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Diplomatic Relations and Economic Diplomacy: On the Effectiveness of Embassies for Strengthening Trade Relations

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**Universiteit
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Diplomatic Relations and Economic Diplomacy

On the Effectiveness of Embassies for Strengthening
Trade Relations

Leiden University
Faculty of Governance and Global Affairs
Public Administration – International & European Governance

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Abstract

This thesis looks at the relation between the number of embassies a country has abroad and the inflow of Foreign Direct Investment within the respective country. The analysis is based on a Fixed Effects model with panel data from 169 countries collected from 2000 until 2020. There was no public dataset available for the number of embassies. As such, the data for this variable was manually calculated for every single country for every single year. In the analysis it becomes clear that the number of embassies is relevant and significant to determine the FDI inflow. However, the population and the proportion of internet users in a country prove to be more significant and contribute more to the model than the number of embassies. This thesis confirms results from previous research, namely that a broader diplomatic network has a positive effect on trade relations. Its rationale can be found in the new statistical aspects, since it uses a Fixed Effects model, rather than a gravitational model. Moreover, this incorporates both longitudinal and cross-sectional data, whereas previous research solely deployed longitudinal data of one country or cross-sectional data of one year.

Keywords

Diplomatic representation; FDI inflow; economic diplomacy; commercial diplomacy; Fixed Effects model

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This thesis is the final assignment for my MSc in Public Administration: International & European Governance at Leiden University. I have written this thesis out of a personal interest in global diplomacy. In my studies, it has always surprised me how little the topic of diplomacy was covered in a study that focuses on international governance. As such, I tried to incorporate my interest in diplomacy as much as possible into the field of international public administration.

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List of abbreviations

EU = European Union

FDI = Foreign Direct Investment

FE = Fixed Effects

OLS = Ordinary Least Squares

SMEs = Small and medium-sized enterprises

UK = United Kingdom

US = United States

WTO = World Trade Organization

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1. Introduction

The practice of diplomacy between states has been exercised throughout the world for ages, (Constantinou & Sharp, 2016, pp. 13-14). Throughout time, diplomacy has been perceived as a way for states to negotiate the advancement of their interests and build alliances (Constantinou et al., 2016, p. 15). Yet, the term ‘diplomacy’ can only be traced back to the end of the eighteenth century (Leira, 2016, p. 30).

Still, in more recent years, with the rise of international non-governmental organizations and businesses lobbying for interests, diplomacy essentially comes, and has thus far always come down to sovereign states as the main actors (Constantinou et al., 2016., p. 16; Adler-Nissen, 2016, p. 98). Albeit, it is not the government itself that is the face of diplomacy, it is the embassy that represents the sending state (Rana, 2016, p. 149). Even though foreign ministries and governments sitting in the capitals of states have been able to take more control over bilateral relations, notably due to developments in technology and communication, the role of embassies should not be underestimated. By reason of its wide network of local contacts, the language skills and cultural awareness of deployed personnel, embassies are actively involved in managing bilateral relations, and thus have a similar importance in creating and applying foreign policy as ministries of foreign affairs (Rana, 2016, pp. 149-150).

Managing bilateral relations through embassies can be a rather sensitive issue for maintaining state relations. At the same time, however, the importance of embassies in foreign policy also becomes immediately clear. When the US relocated its Israeli embassy from Tel Aviv to Jerusalem in 2018, it sparked international condemnation and speculation on whether this move would not worsen already bad relations between Palestine, Israel, and the US (Al Jazeera, 2018). In response, Palestine began proceedings against the US at the International Court of Justice in The Hague (ICJ: Palestine v. United States of America, 2018). Another example is China, which threatened to retaliate with economic sanctions against Lithuania when the Lithuanian government allowed the opening of a Taiwanese embassy in Vilnius (AP News, 2021). Yet not every embassy opening is that controversial. Turkey and Cambodia opened embassies in their countries to stimulate bilateral relations on matters such as trade, education, and health among others (Sochan, 2022). India has also recently announced the opening of embassies in Estonia, Paraguay, and the Dominican Republic to stimulate trade (Seli, 2022). Furthermore, the US announced that it would open an embassy in the Solomon Islands to prevent a dominant economic position of China in the Asia-Pacific region (AP News, 2022). These examples illustrate that a physical diplomatic representation in a foreign country could

indicate that countries are deepening their relations. But, it also shows how the absence of such physical establishments indicates that bilateral relationships might be worsening or non-existent.

