034	-0.309***	-0.396	0.923***
Germany	0.163***	-0.301**	-0.100	0.365	-0.348	2.327**
Spain	-0.027	0.023	-0.009	-0.149	1.451***	-0.542
Japan	0.144	-0.001	0.007	-0.021	0.037	0.823
Observations	24,760	24,659	6,556	4,989	9,307	6,883
R-squared	0.996	0.997	0.964	0.977	0.872	0.844
Host-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Home-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Portugal is the reference country*. *Net effects* refers to the net effect of $(\ln) Inst$ on each country calculated as the sum of coefficient estimates for $(\ln) Inst$ and its interaction term with country dummies. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1.

B. Regression results from robustness tests

Table A7: Sensitivity to sample selection-cross section analysis: Drop highest 1% of trade and FDI flows

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt}</i>	0.150*** (0.047)	0.100 (0.070)	0.228** (0.099)	0.393*** (0.133)	0.763*** (0.224)	-0.273 (0.000)
<i>lnDistance_{ij}</i>	-0.594*** (0.051)	-0.719*** (0.059)	-0.487*** (0.103)	-0.477*** (0.099)	-0.218 (0.145)	-0.275 (0.000)
<i>lnAreap_{ij}</i>	0.706*** (0.030)	1.018*** (0.070)	0.235* (0.127)	0.408*** (0.109)	0.544*** (0.168)	0.432 (0.000)
<i>Colony_{ij}</i>	0.453*** (0.100)	0.004 (0.117)	0.326* (0.190)	0.363 (0.240)	0.693* (0.360)	-0.052 (0.000)
<i>Border_{ij}</i>	0.489*** (0.092)	0.252** (0.110)	0.181 (0.149)	0.215 (0.160)	0.702 (0.508)	0.386 (0.000)
<i>Language_{ij}</i>	-0.295** (0.138)	0.405*** (0.105)	0.118 (0.175)	-0.088 (0.211)	0.217 (0.410)	1.064 (0.000)
<i>Religion_{ij}</i>	0.479*** (0.126)	0.059 (0.137)	0.425* (0.227)	0.284 (0.291)	1.072** (0.478)	0.819 (0.000)
<i>Legal_{ij}</i>	0.245*** (0.065)	0.226*** (0.067)	0.435*** (0.132)	0.311*** (0.117)	-0.260 (0.257)	0.430 (0.000)
<i>PTA_{ijt}</i>	0.417*** (0.092)	0.622*** (0.114)	0.599*** (0.200)	0.422* (0.226)	0.396 (0.247)	1.001 (0.000)
<i>EU_{ijt}</i>	0.362*** (0.108)	0.524*** (0.103)	0.161 (0.189)	0.805*** (0.282)	0.002 (0.399)	-0.225 (0.000)
Constant	-5.635*** (1.039)	-14.087*** (2.327)	-1.136 (3.768)	-5.614* (3.257)	-13.537*** (4.480)	-14.208 (0.000)
Observations	1,471	1,471	1,487	1,406	675	553
R-squared	0.928	0.898	0.820	0.815	0.705	0.760
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes

The sample home countries are China, France, Germany, Spain, Japan, Portugal, Turkey, and U.K. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors clustered at country-pair level are in parenthesis. For other variable definitions refer to Tables 1 and 4.

Table A8: Sensitivity to sample selection-panel data analysis: Drop highest 1% of bilateral trade and FDI flows

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt}</i>	0.197*** (0.047)	-0.043 (0.051)	0.061 (0.104)	0.189 (0.156)	0.261 (0.217)	-0.132 (0.252)
<i>lnGDP_{jt}</i>	0.313 (0.208)	0.284 (0.202)	0.334 (0.513)	0.943*** (0.095)	1.148** (0.504)	2.068*** (0.603)
<i>lnGDP_{it}</i>	0.413 (0.559)	1.355** (0.611)	-0.927 (2.370)	0.174 (2.691)	-2.155* (1.186)	-2.754 (1.911)
<i>lnGDPPC_{jt}</i>	0.454** (0.221)	0.354 (0.229)	0.160 (0.553)	0.167 (0.116)	-0.326 (0.498)	-0.652 (0.597)
<i>lnGDPPC_{it}</i>	0.302 (0.579)	-0.658 (0.634)	1.100 (2.470)	0.455 (2.785)	3.336** (1.298)	3.157 (2.005)
<i>lnDistance_{ij}</i>	-0.639*** (0.072)	-0.695*** (0.070)	-0.621*** (0.107)	-0.666*** (0.121)	-0.378*** (0.144)	-0.012 (0.135)
<i>lnAreap_{ij}</i>	0.552*** (0.185)	0.676*** (0.197)	-0.073 (0.368)	-0.199** (0.095)	0.180 (0.357)	-0.501 (0.409)
<i>Colony_{ij}</i>	0.176 (0.165)	-0.218 (0.195)	0.617** (0.245)	0.489 (0.370)	0.879*** (0.235)	1.271*** (0.337)
<i>Border_{ij}</i>	0.243** (0.110)	0.195 (0.136)	-0.582* (0.310)	-0.400 (0.537)	-0.368 (0.315)	-0.230 (0.368)
<i>Language_{ij}</i>	-0.215 (0.186)	0.039 (0.152)	-0.045 (0.249)	-0.011 (0.401)	0.433* (0.227)	-0.150 (0.366)
<i>Religion_{ij}</i>	0.487*** (0.174)	0.242 (0.194)	0.297 (0.366)	-0.058 (0.418)	1.027*** (0.332)	0.173 (0.388)
<i>Legal_{ij}</i>	0.388*** (0.082)	0.383*** (0.074)	0.565*** (0.134)	0.209 (0.188)	0.385*** (0.137)	0.703*** (0.134)
<i>PTA_{ijt}</i>	0.298*** (0.097)	0.497*** (0.105)	0.351** (0.150)	0.679*** (0.204)	0.607*** (0.155)	0.531** (0.245)
<i>EU_{ijt}</i>	0.213* (0.115)	0.519*** (0.127)	-0.684*** (0.228)	-0.648** (0.311)	-0.146 (0.195)	-0.269 (0.236)
Constant	-28.774** (11.510)	-49.901*** (13.354)	16.726 (48.525)	-18.616 (55.841)	6.239 (24.989)	22.661 (40.215)
Observations	21,681	21,701	20,032	22,272	21,708	19,185
R-squared	0.847	0.821	0.665	0.409	0.413	0.271
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A9: Sensitivity to sample selection-cross section analysis: Drop host countries with GDP per capita below and above the bottom and top 1%

