

APPENDIX. Islands in Trade: Disentangling Distance from Border Effects.

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Table A.1 The role of tourism (floating population)

	Group A: Mainland regions		Group B: Island regions	
	1	2	3	4
	Exports	Imports	Exports	Imports
GDP_{it}	1.156** (0.477)	1.741*** (0.648)	4.326 (8.942)	7.426 (5.131)
GDP_{jt}	0.547 (0.592)	1.328 (0.833)	7.760** (3.809)	4.123** (1.741)
Pop_{it}	-1.508*** (0.353)	-0.633 (0.448)	13.58 (8.131)	2.285 (5.488)
Pop_{jt}	-0.0776 (0.487)	-1.062* (0.612)	-2.860 (2.030)	-2.579* (1.387)
FloatPop_{it}	0.0348 (0.0498)	-0.0260 (0.0610)	-0.494 (3.244)	-0.424 (3.257)
DistR2_{ij}	-1.187*** (0.173)	-1.157*** (0.186)	-3.413*** (0.776)	-2.555*** (0.334)
DistR3_{ij}	-1.630*** (0.164)	-1.660*** (0.173)	-4.119*** (0.776)	-2.317*** (0.334)
DistR4_{ij}	-1.953*** (0.170)	-1.957*** (0.185)	-5.171*** (0.776)	-4.313*** (0.334)
DistR5_{ij}	-2.298*** (0.182)	-2.294*** (0.188)		
DistR6_{ij}	-2.861*** (0.210)	-2.697*** (0.227)	-5.184*** (0.843)	-5.694*** (0.376)
DistR7_{ij}	-2.673*** (0.213)	-2.623*** (0.227)	-5.254** (2.312)	-4.193*** (0.338)
DistR8_{ij}	-3.158*** (0.210)	-3.121*** (0.225)	-5.379*** (0.885)	-5.129*** (0.811)
DistR9_{ij}	-3.209*** (0.240)	-3.308*** (0.249)	-5.964*** (0.818)	-4.337*** (0.398)
DistR10_{ij}	-3.125*** (0.296)	-4.757*** (0.321)	-3.887*** (0.508)	-3.887*** (0.219)
Adjacency_{ij}	0.124 (0.109)	0.177 (0.119)		
Coast_{ij}	4.316*** (1.213)	1.900* (1.078)	4.275*** (1.457)	0.488 (4.707)
Island_{ij}	-0.501 (0.541)	-5.004*** (0.834)	3.442 (6.877)	-0.854 (2.920)
Constant	6.898 (5.398)	-0.454 (8.461)	-267.1* (140.1)	-99.65 (104.5)
Observations	3,778	3,754	447	471
R-squared	0.843	0.861	0.810	0.848

Notes: Robust standard errors clustered at region-pairs in parentheses. Significance levels are denoted by *** p<0.01, ** p<0.05 and * p<0.1. Dependent variables, GDP and Population variables are in logs. Fixed effects (i, j, t) are included in all regressions (but omitted for brevity). "DistR" denotes distance ranges.

Table A.2 The role of tourism (share of tourism on GDP)

	Group A: Mainland regions		Group B: Island regions	
	1	2	3	4
	Exports	Imports	Exports	Imports
GDP_{it}	1.356*** (0.363)	1.644*** (0.570)	-3.313 (9.093)	6.008 (5.198)
GDP_{jt}	0.745 (0.558)	1.108 (0.683)	5.698** (2.264)	3.831** (1.600)
Pop_{it}	-1.453*** (0.334)	-0.594 (0.416)	14.03 (8.545)	-0.689 (6.216)
Pop_{jt}	0.00932 (0.468)	-1.033* (0.587)	-3.302 (2.010)	-2.738** (1.316)
TouShare_{it}	1.565 (2.427)	-1.513 (2.921)	-0.0441 (9.339)	-4.162 (7.248)
DistR2_{ij}	-1.212*** (0.174)	-1.177*** (0.187)	-3.368*** (0.799)	-2.555*** (0.335)
DistR3_{ij}	-1.646*** (0.164)	-1.675*** (0.173)	-4.182*** (0.799)	-2.356*** (0.335)
DistR4_{ij}	-1.953*** (0.169)	-1.948*** (0.183)	-4.790*** (0.798)	-4.312*** (0.335)
DistR5_{ij}	-2.304*** (0.182)	-2.303*** (0.189)		
DistR6_{ij}	-2.857*** (0.207)	-2.696*** (0.221)	-5.206*** (0.830)	-5.680*** (0.380)
DistR7_{ij}	-2.691*** (0.215)	-2.642*** (0.228)	-5.376** (2.275)	-4.245*** (0.350)
DistR8_{ij}	-3.180*** (0.211)	-3.149*** (0.223)	-5.411*** (0.889)	-5.113*** (0.776)
DistR9_{ij}	-3.220*** (0.240)	-3.325*** (0.249)	-5.846*** (0.824)	-4.303*** (0.387)
DistR10_{ij}	-3.109*** (0.296)	-4.832*** (0.323)	-3.879*** (0.523)	-3.879*** (0.219)
Adjacency_{ij}	0.134 (0.110)	0.183 (0.118)		
Coast_{ij}	0.657 (0.826)	2.321*** (0.816)	3.854*** (1.252)	1.824 (3.423)
Island_{ij}	-0.167 (0.538)	-2.007*** (0.544)	-0.891 (3.867)	-1.636 (2.148)
Constant	8.539* (5.160)	4.602 (6.010)	-167.4 (115.5)	-36.96 (81.37)
Observations	4,281	4,251	503	533
R-squared	0.841	0.841	0.808	0.847