Several questions arise from this. One: to what extent do embassies have autonomy in managing bilateral relations, or to what extent the role of an embassy might change due to the rise of non-governmental actors in diplomacy. Two: to what extent does the traditional idea that embassies influence trade hold up in a time of digitalization and low communication costs (Rose, 2007; Jönsson, 2016). Not to mention the costs that come along with maintaining a diplomatic service around the world (Rose, 2007.). Do embassies really have the perceived influence on trade relations as is expected, even in a time of digitalization and with the rise of e-commerce? This thesis researches this proposition by looking at the effects that embassies have on bilateral trade relations, formulated through the following research question:

‘To what extent does the number of embassies influence the size of Foreign Direct Investment within the respective country between 2000 and 2020 on a global scale?’

Economic diplomacy can be considered as an instrument to overcome trade barriers (Moons & Van Bergeijk, 2017). Moons et al. define economic diplomacy as: ‘[...] the use of government relations and government influence to enable international trade and investment’ (2017, p. 336). However, in the literature the terms economic and commercial diplomacy, although with their own specific definitions, are used interchangeably (Moons et al., 2017). Economic diplomacy is defined as governments negotiating or lobbying to meet economic objects and trade agreements, while commercial diplomacy focuses on supporting business and promoting investments (Pacheco & Matos, 2021, p. 3). As such, embassies can pursue economic and commercial diplomacy at the same time (Potter, 2004). The terms are, however, used interchangeably in this thesis as well, to keep in line with previous literature which uses these terms interchangeably.

Establishing bilateral relations through establishing embassies is one way in which governments can pursue economic diplomacy. This thesis assumes that a friendly relationship between states exists, if the establishment of an embassy leads to an increase in the size of the Foreign Direct Investment within the country that established the embassy. A successful friendly relationship contains a reciprocal element. This reciprocity in friendships is based on a conceptualisation provided by Van Hoef & Berenskoetter (2017). They state that friendships are based on mutual recognition and an embeddedness of the roles that states take on in their

relationship. Although the size of the trade volumes between countries does not causally represent a good or mediocre friendship between the respective countries, an existing positive economic relation at least indicates a certain friendliness and reciprocity towards other states.

Exercising economic diplomacy through embassies is one of the ways in which governments can improve trade relations. Trade can also be strengthened through consulates, honorary consulates, and commercial/trade offices (Melissen, Van Bergeijk, Okano-Heijmans, 2011). However, this thesis will look exclusively at the effects of embassies since it has been proven that embassies have a stronger influence on trade volumes than (honorary) consulates, as the latter's effect is negligible (Melissen et al., 2011)

Most of the statistical research in the field of economic diplomacy uses bilateral trade data due to a lack of change over time (Rose, 2007; Moons & Van Bergeijk, 2017). Rose (2007) is one of the few scholars that applies a cross-sectional perspective by looking at the trade relations of twenty countries. However, the averages of 2002 and 2003 are used to account for changes over time. As a contrast, this thesis will apply a bigger time frame to measure the effects of establishing embassies more accurately. The applied period will be from 2000 to 2020. Furthermore, previous literature that does look at longitudinal effects, often looks at the diplomatic network of one country (Pacheco et al., 2021; Bagir, 2019). This thesis will look at data from 169 countries. The data on the number of embassies per country is manually calculated per year, as no public dataset was available for this. By applying data from 169 countries for 21 years, the lack of variation in data is accounted for as the sample is big enough in the number of cases to omit the possibility of non-dynamic data. This is also in line with a need to cover more countries in economic diplomacy studies, as most previous studies have only looked at a rather select group of countries or regions (Moons et al., 2017).

In a meta-analysis of scholarly work on economic diplomacy, Moons et al. (2017) established that most studies only look at the degree of export volumes of countries that are expanding their diplomatic network. This thesis provides a new perspective on economic diplomacy as it assumes a reciprocal relation, and therefore a certain friendliness between states. It does by analysing the increase or decrease of FDI inflow within the respective country, rather than look at its export volumes. Furthermore, Moons et al. (2017) examined that the studies that do analyse FDI or import volumes, report an overall lower significance level on the presence of foreign missions. This explains why most research on economic diplomacy focuses solely on export volumes. As such, there is also a statistical rationale to examine this relationship with a bigger sample to see whether the results from Moons et al. (2017) hold up. Following this reasoning, it becomes possible to look at whether successful trade relations also

influence the FDI inflow of the sending country, and not only on the export volumes of the sending country.