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt}</i>	0.134*** (0.039)	0.118*** (0.041)	0.309*** (0.072)	0.363*** (0.075)	0.322 (0.242)	-0.297 (0.000)
<i>lnDistance_{ij}</i>	-0.463*** (0.063)	-0.618*** (0.052)	-0.484*** (0.088)	-0.537*** (0.072)	-0.538** (0.212)	-0.408 (0.000)
<i>lnAreap_{ij}</i>	1.213*** (0.060)	1.822*** (0.159)	0.355 (0.636)	-0.592 (1.345)	0.544 (1.191)	21.386 (0.000)
<i>Colony_{ij}</i>	0.080 (0.166)	-0.140 (0.146)	-0.013 (0.293)	-0.538** (0.232)	-0.262 (0.565)	-0.353 (0.000)
<i>Border_{ij}</i>	0.454*** (0.094)	0.175** (0.088)	-0.097 (0.149)	0.055 (0.144)	0.699 (0.541)	0.715 (0.000)
<i>Language_{ij}</i>	0.004 (0.162)	0.288** (0.120)	0.371* (0.195)	0.261 (0.227)	0.145 (0.634)	1.476 (0.000)
<i>Religion_{ij}</i>	0.384** (0.169)	0.160 (0.152)	0.672** (0.300)	0.338 (0.321)	1.124** (0.553)	1.207 (0.000)
<i>Legal_{ij}</i>	0.302*** (0.072)	0.308*** (0.066)	0.562*** (0.106)	0.584*** (0.114)	-0.479 (0.313)	-0.048 (0.000)
<i>PTA_{ijt}</i>	0.502*** (0.116)	0.562*** (0.102)	0.276 (0.253)	0.172 (0.196)	0.113 (0.329)	0.401 (0.000)
<i>EU_{ijt}</i>	0.336*** (0.128)	0.443*** (0.108)	0.210 (0.218)	0.665*** (0.226)	-1.124** (0.440)	0.623 (0.000)
Constant	-25.854*** (2.033)	-41.210*** (5.087)	-4.577 (18.535)	24.186 (39.188)	-11.000 (36.202)	-632.868 (0.000)
Observations	1,353	1,353	1,345	1,281	632	522
R-squared	0.960	0.943	0.908	0.910	0.819	0.908
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes

The sample home countries are China, France, Germany, Spain, Japan, Portugal, Turkey, and U.K. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors clustered at country-pair level are in parenthesis. For other variable definitions refer to Tables 1 and 4.

Table A10: Sensitivity to sample selection-panel data analysis: Drop host countries with GDP per capita below and above the bottom and top 1%

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt}</i>	0.291*** (0.044)	0.116** (0.058)	0.107 (0.085)	0.132 (0.131)	0.625** (0.284)	0.357* (0.204)
<i>lnGDP_{jt}</i>	0.303 (0.225)	0.388*** (0.136)	-0.015 (0.485)	1.092*** (0.097)	0.249 (0.771)	1.299 (0.825)
<i>lnGDP_{it}</i>	0.160 (0.488)	0.015 (0.713)	-0.466 (1.434)	1.143 (1.937)	-0.529 (2.238)	1.809 (1.967)
<i>lnGDPPC_{jt}</i>	0.388 (0.237)	0.205 (0.130)	0.575 (0.510)	0.339*** (0.103)	0.793 (0.776)	-0.020 (0.911)
<i>lnGDPPC_{it}</i>	0.566 (0.522)	0.762 (0.733)	0.932 (1.489)	-0.228 (2.004)	1.735 (2.491)	-1.004 (2.034)
<i>lnDistance_{ij}</i>	-0.425*** (0.075)	-0.621*** (0.072)	-0.506*** (0.116)	-0.460*** (0.159)	-0.246* (0.129)	-0.739*** (0.112)
<i>lnAreap_{ij}</i>	0.345** (0.157)	0.468*** (0.135)	0.210 (0.360)	-0.106 (0.091)	0.953* (0.534)	-0.059 (0.598)
<i>Colony_{ij}</i>	0.084 (0.286)	-0.423** (0.206)	-0.522* (0.301)	0.330 (0.370)	0.001 (0.267)	-0.210 (0.241)
<i>Border_{ij}</i>	0.381** (0.156)	0.235 (0.154)	-0.191 (0.310)	-0.341 (0.442)	-0.151 (0.277)	-0.543** (0.258)
<i>Language_{ij}</i>	0.067 (0.215)	0.169 (0.120)	0.300 (0.309)	0.666 (0.516)	1.109*** (0.268)	0.661** (0.285)
<i>Religion_{ij}</i>	0.213 (0.263)	0.006 (0.192)	0.353 (0.405)	0.215 (0.601)	1.702*** (0.359)	-0.367 (0.377)
<i>Legal_{ij}</i>	0.542*** (0.125)	0.486*** (0.079)	0.416*** (0.146)	0.125 (0.227)	0.256 (0.173)	0.790*** (0.168)
<i>PTA_{ijt}</i>	0.470*** (0.125)	0.391*** (0.105)	0.517*** (0.165)	0.866*** (0.291)	0.758*** (0.171)	0.213 (0.326)
<i>EU_{ijt}</i>	0.579*** (0.169)	0.781*** (0.147)	-0.225 (0.228)	-0.242 (0.426)	0.038 (0.251)	-0.162 (0.315)
<i>Constant</i>	-20.178** (9.909)	-19.241 (15.566)	0.794 (30.137)	-51.229 (40.536)	-38.667 (47.835)	-68.686** (40.650)
Observations	21,690	21,690	19,940	22,230	21,635	19,495
R-squared	0.944	0.924	0.818	0.746	0.530	0.482
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A11: Sensitivity to sample selection-panel data analysis: Drop host countries with GDP per capita below and above the bottom and top 1%