Notes: Robust standard errors clustered at region-pairs in parentheses. Significance levels are denoted by *** p<0.01, ** p<0.05 and * p<0.1. Dependent variables, GDP and Population variables are in logs. Fixed effects (i, j, t) are included in all regressions (but omitted for brevity). "DistR" denotes distance ranges.

Table A.3. Distance non-linearities

	Group A: Mainland regions		Group B: Island regions	
	1 Exports	2 Imports	3 Exports	4 Imports
GDP_{it}	1.369*** (0.361)	1.633*** (0.575)	-3.827 (8.934)	5.722 (5.417)
GDP_{jt}	0.76 (0.556)	1.101 (0.686)	5.897** (2.31)	3.845** (1.593)
Pop_{it}	-1.483*** (0.337)	-0.566 (0.43)	14.35* (7.352)	2.692 (4.446)
Pop_{jt}	0.00629 (0.470)	-1.040* (0.583)	-3.445* (2.001)	-2.771** (1.276)
Dist_{ij}	-0.00511*** (0.000395)	-0.00526*** (0.000494)	-0.00546*** (0.00196)	-0.00348*** (0.00124)
Dist_{ij}²	1.51e-06*** (0.000000182)	1.64e-06*** (0.000000382)	1.83e-06** (0.000000738)	9.27e-07* (0.000000483)
Adjacency_{ij}	0.14 (0.0953)	0.155 (0.0994)		
Coast_{ij}	0.698 (0.819)	0.278 (0.956)	3.203** (1.197)	1.811 (3.604)
Island_{ij}	0.698 (0.599)	-3.063*** (1.12)	2.047 (2.911)	-1.346 (1.806)
Constant	8.910* (5.216)	5.245 (6.121)	-171.4** (71.04)	-85.23 (63.13)
Observations	4281	4251	503	533
R-squared	0.837	0.86	0.768	0.781

Notes: Robust standard errors clustered at region-pairs in parentheses. Significance levels are denoted by *** p<0.01, ** p<0.05 and * p<0.1. Dependent variables, GDP and Population variables are in logs. Fixed effects (i, j, t) are included in all regressions (but omitted for brevity). "Dist2" denotes the square of distance.

Table A.4. Multilateral resistance

	Group A: Mainland regions		Group B: Island regions	
	1 Exports	2 Imports	3 Exports	4 Imports
GDP_{it}	2.821*** (0.902)	3.152*** (0.989)	-17.33 (11.87)	9.581 (6.170)
GDP_{jt}	2.668*** (0.971)	3.426*** (1.020)	-3.740 (4.628)	3.679 (2.675)
Pop_{it}	-1.606*** (0.352)	-0.684 (0.451)	12.09 (7.588)	1.441 (4.253)
Pop_{jt}	-0.111 (0.489)	-1.245** (0.610)	-3.352 (2.253)	-2.848** (1.325)
DistR2_{ij}	-1.436*** (0.176)	-1.411*** (0.183)	-4.453*** (1.338)	-4.299*** (1.167)
DistR3_{ij}	-1.812*** (0.169)	-1.813*** (0.177)	-3.675*** (0.774)	-2.547*** (0.385)
DistR4_{ij}	-2.186*** (0.180)	-2.150*** (0.191)	-4.671*** (0.578)	-4.154*** (0.293)
DistR5_{ij}	-2.618*** (0.193)	-2.585*** (0.200)		
DistR6_{ij}	-3.244*** (0.228)	-3.059*** (0.237)	-5.474*** (0.786)	-5.938*** (0.380)
DistR7_{ij}	-3.073*** (0.243)	-3.008*** (0.253)	-5.813** (2.297)	-4.317*** (0.373)
DistR8_{ij}	-3.590*** (0.229)	-3.524*** (0.242)	-6.043*** (0.692)	-5.438*** (0.708)
DistR9_{ij}	-3.722*** (0.289)	-3.755*** (0.288)	-6.639*** (0.715)	-4.514*** (0.448)
DistR10_{ij}	-2.520*** (0.486)	-3.992*** (0.473)	-4.276*** (0.664)	-3.522*** (0.397)
Adjacency_{ij}	0.257 (0.157)	0.325** (0.163)		
Coast_{ij}	-0.684 (1.554)	0.659 (1.679)	-12.32 (8.401)	3.175 (6.163)
Island_{ij}			-44.15 (27.69)	4.996 (8.758)
MR-Dist_{ij}	2.214*** (0.510)	1.993*** (0.521)	10.52** (4.066)	3.555 (3.718)
MR-Dist_{ij}²	-0.000990*** (0.000258)	-0.000842*** (0.000291)	-0.00416*** (0.00139)	-0.00181 (0.00155)
MR-Adjacency_{ij}	-337.9 (251.3)	-378.0 (263.7)	-10,177** (4,510)	-1,873 (2,081)
MR-Coast_{ij}	2,733*** (856.1)	3,691*** (588.2)	-8,549* (5,003)	1,607 (1,546)
MR-Island_{ij}	-387.0** (149.6)	-406.4*** (146.1)	-2,325** (1,049)	-595.4 (984.9)
Constant	-88.79** (43.26)	-111.4*** (39.96)	427.0* (227.5)	-129.0 (104.9)
Observations	4,281	4,251	503	533
R-squared	0.855	0.875	0.818	0.849