The evaluation of the use of embassies in economic diplomacy also has a public relevance. First of all, the maintenance of a diplomatic network, depending on its size, can be rather expensive (Rose, 2007; Pilegaard, 2017). This is paid for by the money obtained from taxes. Furthermore, economic diplomacy entails that entrepreneurs and investors are able to earn money with the enabling support of embassies. As such, the maintaining of a bilateral trade relation presents opportunities for investors from the sending country to invest and earn money through increased export of goods and services, and it presents opportunities for investors in the hosting country to learn more about the financial opportunities in the sending country. The financial opportunities are thus twofold and can lead to more export volumes and FDI in the respective country.

This thesis will start by using a loosely symbolic interactionist perspective to examine why a causal relationship between embassies and FDI inflow can be expected. Literature from the scholarly fields of public administration, international economics, international trade, economic and political sociology has been used. Furthermore, it will be shown how economic diplomacy can be pursued in the era of digitalization and e-commerce. This thesis then applies a Fixed Effects model to look if a causal relationship exists between the number of embassies a country has and the size FDI inflow within that country. By applying this method, it becomes possible to account for changes over time that possibly could not be included in a regular Ordinary Least Squares regression. However, this also entails the impossibility of making comparisons between countries, as this model measures the effects within cases. After describing the variables and operationalization, the thesis turns to an analysis of the results of the data. In this section, two models will be presented. The first model contains the main variables and dummy variables for the individual countries and years, and the second model will contain the control variables. This will be followed by a discussion on the limitations of this thesis, recommendations for future research, and the conclusion.

2. Theoretical framework

As established in the introduction, economic diplomacy, which can be defined as the use of government influences to enable international trade and investment, can be exercised through the maintaining of bilateral relations (Moons et al., 2017). One way in which bilateral relations can be managed is through establishing a diplomatic network of embassies which focus, among others, on economic diplomacy. For corporations that might want to expand their business across borders to new markets has to consider a lot of sunken costs (Creusen & Lejour, 2011). Potential obstacles are language and cultural barriers, lack of information about the legal and financial system, and bureaucratic procedures (Bagir, 2020). It is exactly with these sunken costs and barriers that embassies can support businesses. But how does this work and how can embassies deepen trade relations especially in a time of low communication costs and digitalization (Rose, 2007)? This part will focus on the theoretical framework of the thesis.

2.1 Economic diplomacy: theoretical origins

Literature on the origins of economic diplomacy and its trade increasing rationale assumes its theoretical beginning with David Ricardo and his theory of comparative advantage at the beginning of the nineteenth century (Yakop et al., 2009, p. 8). What is relevant for this thesis about Ricardo's theory is not necessarily the idea of comparative advantages, it is the idea that international trade was arranged between countries. As such, government officials have been involved in facilitating international trade and investment for many years. Yakop et al. (2009) establish that the involvement of government officials is necessary for economic diplomacy for three reasons. First, certain types of products simply require government involvement such as infrastructure or military equipment. Second, in some sectors, state enterprises are involved up until a potential dominant level in the market. Consequently, government involvement cannot be neglected. Third, high ranking government officials have a symbolic value and, therefore, they can vouch for their government's interests in managing trade relations (Yakop et al., 2009). These three reasons have in common that they come down to the fact that governmental involvement is necessary in order to combat cultural non-tariff barriers (Yakop et al., 2009). For corporations looking to expand their business across borders, the imperfect and asymmetric information proves to be a big factor that is taken into account for calculating the benefits of the expansion (Moons et al., 2017, p. 337). Hence, transaction costs can be reduced by the work of economic diplomats (Moons et al., 2017).