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt}</i>	0.049*** (0.014)	0.017 (0.024)	-0.051 (0.074)	-0.215*** (0.082)	1.159*** (0.316)	0.556* (0.301)
Observations	22,162	22,063	6,227	4,875	8,816	6,501
R-squared	0.997	0.997	0.964	0.977	0.877	0.877
Host-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text

Table A12: Sensitivity to lagged effects-panel data analysis: Lag 1

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt-1}</i>	0.227*** (0.037)	0.101* (0.054)	0.104 (0.083)	0.179 (0.126)	-0.008 (0.357)	0.511* (0.282)
<i>lnGDP_{jt}</i>	0.309 (0.221)	0.448*** (0.129)	0.083 (0.447)	1.101*** (0.099)	0.432 (0.823)	0.735 (0.937)
<i>lnGDP_{it}</i>	-0.014 (0.490)	-0.174 (0.700)	-0.682 (1.346)	1.164 (1.841)	-1.339 (2.348)	2.801 (2.095)
<i>lnGDPPC_{jt}</i>	0.379 (0.233)	0.131 (0.125)	0.482 (0.467)	0.327*** (0.107)	0.610 (0.810)	0.370 (0.955)
<i>lnGDPPC_{it}</i>	0.727 (0.526)	0.933 (0.720)	1.152 (1.398)	-0.246 (1.905)	2.497 (2.573)	-2.043 (2.160)
<i>lnDistance_{ij}</i>	-0.423*** (0.075)	-0.624*** (0.073)	-0.517*** (0.115)	-0.463*** (0.155)	-0.225* (0.124)	-0.733*** (0.108)
<i>lnAreap_{ij}</i>	0.576*** (0.200)	0.491*** (0.134)	0.147 (0.336)	-0.116 (0.090)	0.832 (0.558)	0.240 (0.632)
<i>Colony_{ij}</i>	0.084 (0.286)	-0.432** (0.208)	-0.541* (0.302)	0.314 (0.371)	0.006 (0.261)	-0.163 (0.244)
<i>Border_{ij}</i>	0.378** (0.157)	0.226 (0.156)	-0.176 (0.311)	-0.325 (0.436)	-0.092 (0.271)	-0.571** (0.259)
<i>Language_{ij}</i>	0.069 (0.215)	0.169 (0.120)	0.348 (0.307)	0.707 (0.505)	1.171*** (0.212)	0.470* (0.248)
<i>Religion_{ij}</i>	0.214 (0.260)	0.048 (0.196)	0.259 (0.399)	0.224 (0.589)	1.621*** (0.330)	-0.264 (0.375)
<i>Legal_{ij}</i>	0.543*** (0.125)	0.484*** (0.080)	0.405*** (0.146)	0.112 (0.224)	0.212 (0.169)	0.833*** (0.158)
<i>PTA_{ijt}</i>	0.475*** (0.125)	0.408*** (0.107)	0.511*** (0.166)	0.848*** (0.296)	0.698*** (0.169)	0.411 (0.314)
<i>EU_{ijt}</i>	0.581*** (0.168)	0.763*** (0.148)	-0.236 (0.226)	-0.242 (0.409)	0.129 (0.247)	-0.363 (0.292)
Constant	-21.381** (9.908)	-16.172 (14.873)	5.586 (28.339)	-51.462 (38.545)	-20.704 (50.307)	-87.397** (41.904)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	21,190	21,190	19,510	21,710	21,145	19,060
R-squared	0.944	0.923	0.820	0.742	0.528	0.456

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A13: Sensitivity to lagged effects-panel data analysis: Lag 1

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
$dlnInst_{ijt-1}$	0.071** (0.016)	0.033* (0.017)	-0.036 (0.070)	-0.125 (0.081)	-0.251 (0.287)	0.816*** (0.262)
Observations	23,877	23,783	6,501	4,934	9,001	6,653
R-squared	0.996	0.997	0.964	0.976	0.870	0.850
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text

