

## **Report for MS 2644: "China's Economic Integration with the Greater Mekong Sub-region: An Empirical Analysis by Panel Dynamic Gravity Model"**

### **Summary**

This paper examines the determinants of China's regional economic integration with five neighboring economies--Cambodia, Laos, Myanmar, Thailand, and Vietnam. A gravity model of trade is estimated using panel data covering the period 1993-2016, and based on the results, the paper concludes that there is evidence to support the hypothesis that China is regionally integrated with these five neighboring economies.

### **Overall Comment**

The paper addresses an interesting and important topic. However I have serious concerns about the paper's estimation strategy, and my conclusion is that this paper should NOT be published in its current form, as I will explain why in detail below.

### **Specific Comments**

My biggest concern is with the strategy used to estimate the econometric models which have a lagged dependent variable as one of the explanatory variables. It is well known that using standard fixed- or random-effect methods to estimate a dynamic panel model generates biased estimates. This problem is typically addressed by using GMM, which is a consistent estimator for the parameters of a model in the presence of endogenous covariates. So the authors should re-estimate the model using GMM.

Other comments:

1. In my opinion, section 2.2 is not directly relevant and should be removed to keep the focus on the main topic.
2. The motivation and contribution of the paper should come out much earlier in the introduction section and not in section 3.1.
3. The review of related literature in section 3.1 should be placed in a separate section.
4. The writing of the paper could be improved.