2.2 Foreign service promotes exports

International organizations such as the EU and the WTO, and (bilateral) free trade agreements have a mission to lower and, in some cases, even remove barriers to international trade and investment (Moons et al., 2017, p. 336). Formal trade barriers, such as transportation and communication costs have significantly decreased throughout the years (Yakop & Van Bergeijk, 2009). Yet informal barriers, such as cultural and institutional differences remain. These barriers, often political in nature, appear to influence trade volumes even with lower formal trade barriers (Yakop et al., 2009). One way to manage informal trade relations is by establishing diplomatic relations through embassies (Moons et al., 2017).

A network of embassies matters for two reasons. First, having embassies shows mutual trust between countries which forms the basis of a politically stable relation (Van Marrewijk & Van Bergeijk, 1993). Second, embassies are in a position to generate knowledge about the investment climate in a country and may therefore provide entrepreneurs with lowering information costs (Yakop et al., 2009). Afman & Maurel (2010) have researched the effects of opening embassies in the emerging markets of Eastern European countries and found that the effect of opening an embassy equals to a tariff reduction between two to twelve percentage points. Such results can be achieved by four types of activities (Ruël & Visser, 2014, p. 309). First of all, embassies can provide network activities such as organizing state visits and matchmaking between importers and exporters. Second, embassies can provide intelligence, such as market research or taking the role of a consultant for entrepreneurs. Third, embassies can engage in image campaigns in which they can promote goods and services or incentivize potential investors. Finally, embassies can provide support for businesses by mediating contracts or supervise regulations (Ruël et al., 2014.), illustrating how relevant of an actor an embassy can be for companies that want to internationalize their business, and as such, it also shows how the role of an embassy in international trade cannot be neglected.

Yet, the relevance of international trade and the extent to which embassies can provide support differs per country. Ten Haaf (2010), for instance, mentions how the economies of the Netherlands and the United Kingdom are partly dependent on international trade, both for the revenue as well as for the employment opportunities. As such, there is a need in countries like the Netherlands and the UK for the government and businesses to cooperate internationally to maintain their economies. Another example is Canada, that established 'Team Canada Inc.' in 1997 (Potter, 2004). This eventually expanded into trade missions abroad in which the Canadian prime minister and other ministers would take Canadian business leaders to foreign priority

markets. During these trade missions, the ministers and diplomatic staff acted as bridge builders between Canadian SMEs and their foreign counterparts (Potter, 2004)

The branding of countries as attractive trade partners makes sense considering what Berenskoetter et al. (2017) have written about the roles states take on. Roles are defined within an interaction. Therefore, there must always be an action between actors to identify these roles. Or as Berenskoetter et al (2017, p. 5) states: ‘While a government usually has a view of what the state’s international roles are, or should be, and while it may have some influence in defining them, it does not have full control over them but must build and affirm its roles in *particular* relationships’. (The word ‘particular’ was written in cursive by Berenskoetter et al. themselves). As such, even when states already have established economic relationships, they, and in particular the respective ambassador or diplomatic attaché in charge of economic policy, must continue to brand themselves as reliable trade partners.

2.3 E-commerce: the era of digitalization

2.3.1 Rise of e-commerce

Although most countries have developed diplomatic networks in the previous century, it is not something of the past. The maintaining of these diplomatic networks, however, is vastly different due to the rapid changes in technology and communication (Rose, 2007; Ten Haaf, 2010; Pilegaard, 2017). But not only the relationship has developed in the age of digitalization, trade itself has developed as well (Zemanová, 2020, p. 280; Ten Haaf, 2010). E-commerce and digital markets are considered essential to current and future markets (Zemanová, 2020). During the 2000s, international e-commerce grew steadily, but it was not until after the global financial crisis of 2008, that it developed significantly. This rapid growth of e-commerce has changed the environment of business and trade in many ways (Laudon & Traver, 2018). With the possibility of commerce going across borders, competition between businesses increases extensively, which leads to a higher pressure on businesses to innovate and lower costs (Zemanová, 2020). It is not only the possibility of cross-border businesses and trade boosts international e-commerce, but it is also the introduction of social media and apps that have certainly stimulated the growth of e-commerce as well (Laudon et al., 2018).

The international and national regulations of e-commerce have been constraining and lacking in uniformity (Zemanová, 2020). Since the 1990s diplomatic efforts have been made to create an international regulatory infrastructure to regulate all aspects relevant to e-commerce. However, these efforts have been hindered due to diverging national property rights and by a

lack of interest of many governments (Zemanová, 2020). Zemanová (2020) proposes that it is rapid globalization in combination with the lack of a harmonized international regulatory framework, that gives rise to a proactive approach of states in economic diplomacy.

