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Appendix A: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
logarithm of bilateral trade (LnT_{ijt})	btradeij 2485589	32674.21	534981.1	0	1.16e+08
Logarithm of importer GDP (LnY_i)	gdpconsti 1627997	7.87e+11	1.97e+12	1.64e+09	1.27e+13
Logarithm of exporter GDP (LnY_j)	gdpconstj 1813667	7.74e+11	1.94e+12	1.64e+09	1.27e+13
Logarithm of international distance (LnD_{ij})	distwces 2348428	6994.494	4363.565	134.644	19734.89
Common language (L_{ij})	comlang 2376370	.1240169	.3296009	0	1
Common border (A_{ij})	comborder 2376370	.0209033	.1430607	0	1
Logarithm of FDI inflow ($LnFDI_{ij}$)	FDIij 1095782	23395.22	41711.67	-21049.17	512273.7
NAFTA $_{ij}$	tariffij 2485589	8.714174	18.07846	0	1001.629
EU $_{ij}$	NAFTAij 2485589	.0006083	.0246564	0	1
ASEAN $_{ij}$	EUij 2485589	.0598659	.2372383	0	1
ECOWAS $_{ij}$	ASEANij 2485589	.0295837	.169436	0	1
	ECOWASij 2485589	.009158	.0952582	0	1

Appendix B: Variable Description and data Sources

Variable Name	Variable Definition	Data Source
LnT_{ijt}	Logarithm of bilateral trade between country i and country j in year t	The world bank, development economics research group http://www.worldbank.org/research/trade/ Trade, Production and Protection, 1976-2004
LnY_{it}	Logarithm of nominal GDP (GDP at current prices) of country i in year t	United Nations Statistics Division http://unstats.un.org/unsd/snaama/SelectionCountry.asp or http://unstats.un.org/unsd/snaama/selcountry.asp
LnY_{jt}	Logarithm of nominal GDP (GDP at current prices) of country j in year t	United Nations Statistics Division http://unstats.un.org/unsd/snaama/SelectionCountry.asp or http://unstats.un.org/unsd/snaama/selcountry.asp
LnP_{it}	Logarithm of	United Nations Statistics Division

	population of country i in year t	http://unstats.un.org/unsd/snaama/SelectionCountry.asp or http://unstats.un.org/unsd/snaama/selcountry.asp
LnP_{jt}	Logarithm of population of country j in year t	United Nations Statistics Division http://unstats.un.org/unsd/snaama/SelectionCountry.asp or http://unstats.un.org/unsd/snaama/selcountry.asp
LnD_{ijt}	Logarithm of bilateral distance between country i and country j at time t	www.cepr.org http://www.cepii.fr/francgraph/bdd/distances.htm http://www.cepii.fr/distance/noticedist_en.pdf
LnD_{iit}	Logarithm of internal distance of country i at time t	www.cepr.org http://www.cepii.fr/francgraph/bdd/distances.htm http://www.cepii.fr/distance/noticedist_en.pdf
L_{ijt}	Common official language between country i and country j at time t	www.cepr.org http://www.cepii.fr/francgraph/bdd/distances.htm http://www.cepii.fr/distance/noticedist_en.pdf
A_{ijt}	Common border between country i and country j at time t	www.cepr.org http://www.cepii.fr/francgraph/bdd/distances.htm http://www.cepii.fr/distance/noticedist_en.pdf
$LnFDI_{it}$	Logarithm of inward foreign direct investment (FDI to country i at time t).	UNCTAD Handbook of Statistics 2009 http://stats.unctad.org/Handbook/TableView/tableView.aspx?ReportId=2079
$LnFDI_{jt}$	Logarithm of inward foreign direct investment (FDI to country j at time t).	UNCTAD Handbook of Statistics 2009 http://stats.unctad.org/Handbook/TableView/tableView.aspx?ReportId=2079

APPENDIX C: COUNTRIES USED IN THE STUDY AND PRODUCT CLASSIFICATION

Table 1A: Countries (75 countries)

1. NAFTA

USA
Mexico
Canada

4. EU (European Union)

Austria	BLX (Belgium-Luxemburg)	Bulgaria
Cyprus	Czech Republic	Denmark
Estonia	Finland	France
Germany	Greece	Hungary
Ireland	Italy	Latvia
Lithuania	Malta	Netherlands

Poland	Portugal	Romania
Slovakia	Slovenia	Spain
Sweden	United Kingdom (Great Britain & Ireland)	

5. ASEAN (ASEAN &ASEAN+3)

Brunei	China
Cambodia	Japan
Indonesia	Korea
Laos	
Malaysia	
Myanmar	
Philippines	
Thailand	
Singapore	
Vietnam	

12. ECOWAS

Burkina Faso
Benin
Cote D'Ivoire
Ghana
Gambia
Guinea Bissau
Cape Verde
Guinea Conakry
Liberia
Mali
Niger
Nigeria
Senegal
Sierra Leone
Togo

13. OTHER COUNTRIES

Hong Kong	Brazil
South Africa	Turkey
Australia	
Switzerland	
Norway	
Russia	
India	
Iceland	

Note: countries are both exporters and importers

Table 1B: Product/sector classifications (industry imports and exports)

Product groupings	Isic rev2	ISIC name	United Nations Classification ¹⁰
A	311	Food products	Manufacture of food, Beverages and Tobacco
	313	Beverages	

¹⁰ UN Statistics Division (<http://unstats.un.org>). OECD has a similar classification called the STAN classification (www.oecd.org).

	314	Tobacco	
B	321	Textiles	Textile, Wearing Apparel & Leather Industries
	322	Wearing Apparel except footwear	
	323	Leather products	
	324	Footwear except rubber or plastic	
C	331	Wood products except furniture	Manufacture of Wood and Wood products, including Furniture
	332	Furniture except metal	
D	341	Paper and products	Manufacturing of Paper and Paper Products, Printing & Publishing
	342	Printing and publishing	
E	351	Industrial chemicals	Manufacture of Chemicals and Chemical Products , Petroleum, Coal, Rubber, and Plastic Products
	352	Other chemicals	
	353	Petroleum refineries	
	354	Miscellaneous petroleum and coal products	
	355	Rubber products	
	356	Plastic products	
F	361	Pottery china earthenware	Manufacture of Non-Metallic Mineral Products, except products of Petroleum and Coal
	362	Glass and products	
	369	Other non-metallic mineral products	
G	371	Iron and steel	Basic Metal Industries
	372	Non-ferrous metals	
H	381	Fabricated metal products	Manufacture of Fabricated Metal Products, Machinery & Equipment
	382	Machinery except electrical	
	383	Machinery electric	
	384	Transport equipment	
	385	Professional and scientific equipment	
	390	Other manufactured products	Other Manufacturing Industries