Notes: Robust standard errors clustered at region-pairs in parentheses. Significance levels are denoted by *** p<0.01, ** p<0.05 and * p<0.1. Dependent variables, GDP and Population variables are in logs. Fixed effects (i, j, t) are included in all regressions (but omitted for brevity). "DistR" denotes distance ranges.

Table A.5. Robustness. Detailed Oaxaca decomposition.

	Floating population		Tourism share		Distance non-linearity		Multilateral Resistance	
	Explained	Unexplained	Explained	Unexplained	Explained	Unexplained	Explained	Unexplained
Panel A. Exports								
Size	2.547 (3.979)	-277.3** (126.5)	1.201 (0.970)	-176.5 (112.6)	1.272 (0.936)	-176.4** (70.80)	-0.0291 (1.098)	123.5 (106.6)
Distance	0.505* (0.262)	1.538*** (0.565)	0.495* (0.263)	1.500*** (0.577)	0.885*** (0.252)	-0.181 (0.788)	0.361 (0.352)	1.815*** (0.489)
Frictions	-3.171 (3.435)	-2.371 (5.425)	-0.327 (1.839)	-4.557* (2.738)	-1.435 (1.975)	-3.881 (2.960)	25.24* (13.26)	45.77** (18.92)
FE	3.364** (1.466)	4.010 (3.946)	1.702 (1.421)	3.648 (5.074)	1.277 (1.075)	2.569 (4.831)	1.166 (2.512)	4.516 (8.094)
MR							-12.02 (11.51)	328.6*** (126.8)
Total	3.244 (5.613)	-0.137 (5.602)	3.071 (2.763)	0.0158 (2.739)	2.000 (2.907)	1.087 (2.880)	14.72*** (5.001)	-11.64** (4.985)
Panel B. Imports								
Size	1.888 (4.038)	-102.9 (99.20)	1.063 (0.753)	-46.45 (80.17)	1.182 (0.827)	-91.68 (60.68)	1.587* (0.941)	-75.50 (71.43)
Distance	1.032*** (0.236)	0.620* (0.323)	1.043*** (0.237)	0.587* (0.324)	0.936*** (0.317)	-0.652 (0.560)	0.643** (0.261)	0.738** (0.347)
Frictions	2.584*** (0.695)	-0.332 (5.371)	1.127** (0.521)	0.568 (3.928)	1.096 (0.889)	-0.665 (4.254)	-3.228 (3.702)	-6.957 (7.695)
FE	1.159 (1.084)	-2.206* (1.140)	0.606 (1.025)	4.357 (3.010)	-0.173 (0.790)	3.855* (2.333)	-3.446** (1.757)	3.311 (3.734)
MR							11.14*** (3.640)	55.05 (55.53)
Total	6.663 (4.283)	-5.665 (4.283)	3.838** (1.827)	-2.836 (1.816)	3.041*** (0.977)	-2.039** (0.952)	6.695** (3.391)	-5.693* (3.381)

Notes: Robust standard errors clustered at region-pairs in parentheses. Significance levels are denoted by *** p<0.01, ** p<0.05 and * p<0.1. Dependent variables are in logs. Unexplained columns sum up to the Total effect when we introduce the differences accounted by the intercept. FE denotes fixed effects and MR denotes multilateral resistance.