2.3.2 E-commerce: attractiveness and challenges

E-commerce contains several elements that make it more attractive than physical commerce (Zemanová, 2020; Laudon et al., 2018). First, it does not require the geographical spaces that physical commerce does require. Second, e-commerce is almost everywhere and available at any time. Third, the customer is online, meaning that a larger group of customers can be reached. And finally, firms experience lower market entry costs as the goods and services are brought to customer digitally. Yet, there remain challenges for economic diplomacy.

As Zemanová (2020) mentions, the failure of big US companies, such as Uber and Amazon, to become active in China. Zemanová (2020) indicates that with support of the US diplomatic service, these companies would have been more successful with entering the Chinese market. This argument is questionable as it ignores the Chinese economic policy on international companies expanding in China. However, what is noteworthy about it, is that Zemanová (2020) assumes that big businesses, such as Uber and Amazon, need diplomatic support. Usually, SMEs are the focus of economic diplomats, rather than big businesses, as they lack the financial or informational resources to ensure proper regulatory compliance in new markets (Potter, 2004; Pacheco et al., 2021). Furthermore, even though more and more commerce take place online, governments remain involved with e-commerce due to laws regulating trade for sellers and buyers, tax law, intellectual property law, but also the use of telecommunication services (Zemanová, 2020).

According to Zemanová (2020), these challenges could have been partially overcome if a harmonized regulatory regime was created. However, as has been established, this harmonized regulatory regime has not materialised just yet. What follows is that countries, or groups of countries such as the EU, create their own stringent regulatory frameworks that diverge significantly. Examples that Zemanová (2020) provides are the US with a laissez-faire approach that focuses on free access to markets and free data flows, the EU focusing on expansive privacy and data protection, and China with its firewall that hinders foreign websites. This creates a need for support to overcome these legal and cultural trade barriers. In this regard, embassies can help by providing information about the legal system and bureaucracy of the states that corporations are trying to expand their business to (Pacheco et al., 2021).

2.4 Virtual public diplomacy

2.4.1 Phases of diplomacy

Diplomacy, and to an extent economic diplomacy, has faced several challenges since the beginning of the 21st century (Pilegaard, 2017, pp. 317-318). Pilegaard identifies three separate but linked developments that have caused a shift in the way diplomacy has been pursued. These three developments are: the democratization of international affairs, the information revolution, and the rise of public diplomacy (Pilegaard, 2017, p. 318). The democratization of international affairs refers to the growth of non-state actors on the international scene. The information revolution refers to the internet of things, artificial intelligence, and a quest for faster and better connectivity. And the rise of public diplomacy has to do with a broadening audience of diplomacy (Pilegaard, 2017, p. 318). While Pilegaard first mentions that these developments are potential challenges for the act of traditional diplomacy, he also mentions how the challenges can be used as resources to benefit and empower diplomats (2017, p. 318). Diplomats can benefit from these three factors as they provide diplomats with technological means to pursue diplomacy in a world that becomes more digital. These three factors create a shift in diplomacy which uses information and communication technologies can be considered virtual diplomacy (Pilegaard, 2017, p. 319). Virtual diplomacy is defined as: ‘social, economic, and political interactions that are mediated through electronic means rather than face-to-face communications’ (Solomon, 1997, cited in Pilegaard, 2017, p. 321).

Pilegaard (2017) is not the only scholar the mentions a new sort of diplomacy; Williams (2022) talks about ‘new-new’ diplomacy. She identifies three phases of diplomacy. The first phase is categorized as old diplomacy. This phase takes place in the period from the ancient Greeks until the Congress of Vienna in 1814. Old diplomacy is characterized as bilateral, very secretive, and with only a few actors involved (Williams, 2022, p. 28). The second phase is new diplomacy. This phase takes place in the period between the Congress of Vienna in 1814 and ends somewhere around 2020 (Williams, 2022, p. 29). New diplomacy can be characterized as multilateral, less secretive than old diplomacy, and open to non-state actors such as international organizations and non-governmental organizations. ‘New-new’ diplomacy starts somewhere around 2020 and is the current phase of diplomacy. This phase of diplomacy can be characterized as multilateral, very open, and open to non-state actors such as public citizens, interest groups, and businesses (Williams, 2022, p. 35).