Table A14: Sensitivity to lagged effects-panel data analysis: Lag 2

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt-2}</i>	0.170*** (0.035)	0.068 (0.047)	0.081 (0.087)	0.156 (0.117)	0.855*** (0.307)	0.026 (0.222)
<i>lnGDP_{jt}</i>	0.358 (0.219)	0.478*** (0.127)	0.124 (0.426)	1.102*** (0.098)	0.529 (0.842)	0.733 (0.948)
<i>lnGDP_{it}</i>	-0.133 (0.480)	-0.295 (0.696)	-0.797 (1.278)	1.183 (1.752)	-1.450 (2.452)	3.090 (2.142)
<i>lnGDPPC_{jt}</i>	0.324 (0.231)	0.086 (0.124)	0.440 (0.443)	0.329*** (0.107)	0.523 (0.832)	0.284 (0.960)
<i>lnGDPPC_{it}</i>	0.832 (0.518)	1.046 (0.717)	1.270 (1.329)	-0.269 (1.810)	2.594 (2.689)	-2.345 (2.212)
<i>lnDistance_{ij}</i>	-0.418*** (0.075)	-0.624*** (0.074)	-0.516*** (0.116)	-0.462*** (0.155)	-0.228* (0.124)	-0.724*** (0.110)
<i>lnAreap_{ij}</i>	0.533*** (0.198)	0.462*** (0.134)	0.121 (0.323)	-0.117 (0.090)	0.777 (0.572)	0.206 (0.636)
<i>Colony_{ij}</i>	0.084 (0.286)	-0.434** (0.209)	-0.548* (0.304)	0.307 (0.371)	0.012 (0.260)	-0.170 (0.242)
<i>Border_{ij}</i>	0.380** (0.157)	0.223 (0.159)	-0.169 (0.311)	-0.322 (0.435)	-0.134 (0.269)	-0.546** (0.264)
<i>Language_{ij}</i>	0.069 (0.216)	0.170 (0.120)	0.351 (0.307)	0.709 (0.504)	1.188*** (0.214)	0.467* (0.251)
<i>Religion_{ij}</i>	0.217 (0.259)	0.043 (0.196)	0.253 (0.399)	0.217 (0.588)	1.609*** (0.332)	-0.254 (0.377)
<i>Legal_{ij}</i>	0.544*** (0.125)	0.488*** (0.081)	0.406*** (0.146)	0.116 (0.224)	0.224 (0.168)	0.842*** (0.159)
<i>PTA_{ijt}</i>	0.479*** (0.126)	0.406*** (0.106)	0.517*** (0.166)	0.861*** (0.296)	0.696*** (0.167)	0.454 (0.319)
<i>EU_{ijt}</i>	0.590*** (0.171)	0.776*** (0.150)	-0.230 (0.228)	-0.236 (0.408)	0.120 (0.253)	-0.386 (0.302)
Constant	-18.423* (9.633)	-13.113 (14.789)	8.025 (26.894)	-51.881 (36.724)	-18.443 (52.475)	-91.785** (42.344)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	20,355	20,355	18,745	20,855	20,320	18,315
R-squared	0.943	0.924	0.822	0.741	0.535	0.453

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A15: Sensitivity to lagged effects-panel data analysis: Lag 2

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt-2}</i>	0.067** (0.030)	0.013 (0.019)	0.022 (0.075)	-0.106 (0.091)	0.941*** (0.297)	-0.462 (0.297)
Observations	22,911	22,830	6,426	4,859	8,681	6,414
R-squared	0.996	0.997	0.964	0.977	0.870	0.844
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text.

Table A16: Sensitivity to lagged effects-panel data analysis: Lag 3

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>dlnInst_{ijt-3}</i>	0.139*** (0.036)	0.094** (0.047)	0.008 (0.093)	0.130 (0.110)	0.359 (0.286)	0.276* (0.163)
<i>lnGDP_{jt}</i>	0.423** (0.214)	0.501*** (0.127)	0.154 (0.417)	1.103*** (0.098)	0.631 (0.876)	0.703 (0.960)
<i>lnGDP_{it}</i>	-0.107 (0.457)	-0.330 (0.688)	-0.913 (1.225)	1.167 (1.687)	-1.700 (2.490)	3.431 (2.175)
<i>lnGDPPC_{jt}</i>	0.262 (0.226)	0.053 (0.124)	0.404 (0.431)	0.330*** (0.107)	0.429 (0.870)	0.328 (0.980)
<i>lnGDPPC_{it}</i>	0.789 (0.494)	1.076 (0.708)	1.399 (1.276)	-0.242 (1.741)	2.784 (2.724)	-2.695 (2.245)
<i>lnDistance_{ij}</i>	-0.413*** (0.076)	-0.622*** (0.075)	-0.515*** (0.116)	-0.461*** (0.155)	-0.221* (0.124)	-0.726*** (0.110)
<i>lnAreap_{ij}</i>	0.478** (0.194)	0.439*** (0.134)	0.100 (0.316)	-0.118 (0.090)	0.719 (0.595)	0.232 (0.646)
<i>Colony_{ij}</i>	0.090 (0.287)	-0.432** (0.209)	-0.553* (0.305)	0.302 (0.371)	0.013 (0.260)	-0.155 (0.244)
<i>Border_{ij}</i>	0.378** (0.158)	0.220 (0.160)	-0.161 (0.311)	-0.321 (0.434)	-0.110 (0.270)	-0.560** (0.264)
<i>Language_{ij}</i>	0.070 (0.217)	0.173 (0.119)	0.349 (0.308)	0.711 (0.503)	1.165*** (0.212)	0.458* (0.249)
<i>Religion_{ij}</i>	0.221 (0.257)	0.037 (0.196)	0.248 (0.398)	0.211 (0.588)	1.634*** (0.329)	-0.262 (0.378)
<i>Legal_{ij}</i>	0.546*** (0.125)	0.492*** (0.081)	0.407*** (0.146)	0.119 (0.223)	0.214 (0.170)	0.847*** (0.158)
<i>PTA_{ijt}</i>	0.485*** (0.127)	0.404*** (0.107)	0.524*** (0.166)	0.877*** (0.296)	0.697*** (0.169)	0.453 (0.322)
<i>EU_{ijt}</i>	0.601*** (0.175)	0.797*** (0.151)	-0.223 (0.230)	-0.230 (0.407)	0.127 (0.254)	-0.404 (0.307)
Constant	-18.470** (9.142)	-12.024 (14.620)	10.531 (25.778)	-51.663 (35.372)	-12.688 (53.436)	-99.208** (42.905)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	19,510	19,510	17,970	19,990	19,375	17,560
R-squared	0.943	0.925	0.823	0.741	0.528	0.456

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A17: Sensitivity to lagged effects-panel data analysis: Lag 3

	(1) Exports	(2) Imports	(3) ServicesEx	(4) ServicesIm	(5) FDI_Out	(6) FDI_In
<i>dlnInst_{ijt-3}</i>	0.088*** (0.031)	0.042 (0.027)	-0.085 (0.068)	-0.074 (0.061)	0.119 (0.220)	0.122 (0.274)
Observations	21,935	21,852	6,341	4,774	8,349	6,178
R-squared	0.997	0.997	0.964	0.977	0.868	0.843
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text

