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Revisiting Trade-Institution Nexus: A Comparative Analysis of South Asia and Global Commodity Trade Controlling for Institutional Homogeneity and Migration

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A comparative analysis of South Asian and global Commodity Trade controlling for institutional homogeneity and migration

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Outline

- Background
- Conceptual Basis and Data
- Estimation Strategy
- Implementation of the analysis
- Results
- conclusions

1.Background

Distance Effect in International Trade...

- According to the data available for any recent year, many country pairs have a low volume of trade and even more country pairs have no trade at all.
- Although there are obvious differences in economic strength and size between countries, economic and demographic differences alone would not justify such disproportionality (Linders et al., 2008).

Background...

- Thus, this paper draws attempts further articulation of the Distance Puzzle in terms of institutional quality resemblances and human migration flows.
- Aim is to extend the conceptualization of distance to incorporate
 - 1) the homogeneity of institutional environment of bilateral partners
 - 2)the structural impacts human migration between the partners
- Strategy adopted is to estimate a series of specifications of the GRAVITY model of trade controlling for multiple indicators of institutional quality resemblance and migration effect.

2. Conceptual Basis and Data

Doing Business
 Business • Enabling Trade
 Institutions • Domestic Trade Policy
 Effect

Bilateral Commodity Trade

Govern.

- Voice and Accountability
- Political Stability
- Government Effectiveness
- Institutions Regulatory Quality
 - Rule of Law
 - Control of Corruption

Bilateral Migration annual migration flows

Trade Specific Institutions

- Quality of Business Institutional Environment: Doing-business Data
- Institutional Bottlenecks at Trading Interfaces: Enabling Trade Data
- Domestic Trade Policy Effect: trade restrictiveness index by Hiscox and Kastner (2002)

oing Business Data

ng a business; stering property; ng credit; act Enforcement.