2.4.2 E-commerce during the COVID-19 pandemic

Even during the COVID-19 pandemic, economic diplomacy continued, albeit in different manners than usual (Madu & Kurniawati, 2021). Direct physical meetings could not take place due to numerous movement restrictions around the world and even transportation levels reduced due to the restrictions. One way used by states to cope with these circumstances, was to hold virtual meetings. For example, the Indonesian embassy in Moscow, Russia, started with virtual meetings between Russian importers and Indonesian exporters in the coffee industry which eventually led to an increased volume of export (Madu et al., 2021, p. 94). Furthermore, by inviting numerous exporters, the Indonesian embassy was able to set up a cooperative network to promote the Indonesian industries as it became too complicated for exporters to organize individual virtual meetings. In addition, during the pandemic, it became clear that many economies are dependent on international trade, and maintaining diplomatic relations proved to be a way in which countries could secure trade relations (Madu et al., 2021, p. 95).

2.4.3 Face-to-face vs. digital diplomacy

In the previous section, it was established that even during the extraordinary circumstances of the COVID-19 pandemic, in which physical encounters were not possible, new economic relations were created or further strengthened (Madu et al., 2021). However, by combining symbolic interactionist insights from micro-sociology, psychology, and neuroscience, the scholarly literature on the relations of diplomats maintains that physical face-to-face interactions are crucial for diplomatic interactions (Holmes & Wheeler, 2020). For a positive relationship between diplomats, the following conditions must be met: ‘bodily co-presence, barriers to outsiders, mutual focus on attention, and shared mood’ (Holmes et al., 2020, p. 134). The absence of one of these conditions indicates either a neutral or negative relationship, according to Holmes et al. (2020). But it should also be noted that the presence of all conditions does not always equal an immediate positive relationship (Holmes et al., 2020, p. 135). The point that Holmes et al. (2020) make is that certain material conditions, dispositions, or state interests are not enough to instantly create a positive relationship between diplomats. It is the interpersonal interaction between diplomats that proves to be crucial (Holmes et al., 2020).

Nevertheless, there exists some scepticism on whether the four mentioned conditions hold up with modern technologies (Collins, 2004). Collins (2004), who conceptualized these four conditions, assumes that modern technologies might hinder the process of interaction. First, he assumes that bodily co-presence cannot be exercised properly through emails and

video conferences. According to Collins (2004), there is a need for individuals to be present in the same space and acknowledge each other's presence. Second, the condition of barriers to outsiders is much clearer in a physical space than in a digital space (Collins, 2004; Holmes et al., 2020). Although a physical space might be hosting a large crowd with advisory staff and translators, the diplomats are the ones interacting with each other, making it clear that the others being present are the outsiders. With modern technologies, it becomes less clear who is in the physical space as participants of video conferencing can only see what their cameras are showing, rather than the actual space the actors are in (Holmes et al., 2020). Although both Collins (2004) and Holmes et al. (2020) do not state anything on the functioning of mutual focus on attention or shared mood in correspondence with modern technologies, they do state that these conditions are dependent on bodily co-presence and barriers to outsiders.

Usually, all four of the conditions mentioned above are met in situations that are structural and predictable, which almost immediately leads to a situation in which positive social bonds can develop (Holmes et al., 2020). As Holmes et al. (2020, pp. 142-143) make clear: 'the link between [...] symbolic interactionism and international politics is that interactions at the international level are highly ritualized, scripted and strategic ones where diplomats and leaders attempt to convey a particular meaning while simultaneously deriving the true meaning of the others'. This symbolic interactionist perspective on individuals becomes particularly relevant when talking about establishing diplomatic relations. Examples of highly ritualized and scripted diplomatic interactions are when ministers or heads of state meet to discuss new diplomatic relations (Sochan, 2022), the festivities of the opening of the actual embassy building (Al Jazeera, 2018), and when new ambassadors present their letters of credence to the receiving head of state.