Table A18: Sensitivity to lagged effects-panel data analysis: Lag 4

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt-4}</i>	0.089*** (0.034)	0.068 (0.045)	0.043 (0.093)	0.147 (0.125)	-0.006 (0.190)	0.183 (0.290)
<i>lnGDP_{jt}</i>	0.483** (0.209)	0.524*** (0.128)	0.169 (0.411)	1.104*** (0.098)	0.813 (0.904)	0.705 (0.963)
<i>lnGDP_{it}</i>	-0.075 (0.431)	-0.381 (0.672)	-1.010 (1.177)	1.114 (1.638)	-1.861 (2.538)	3.704* (2.226)
<i>lnGDPPC_{jt}</i>	0.196 (0.221)	0.017 (0.125)	0.388 (0.422)	0.332*** (0.107)	0.271 (0.908)	0.261 (0.981)
<i>lnGDPPC_{it}</i>	0.741 (0.465)	1.122 (0.692)	1.509 (1.227)	-0.179 (1.690)	2.893 (2.772)	-2.936 (2.283)
<i>lnDistance_{ij}</i>	-0.408*** (0.076)	-0.620*** (0.076)	-0.515*** (0.116)	-0.460*** (0.155)	-0.214* (0.124)	-0.721*** (0.110)
<i>lnAreap_{ij}</i>	0.425** (0.190)	0.414*** (0.135)	0.089 (0.311)	-0.119 (0.090)	0.597 (0.616)	0.201 (0.646)
<i>Colony_{ij}</i>	0.095 (0.288)	-0.429** (0.209)	-0.560* (0.307)	0.297 (0.371)	0.015 (0.260)	-0.153 (0.244)
<i>Border_{ij}</i>	0.375** (0.158)	0.218 (0.163)	-0.159 (0.312)	-0.320 (0.433)	-0.090 (0.270)	-0.548** (0.264)
<i>Language_{ij}</i>	0.074 (0.217)	0.175 (0.119)	0.352 (0.309)	0.716 (0.503)	1.150*** (0.213)	0.447* (0.251)
<i>Religion_{ij}</i>	0.225 (0.256)	0.032 (0.196)	0.241 (0.398)	0.205 (0.589)	1.655*** (0.331)	-0.292 (0.385)
<i>Legal_{ij}</i>	0.547*** (0.125)	0.496*** (0.081)	0.407*** (0.147)	0.122 (0.223)	0.206 (0.169)	0.862*** (0.160)
<i>PTA_{ijt}</i>	0.491*** (0.128)	0.401*** (0.107)	0.526*** (0.166)	0.887*** (0.297)	0.702*** (0.170)	0.478 (0.327)
<i>EU_{ijt}</i>	0.612*** (0.179)	0.823*** (0.156)	-0.214 (0.233)	-0.222 (0.406)	0.119 (0.256)	-0.435 (0.318)
Constant	-18.531** (8.647)	-10.519 (14.312)	12.554 (24.770)	-50.671 (34.362)	-8.631 (54.712)	-104.002** (43.846)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	18,655	18,655	17,190	19,115	18,535	16,795
R-squared	0.943	0.927	0.824	0.741	0.526	0.457

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A19: Sensitivity to lagged effects-panel data analysis: Lag 4

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
$dlnInst_{ijt-4}$	0.074*** (0.028)	0.019 (0.022)	0.057 (0.067)	0.031 (0.080)	0.303 (0.300)	0.081 (0.346)
Observations	20,951	20,871	6,250	4,683	8,036	5,964
R-squared	0.997	0.997	0.964	0.977	0.868	0.843
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text

Table A20: Sensitivity to lagged effects-panel data analysis: Lag 5

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>dlnInst_{ijt-5}</i>	0.052 (0.034)	0.034 (0.043)	-0.008 (0.120)	0.106 (0.154)	-0.514** (0.249)	0.051 (0.256)
<i>lnGDP_{jt}</i>	0.552*** (0.200)	0.546*** (0.127)	0.155 (0.413)	1.106*** (0.098)	1.002 (0.932)	0.645 (0.981)
<i>lnGDP_{it}</i>	0.013 (0.413)	-0.395 (0.651)	-1.120 (1.138)	1.052 (1.590)	-2.223 (2.575)	3.774 (2.322)
<i>lnGDPPC_{jt}</i>	0.122 (0.213)	-0.012 (0.126)	0.410 (0.421)	0.336*** (0.107)	0.127 (0.941)	0.269 (0.995)
<i>lnGDPPC_{it}</i>	0.633 (0.442)	1.129* (0.669)	1.644 (1.187)	-0.101 (1.640)	3.197 (2.804)	-2.936 (2.401)
<i>lnDistance_{ij}</i>	-0.404*** (0.076)	-0.620*** (0.077)	-0.514*** (0.117)	-0.460*** (0.156)	-0.204 (0.124)	-0.712*** (0.109)
<i>lnAreap_{ij}</i>	0.365** (0.183)	0.392*** (0.134)	0.102 (0.312)	-0.121 (0.090)	0.499 (0.636)	0.217 (0.655)
<i>Colony_{ij}</i>	0.097 (0.288)	-0.427** (0.209)	-0.568* (0.308)	0.290 (0.371)	0.028 (0.255)	-0.139 (0.245)
<i>Border_{ij}</i>	0.373** (0.159)	0.216 (0.165)	-0.153 (0.312)	-0.319 (0.432)	-0.058 (0.270)	-0.524* (0.267)
<i>Language_{ij}</i>	0.081 (0.218)	0.176 (0.120)	0.356 (0.311)	0.721 (0.502)	1.138*** (0.208)	0.441* (0.251)
<i>Religion_{ij}</i>	0.229 (0.254)	0.030 (0.196)	0.240 (0.398)	0.198 (0.588)	1.656*** (0.330)	-0.310 (0.383)
<i>Legal_{ij}</i>	0.548*** (0.125)	0.499*** (0.081)	0.407*** (0.147)	0.127 (0.223)	0.202 (0.168)	0.871*** (0.161)
<i>PTA_{ijt}</i>	0.508*** (0.129)	0.404*** (0.108)	0.522*** (0.166)	0.897*** (0.297)	0.695*** (0.171)	0.496 (0.327)
<i>EU_{ijt}</i>	0.608*** (0.181)	0.830*** (0.158)	-0.191 (0.235)	-0.209 (0.407)	0.127 (0.255)	-0.442 (0.319)
Constant	-19.752** (8.319)	-9.825 (13.902)	14.470 (23.958)	-49.548 (33.357)	-1.051 (55.719)	-105.213** (45.595)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	17,765	17,765	16,380	18,205	17,660	15,995
R-squared	0.945	0.928	0.826	0.741	0.526	0.460

