

Table 5: Gravity Models on the Determinants of Bilateral FDI Flows to Developing Asia^{1, 2, 3}

	Two Stage Tobit (Annual data)	Two Stage Tobit (Annual data)	Two Stage Tobit (Annual data)	Two Stage Tobit (Annual data)
ln(real GDP i)	-1.248*** (0.077)	-1.466*** (0.140)	-1.279*** (0.099)	-1.234*** (0.104)
ln(real GDP j)	1.278*** (0.074)	1.505*** (0.156)	1.275*** (0.108)	1.255*** (0.112)
Common language	0.117 (0.198)	0.412* (0.240)	0.164 (0.233)	0.163 (0.228)
ln distance	-0.204* (0.120)	-0.653*** (0.164)	-0.401*** (0.133)	-0.314** (0.134)
Lag of import from i to j	0.182** (0.078)	0.026 (0.108)	0.195** (0.090)	0.167** (0.083)
Trade openness in j	0.008*** (0.001)	0.009*** (0.002)	0.007*** (0.002)	0.007*** (0.002)
Financial openness in j	0.009** (0.004)	0.008* (0.004)	0.007 (0.004)	0.006 (0.004)
Time zone difference	-0.176*** (0.040)			-0.143 (0.094)
OECD		-4.384 (3.103)	18.202*** (4.522)	-1.885 (4.824)
ln(real GDP i) * OECD		0.647*** (0.221)	0.523** (0.206)	0.161 (0.194)
ln(real GDP j) * OECD		-0.554*** (0.212)	-0.394** (0.193)	-0.146 (0.181)
Common language * OECD		-0.067 (0.290)	0.071 (0.276)	-0.166 (0.285)
ln distance* OECD		0.509** (-0.247)	-1.407*** (0.499)	0.360 (0.544)
Lag of import from i to j* OECD		0.403*** (0.128)	0.405*** (0.141)	0.479*** (0.137)
Trade openness in j* OECD		-0.002 (0.003)	0.000 (0.002)	0.000 (0.002)
Financial openness in j* OECD		0.003 (0.005)	0.004 (0.006)	0.006 (0.006)
Time zone difference* OECD				-0.281** (0.141)
Observations	1,589	1,589	1,589	1,589
Adjusted R-squared	0.68	0.68	0.68	0.68

Notes: 1) Robust standard errors in parentheses.

2) * significant at 10%; ** significant at 5%; *** significant at 1%.

3) Year and source dummies, inverse Mills' ratio, and constant not shown.

4) OECD interaction terms exclude Japan, Australia, and New Zealand.

Source: Authors' own calculations.