What these examples and the theories of Collins (2004) and Holmes et al. (2020) show is how the social environment, or more specifically the four conditions, can shape the direction of interactions. Yet, as the example of the Indonesian embassy in Moscow of Madu et al. (2021) has shown, is that these conditions do not have to be met when a diplomatic relationship has already been established. Therefore, although these conditions are relevant for establishing new diplomatic relations, in these times of increased digitalization, they are not crucial for the maintenance of already established diplomatic relations. This is also illustrated by Madu et al. (2021) as the coffee exports from Indonesia to Russia significantly increased during the COVID-19 pandemic, despite there being no physical meetings at all between the importers, exporters, and diplomats.

2.5 Hypothesis

Based on what has been described above, one hypothesis is presented.

H1: The higher the number of embassies that a country has abroad, the higher the inflow of Foreign Direct Investment within the respective country.

Hypothesis 1 focuses on the effects of the number of embassies on FDI inflow. The hypothesis is accepted if the variable for the number of embassies has a positive B-coefficient for the parameter estimates and proves to be significant. This would indicate that the higher the number of embassies a country has established abroad, the better the financial relations between countries, which in turn then leads to more FDI inflow.

3 Methodology

3.1 Analytical strategy

The thesis will apply a panel regression by using a Fixed Effects model. A FE model is a statistical method that uses a linear regression to measure the relationship between at least two variables. What separates it from a regular Ordinary Least Squares regression, is that a FE model assumes a fixed effect of the cases. A standard OLS regression assumes that the values of the cases are random, while a FE model assumes that cases have certain ‘fixed’ effects on their values which must be accounted for. An example of what needs to be accounted for would be the differences in working cultures or managing styles of embassies between countries. Different organizational cultures could lead to a difference in the way embassies operate and therefore could impact the FDI inflow. It would then be necessary to account for these biases. As such, a FE model in combination with panel data, can account for certain ‘fixed’ effects of cases over time. A regular OLS regression indicates parameter estimates by measuring effects between cases. An example of an OLS regression would be to measure between the values of country A in 2010 and country B in 2010. A FE model, however, assumes ‘fixed effects’, and thus solely measures the effects of one case over time. It would therefore only estimate the effects within the values of country A between 2000 and 2020, and only the effects within the values of country B between 2000 and 2020. By applying a FE model, the so-called ‘gold medal mistake’ that is used in research focused on trade is prevented (Baldwin & Taglioni, 2007). This mistake stipulates that it would be statistically wrong to neglect or falsely consider the heterogeneity of countries and of years as random effects. By applying a FE model with panel data, the endogeneity from country data and time data is omitted as fixed effects are used (Visser, 2019).

An advantage of the FE model is that it can remove the effects of omitted variable bias (Brüderl & Ludwig., 2015, p. 327). By analysing data from countries over several years, the FE regression can calculate parameter estimates and indicate the variation from within the countries (Brüderl et al., 2015, p. 329). This ensures that there is no country-specific heterogeneity disturbance as it assumes that each country has its own ‘setting’. However, by using this method, comparisons between countries are not possible as only the variation of values within specific countries are calculated. This will be further explained in section 3.2 on the sample and population.

Previous research on economic diplomacy often uses a gravitational model. However, as Baier & Bergstrand (2007) make clear, trade policy, and therefore economic diplomacy, is not an exogenous variable. As such, Baier et al. (2017) rightfully present a critique on the use of gravitational models as these models take the economic policy for granted. A FE model, which uses fixed effects for countries and years, can therefore account for the economic diplomacy policy of a country. In addition, a gravitational model is undesirable for multiple reasons.

First, a gravitational model accounts for an interaction between the GDP of a country and the distances between this country and its trade partners. However, this thesis does not look explicitly at the countries themselves, but at the embassies. Therefore, it would be too complicated to include the distance. For instance, which distances would be measured? Would the starting point of the distance in the sending country be the capital city, or more specifically, one of the government's buildings? And for the receiving country, would it then be the exact location of the embassy? And consequently, what would happen if the embassy were moving locations, just as the US did with its Israeli embassy in 2018? As such, this would be too complicated to be included in this thesis. In addition, the existence of a country does not immediately indicate that there would be friendly economic relations between this country and other countries. Embassies have been established and permanently closed numerous times. This would mean that the average distances between the sending country and its embassies abroad are constantly changing. As such, the mere distance between two countries is a simplification of possible economic relations, and it is therefore, undesirable to include distance as it is done in gravitational models. Therefore, the interaction between GDP and average distances cannot be applied with the current statistical operationalization of a FE model.