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A21: Sensitivity to lagged effects-panel data analysis: Lag 5

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt-5}</i>	0.015 (0.026)	0.000 (0.024)	-0.011 (0.080)	-0.004 (0.089)	-0.381 (0.310)	-0.621* (0.336)
Observations	19,973	19,899	6,151	4,587	7,686	5,689
R-squared	0.997	0.997	0.964	0.977	0.867	0.843
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text

Table A22: Sensitivity to lagged effects-panel data analysis: Lags 1-5

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt-1}</i>	0.190*** (0.031)	0.101** (0.048)	0.089 (0.080)	0.153 (0.113)	-0.217 (0.384)	0.654** (0.326)
<i>dlnInst_{ijt-2}</i>	0.079** (0.031)	0.028 (0.033)	0.066 (0.066)	0.088 (0.079)	0.817** (0.345)	-0.280 (0.233)
<i>dlnInst_{ijt-3}</i>	0.079*** (0.026)	0.072** (0.034)	-0.035 (0.069)	0.038 (0.073)	0.320 (0.272)	0.293* (0.159)
<i>dlnInst_{ijt-4}</i>	0.052*** (0.020)	0.048 (0.032)	0.053 (0.069)	0.102 (0.093)	-0.004 (0.184)	0.143 (0.318)
<i>dlnInst_{ijt-5}</i>	0.057* (0.032)	0.032 (0.042)	-0.008 (0.118)	0.086 (0.144)	-0.442** (0.217)	0.034 (0.261)
<i>lnGDP_{jt}</i>	0.518*** (0.198)	0.537*** (0.126)	0.150 (0.412)	1.104*** (0.098)	0.981 (0.932)	0.615 (0.984)
<i>lnGDP_{it}</i>	0.136 (0.438)	-0.323 (0.652)	-1.088 (1.126)	1.146 (1.580)	-2.057 (2.606)	3.859* (2.274)
<i>lnGDPPC_{jt}</i>	0.171 (0.210)	-0.000 (0.125)	0.417 (0.419)	0.336*** (0.107)	0.135 (0.939)	0.374 (0.993)
<i>lnGDPPC_{it}</i>	0.495 (0.469)	1.046 (0.672)	1.611 (1.176)	-0.195 (1.633)	2.991 (2.851)	-3.040 (2.344)
<i>lnDistance_{ij}</i>	-0.409*** (0.076)	-0.621*** (0.077)	-0.517*** (0.117)	-0.461*** (0.156)	-0.208* (0.125)	-0.728*** (0.109)
<i>lnAreap_{ij}</i>	0.394** (0.181)	0.399*** (0.134)	0.105 (0.310)	-0.122 (0.090)	0.505 (0.635)	0.265 (0.655)
<i>Colony_{ij}</i>	0.102 (0.284)	-0.422** (0.210)	-0.568* (0.309)	0.286 (0.374)	0.024 (0.256)	-0.122 (0.249)
<i>Border_{ij}</i>	0.364** (0.157)	0.211 (0.164)	-0.163 (0.312)	-0.325 (0.434)	-0.104 (0.272)	-0.577** (0.266)
<i>Language_{ij}</i>	0.092 (0.213)	0.184 (0.120)	0.362 (0.308)	0.727 (0.504)	1.177*** (0.211)	0.439* (0.249)
<i>Religion_{ij}</i>	0.237 (0.245)	0.028 (0.196)	0.237 (0.399)	0.197 (0.590)	1.633*** (0.331)	-0.340 (0.383)
<i>Legal_{ij}</i>	0.541*** (0.123)	0.496*** (0.081)	0.406*** (0.147)	0.124 (0.223)	0.221 (0.168)	0.876*** (0.160)
<i>PTA_{ijt}</i>	0.489*** (0.126)	0.398*** (0.108)	0.516*** (0.168)	0.892*** (0.299)	0.690*** (0.170)	0.450 (0.325)
<i>EU_{ijt}</i>	0.605*** (0.177)	0.832*** (0.158)	-0.192 (0.236)	-0.211 (0.408)	0.128 (0.257)	-0.441 (0.311)
Constant	-22.523** (8.319)	-11.301 (13.902)	13.761 (23.958)	-51.487 (33.357)	-4.144 (55.719)	-108.169** (45.595)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Obs	17,765	17,765	16,380	18,205	17,660	15,995
R-squared	0.949	0.929	0.826	0.741	0.536	0.468

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A23: Sensitivity to lagged effects-panel data analysis: Lags 1-5

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt-1}</i>	0.068*** (0.023)	0.044* (0.024)	-0.069 (0.083)	-0.180** (0.078)	-0.200 (0.337)	0.850** (0.345)
<i>dlnInst_{ijt-2}</i>	0.042** (0.019)	0.006 (0.018)	-0.005 (0.080)	-0.118 (0.089)	0.911*** (0.336)	-0.501** (0.254)
<i>dlnInst_{ijt-3}</i>	0.068*** (0.020)	0.047* (0.025)	-0.105 (0.074)	-0.092 (0.063)	0.102 (0.221)	0.184 (0.297)
<i>dlnInst_{ijt-4}</i>	0.068*** (0.020)	0.020 (0.019)	0.046 (0.075)	0.011 (0.086)	0.280 (0.315)	0.201 (0.306)
<i>dlnInst_{ijt-5}</i>	0.016 (0.027)	0.006 (0.022)	-0.017 (0.081)	-0.030 (0.091)	-0.257 (0.334)	-0.588* (0.328)
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	19,973	19,899	6,151	4,587	7,686	5,689
R-squared	0.997	0.997	0.964	0.977	0.868	0.851

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text.

