

REVIEWER 2

“This paper analyses the nexus between migration, foreign direct investment, international trade and remittances for a sample of 112 countries with which Spain has closely interconnected migratory, commercial and investment exchanges. The results show that a greater number of immigrants in Spain boost foreign direct investment (FDI), remittances sent and received and Spanish imports and exports to the immigrants' countries of origin.”

Comments

According to the authors, this study is supposed to be the first one analysing the nexus between all these variables in a united framework. Although the nexus between trade, migration, FDI and remittances have already been analysed in previous studies, most previous works focused on the relationship between only two factors (trade and migration; FDI and migration, investment and remittances, etc.). I am not convinced about the contribution of this paper comparing to what authors called classical (previous (??) approaches.

We shall try to clarify this in the text.

Explanations on the relationship between emigration and immigration with other mobility factors are scarce. Some scholars just consider the first movement of migration or the FDI expansion stage (Javorcik et al. 2011; Buch et al. 2006). This research describes how the most relevant mobility factors (related to capital [trade, fdi and remittances] and international labor force, [migrants]) evolve with the economic cycles, showing an explanation of what happens when a migration process has already started, supporting modern theories such as the theory of migratory networks.

Also, we study the interaction of mobility factors as a chain process, for instance, our findings show the effect of remittances on FDI, and the particular connection of trade with migration flows.

Migration has traditionally been understood as the movement of people from less developed countries to more developed countries, but it must also be remembered that the economic situation is never static and changes constantly according to socio-economic conditions, as shown, for example, by the case of Spain during the recent great recession, which led to an internal devaluation, and which has worsened the situation of the FDI and has again led to the beginning of emigration of Spanish workers, something that had not happened since the 1980s. That is why it is particularly important to analyze mobility factors over time. In contrast to what was often stated in the traditional assumptions, this research shows that interaction of mobility factors is not only in the short term, but it is maintained in the long term and it has also effects on migration flows.

The analysis of migratory flows in detail requires a study of emigration and immigration separately, but, at empirical level, the difficulty of collecting data has always made this task difficult. In this sense, in our review of the literature we found studies that mostly focus on the net migration or, especially, on immigration. This research fills this gap with an analysis of emigration and immigration in detail, as well as their evolution over time.

I don't see how is possible to examine the multiple connections between FDI-trade-migration-remittances in a single framework.

The reviewer's opinion is important to us. Although no specific guidelines are mentioned, we will try to clarify the connections between mobility factors (Javorcik et al., 2011; Castles and Miller, 2009; Buch et al, 2006; Combes et al (2005).

It is precisely one of the common problems in this area that research concentrates on a single mobility factor or topic, or on transverse or longitudinal partial studies. It is, therefore, a complex issue, but with a rigorous analysis we attempt to obtain empirical results for a wide sample of countries and years, and here resides part of the value of this research.

I also doubt that the empirical framework proposed by the authors is the most suitable one to undertake this type of analysis.

We have tried to better clarify the suitability of the methodology used. In this sense, we add further details of our methodology as supplementary file and new tables in the appendix.

The linear mixed models (LMM) are used to evaluate repeated measures over time and that take into account the correlation and variability of the responses of the variables analyzed. In particular, random interception (RIM) models were applied, considering intra-country variability; these models take into account the variability of the responses. A polynomial function of time was implemented in the model, allowing changes in curves to be adjusted over time (Gardiner et al. 2009; West et al. 2007).

The paper does not provide a clear explanation about what are the main mechanisms through which each of the variables influences the others. Authors do not convince the reader about which channels really matter through a well-identified data exercise.

we have reviewed the paper and new literature to improve the consistency and of our approach

The presentation of the results is very confusing. Authors propose until 9 hypotheses without a clear explanation about the mechanisms through which each of these connexions works.

Following the recommendation of the reviewer, we have restructured and ordered the hypotheses around the main axes of research: migratory flows and their association with fdi, remittances and trade. We also include a figure explaining and summarizing the stages of development of the research.

It seems that the main results are discussed within the text (???) There no tables showing the main results (???) It is almost impossible to follow the explanation of the results.

we add further details of our methodology, supplementary file with results and new tables in the appendix.

Review of the literature should be considerably updated and improved. Important references are missed. See for example Peri and Requena-Silvente (2010): "The trade creation effect of immigrants: evidence from the remarkable case of Spain." *Canadian Journal of Economics* 43 (4); Rapoport and Bahar (2018): "Migration, knowledge diffusion and the comparative advantage of nations", *Economic Journal*, 128; Rapoport et al (2018): "Migration and Cross-Border Financial Flows" *World Bank Economic Review*, 32; Cuadros et al (2019). "Migration and FDI: The role of job skills." *International Review of Economics & Finance*, 59; Aleksynska and Peri (2014) "Isolating the Network Effect of Immigrants on Trade," *The World Economy* 37 (3); Docquier and Lodigiani (2010). "Skilled Migration and Business Networks" *Open Economies Review* 21 (4);

thanks for the observation. This serves as a guide for improving the review of the literature. We have analyzed and included these references in the paper, especially to highlight how mobility

factors are connected

It is not always clear that the authors make a good interpretation of the main results obtained by some of the most important papers about the subjects analysed. Just to name a few examples: To my knowledge, Javorcik (2011) is not focused on remittances (see pp. 5). Also, I'm not sure that the main conclusion of Aubry et al. (2012) is that "FDI incentivises emigration to receiving countries at an early stage, and then lead to an equalisation of wages in countries of origin and lower labour market pressures on emigration".

we have reviewed the text and articles mentioned above to improve the consistency and accuracy of our approach

Many paragraphs throughout the text are very difficult to follow. The confusion begins in the abstract when the authors say: "FDI and migration could also be seen as a kind of risk aversion strategy. When looking at the behaviour of these variables together across a wide sample of countries and years, it is evident that immigration and emigration act as two sides of the same coin." (??). Moreover, what do authors mean with expressions like the World System theory (pp. 5) or The Theory of Migratory Networks???

We use a native English editor to improve and check the full text

Authors should describe better the sources for the data used.

Thanks, we clarify the sources

Authors do not explain the methodology properly and they don't clarify what are the main advantages regarding alternative approaches. 1 single equation is estimated???? Higher description and explanations of the methodology are needed.

we add further details of our methodology, supplementary file with results and new tables in the appendix.

The manuscript is poorly written and the reader is easily lost among all the details. The manuscript suffers from numerous spelling mistakes and repetitions and the text is very confusing. English proofread by a native speaker should be considered.

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