

The effect of landlockedness on international trade: International empirical evidence and for Bolivia (1990 - 2016)

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Abstract

This document analyzes the relationship between the status of landlocked country and the bilateral international trade flow putting special emphasis on the Bolivian case. For this purpose, using bilateral panel data from more than 130 exporting and importing countries during the period 1990 - 2016, we estimate a structural gravity trade model via the 'Poisson pseudo maximum likelihood' estimation method. Regarding exports, results suggest that landlocked countries have, on average, between 12.37% and 27.96% less trade flow compared to coastal countries. Likewise, from the point of view of imports, our estimates suggest that landlocked countries have, on average, between 13.32% and 25.17% less trade flow compared to coastal countries. In addition, we find that the landlocked status of Bolivia is associated with a loss of its bilateral trade flow with respect to its GDP which on average varies between 7.2 and 14.8 percent during the analysis period.

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