Table A24: Introducing interaction effects with common language – cross section analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>lnInst_{ijt}</i>	0.137*** (0.038)	0.122*** (0.041)	0.331*** (0.071)	0.415*** (0.079)	0.438* (0.240)	0.137*** (0.038)
<i>lnInst_{ijt}*Language</i>	-0.358** (0.159)	-0.263 (0.171)	-0.170 (0.175)	-0.761*** (0.250)	-0.299 (0.674)	-0.358** (0.159)
<i>lnDistance_{ij}</i>	-0.455*** (0.063)	-0.617*** (0.051)	-0.490*** (0.087)	-0.529*** (0.073)	-0.595*** (0.201)	-0.455*** (0.063)
<i>lnAreap_{ij}</i>	0.503*** (0.028)	0.991*** (0.070)	0.210 (0.132)	0.420*** (0.118)	0.525*** (0.181)	0.503*** (0.028)
<i>Colony_{ij}</i>	0.148 (0.162)	-0.087 (0.144)	0.009 (0.275)	-0.346* (0.205)	-0.368 (0.525)	0.148 (0.162)
<i>Border_{ij}</i>	0.434*** (0.093)	0.162* (0.089)	-0.125 (0.152)	-0.051 (0.135)	0.650 (0.550)	0.434*** (0.093)
<i>Language_{ij}</i>	0.227 (0.208)	0.463*** (0.146)	0.517** (0.207)	0.838*** (0.218)	0.662 (0.639)	0.227 (0.208)
<i>Religion_{ij}</i>	0.379** (0.164)	0.175 (0.139)	0.617** (0.290)	0.275 (0.294)	0.854 (0.533)	0.379** (0.164)
<i>Legal_{ij}</i>	0.319*** (0.070)	0.305*** (0.065)	0.561*** (0.103)	0.612*** (0.104)	-0.493* (0.291)	0.319*** (0.070)
<i>PTA_{ijt}</i>	0.506*** (0.114)	0.565*** (0.100)	0.249 (0.248)	0.164 (0.205)	-0.113 (0.313)	0.506*** (0.114)
<i>EU_{ijt}</i>	0.380*** (0.121)	0.471*** (0.103)	0.220 (0.211)	0.702*** (0.211)	-0.971** (0.394)	0.380*** (0.121)
Constant	-2.670** (1.123)	-14.502*** (2.287)	-0.367 (3.920)	-5.310 (3.334)	-10.210** (5.119)	-2.670** (1.123)
Observations	1,489	1,489	1,505	1,425	684	1,505
R-squared	0.962	0.945	0.908	0.929	0.830	0.908
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The sample home countries are China, France, Germany, Spain, Japan, Portugal, Turkey, and U.K. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors clustered at country-pair level are in parenthesis. For other variable definitions refer to Tables 1 and 4.

Table A25: Introducing interaction effects with common language – panel analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>lnInst_{ijt}</i>	0.295*** (0.043)	0.123** (0.058)	0.115 (0.086)	0.152 (0.128)	0.607** (0.285)	0.368* (0.202)
<i>dlnInst_{ijt}*Language</i>	-1.088*** (0.323)	-0.426** (0.213)	0.106 (0.644)	-1.488* (0.862)	-0.385 (0.314)	0.820** (0.337)
<i>lnGDP_{jt}</i>	0.374* (0.201)	0.432*** (0.130)	0.063 (0.463)	1.119*** (0.095)	0.353 (0.806)	0.795 (0.912)
<i>lnGDP_{it}</i>	0.071 (0.495)	-0.049 (0.702)	-0.584 (1.428)	1.114 (1.929)	-0.919 (2.276)	2.548 (2.061)
<i>lnGDPPC_{jt}</i>	0.330 (0.215)	0.163 (0.126)	0.502 (0.488)	0.286*** (0.101)	0.683 (0.788)	0.263 (0.937)
<i>lnGDPPC_{it}</i>	0.680 (0.530)	0.829 (0.722)	1.053 (1.481)	-0.180 (1.996)	2.116 (2.497)	-1.780 (2.125)
<i>lnDistance_{ij}</i>	-0.435*** (0.074)	-0.625*** (0.073)	-0.515*** (0.117)	-0.496*** (0.151)	-0.238* (0.126)	-0.692*** (0.109)
<i>lnAreap_{ij}</i>	0.526*** (0.184)	0.447*** (0.130)	0.157 (0.347)	-0.140 (0.086)	0.883 (0.546)	0.163 (0.617)
<i>Colony_{ij}</i>	0.066 (0.287)	-0.430** (0.208)	-0.535* (0.297)	0.292 (0.400)	0.016 (0.262)	-0.153 (0.238)
<i>Border_{ij}</i>	0.357** (0.155)	0.219 (0.154)	-0.173 (0.310)	-0.379 (0.455)	-0.129 (0.272)	-0.501* (0.259)
<i>Language_{ij}</i>	0.405* (0.222)	0.313** (0.151)	0.310 (0.296)	1.170** (0.572)	1.365*** (0.275)	0.076 (0.309)
<i>Religion_{ij}</i>	0.131 (0.261)	0.029 (0.195)	0.270 (0.404)	0.220 (0.583)	1.563*** (0.336)	-0.157 (0.377)
<i>Legal_{ij}</i>	0.514*** (0.123)	0.469*** (0.081)	0.411*** (0.151)	-0.035 (0.205)	0.198 (0.166)	0.877*** (0.157)
<i>PTA_{ijt}</i>	0.493*** (0.124)	0.415*** (0.108)	0.508*** (0.166)	0.702** (0.314)	0.688*** (0.168)	0.451 (0.287)
<i>EU_{ijt}</i>	0.573*** (0.160)	0.752*** (0.150)	-0.241 (0.226)	-0.157 (0.396)	0.139 (0.243)	-0.334 (0.258)
Constant	-23.273** (10.032)	-18.028 (15.332)	3.531 (30.087)	-49.591 (40.336)	-30.017 (48.675)	-80.999** (41.157)
Exporter FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,025	22,025	20,275	22,565	21,970	19,810
R-squared	0.947	0.922	0.818	0.750	0.529	0.454

Notes: PPML estimates. The sample includes China, Germany, Spain, Japan, and Portugal. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis. For other variable definitions refer to Tables 1, 4 and 6.

Table A26: Introducing interaction effects with common language – panel analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt}</i>	0.050*** (0.017)	0.020 (0.025)	-0.049 (0.082)	-0.205*** (0.076)	0.938*** (0.349)	0.581 (0.356)
<i>dlnInst_{ijt}*Language</i>	-0.020 (0.071)	-0.166 (0.105)	0.984** (0.409)	2.389* (1.277)	-1.980*** (0.451)	-1.070 (0.861)
Observations	23,320	23,235	6,487	4,982	9,171	6,741
R-squared	0.997	0.997	0.964	0.976	0.871	0.843
Exporter-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Importer-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. For other variable definitions refer to Table 1 in the text.

TableA27: Effects of Institutional similarity-cross section analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI Out	FDI In
<i>lnInst_{ijt}</i>	0.155*** (0.056)	0.132*** (0.045)	0.286*** (0.080)	0.277*** (0.078)	0.356 (0.237)	-0.244 (0.000)
<i>InstSim_{ij}</i>	-0.048 (0.056)	-0.034 (0.042)	0.132 (0.133)	0.349*** (0.120)	-0.140 (0.142)	-0.374 (0.000)
<i>lnDistance_{ij}</i>	-0.454*** (0.059)	-0.617*** (0.053)	-0.505*** (0.087)	-0.576*** (0.078)	-0.514** (0.202)	-0.235 (0.000)
<i>lnAreap_{ij}</i>	0.328*** (0.032)	0.633*** (0.026)	0.729 (0.685)	0.360 (1.307)	0.896 (1.192)	20.138 (0.000)
<i>Colony_{ij}</i>	0.083 (0.163)	-0.148 (0.147)	-0.015 (0.285)	-0.540** (0.217)	-0.413 (0.550)	0.265 (0.000)
<i>Border_{ij}</i>	0.433*** (0.096)	0.162* (0.090)	-0.080 (0.153)	0.113 (0.141)	0.712 (0.543)	0.648 (0.000)
<i>Language_{ij}</i>	-0.004 (0.157)	0.292** (0.120)	0.405** (0.188)	0.257 (0.203)	0.447 (0.529)	1.080 (0.000)
<i>Religion_{ij}</i>	0.346* (0.181)	0.159 (0.155)	0.679** (0.301)	0.394 (0.334)	0.893* (0.516)	1.233 (0.000)
<i>Legal_{ij}</i>	0.312*** (0.074)	0.310*** (0.066)	0.560*** (0.105)	0.612*** (0.111)	-0.551* (0.292)	-0.161 (0.000)
<i>PTA_{ijt}</i>	0.502*** (0.110)	0.560*** (0.102)	0.275 (0.255)	0.194 (0.202)	0.121 (0.329)	0.824 (0.000)
<i>EU_{ijt}</i>	0.325*** (0.123)	0.438*** (0.107)	0.190 (0.212)	0.607*** (0.214)	-1.091*** (0.396)	0.118 (0.000)
Constant	3.071*** (1.118)	-2.950*** (0.892)	-15.854 (20.297)	-4.649 (38.196)	-21.186 (36.092)	-596.187 (0.000)
Observations	1,081	1,081	1,089	1,057	571	463
R-squared	0.959	0.941	0.907	0.914	0.827	0.820
Host FE	Yes	Yes	Yes	Yes	Yes	Yes
Home FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The sample home countries are China, France, Germany, Spain, Japan, Portugal, Turkey, and U.K. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors clustered at country-pair level are in parenthesis. *InstSim* is institutional similarity index as discussed in the paper. For other variable definitions refer to Tables 1 and 4.

Table A28: Effects of Institutional similarity-panel analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	Exports	Imports	ServicesEx	ServicesIm	FDI_Out	FDI_In
<i>dlnInst_{ijt}</i>	0.089*** (0.029)	0.019 (0.025)	-0.048 (0.083)	-0.211*** (0.079)	0.925*** (0.347)	0.593* (0.349)
<i>InstSim_{ijt}</i>	-0.126*** (0.036)	-0.027 (0.035)	-0.121 (0.146)	0.039 (0.214)	0.041 (0.216)	-0.177 (0.219)
Observations	16,730	16,740	5,720	4,793	8,208	6,193
R-squared	0.996	0.996	0.963	0.976	0.870	0.843
Host-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Home-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-pair FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: PPML estimates. *Exporter-year* and *Importer-year FE* refer to exporter-year and importer-year fixed effects. *Country-pair FE* refer to country-pair fixed effects. *, **, and *** refer to significance at 10%, 5% and 1% levels. Robust standard errors are in parenthesis, clustered by country-pairs. *InstSim* is institutional similarity index as discussed in the paper. For other variable definitions refer to Table 1 in the text.