Second, the thesis does not look at individual relations between countries. The amount of FDI inflow is presented in its totality, meaning that this thesis does not look at what country A receives each year from country B and country C and so on. It solely looks at what country A received in 2000, in 2001, in 2002, and so on until 2020. It is therefore undesirable in a statistical manner to apply a gravitational model, as a gravitational model does account for individual relations while the deployed FE model in this thesis does not.

SPSS version 25 is used for the statistical part of this thesis, as this is the preferred software of the author, and a FE model can easily be executed in this software. Note that the variables that can be classified into multiple categories, such as countries, use a reference category. SPSS automatically creates a reference category for these kind of variables in the analysis for the for fixed factors, but does not for the control variables. For instance, the

identification of countries has SPSS created a reference category. Each country is assigned a number in the dataset, which is further divided into 169 dummy variables, one for each country. Angola has been assigned a 1, Albania a 2, and the United Arab Emirates a 3, and so on until Zimbabwe with 169. In the case of identification of countries, SPSS assigned Zimbabwe (value 169) as the reference category. This means that if all other values for the countries are kept at 0, then one has the values for Zimbabwe. If one, for instance, has the second country variable (Albania) at a value of 1, then one has the values of Albania. SPSS, however, does not create reference categories for control variables automatically. As such, this was done manually for every variable that thus needs a reference category.

While the exact control variables are mentioned in section 3.3.3, a short example will follow here. For instance, the variable of GNI per capita can be classified into four categories: low income (1), lower-middle income (2), upper-middle income (3), and high income (4). In the dataset, four variables are referring to the GNI per capita. The first variable is the overall variable that measures GNI per capita, and thus has values ranging from 1 to 4 per country. The second, third and fourth variables are dummy variables for lower-middle income (2), upper-middle income (3), and high income (4). This means that if the three control variables are kept at a value of 0, then one has low income (1) as a reference category and thus has the values for this category. If one were to look at the values of lower-middle income countries, then one would have to keep the third and fourth variable at a value of 0, while the second variable then has a value of 1. In section 3.3.3 it is mentioned what the reference categories are per variable. There is no need to include a reference category for continuous variables, such as population or proportion of internet users, as they are not classified into multiple categories.

3.2 Sample and population

This thesis looks at the effects of the number of embassies a country has established abroad and the size of Foreign Direct Investment inflow in the respective country. This will be presented on a global scale, meaning that the unit of analysis will be countries. In total, data is used from 169 countries. In Appendix I, all countries are stated in alphabetical order by geographical region. This classification is provided by the United Nations geoscheme. The United Nations recognizes 193 individual sovereign states, and thus N=193 for the target population (United Nations, date unknown). Although there is a population present, the main intent is to look at the effects of embassies on FDI inflow, not to generalize to this population. This thesis will look at data from 2000 until 2020. This time frame was chosen based on the availability of data.

Only countries that have data available for every single year and for every single variable are included. This means that countries that might have some missing data are completely excluded from this thesis. This also means that the sample is not random. The total number of observations is 3549, which is calculated by 169 countries * 21 points of time = 3549 observations.

3.3 Variables and operationalization

3.3.1 Independent variable

The independent variable in this thesis is the number of embassies a country has established abroad. The exact number is calculated based on information of the respective Ministry of Foreign Affairs supplemented with press releases. No publicly available dataset was used, as data is calculated manually for each year. To present a concrete number, the value of a certain year is found by calculating the number of embassies on the 1st of January of the respective year. Due to a lack of finding information about consulates, honorary consulates and other trade/commercial offices, it was decided to only focus on embassies. Furthermore, the literature itself has also pointed out that embassies have a stronger position in pursuing economic diplomacy than consulates (Melissen et al., 2011). It should be noted that Commonwealth countries classify their diplomatic missions to other Commonwealth countries as ‘High Commissions’ instead of embassies. These ‘High Commissions’ are counted as embassies as they have the same diplomatic value. Furthermore, in case of political turmoil in which, for instance, an ambassador is expelled, or a location is temporarily closed, this will not count as a decline in the number of established embassies, as these situations are only temporary in nature. Only if an embassy is permanently closed, it will count as a shrinkage of the number of established embassies. In addition, diplomatic missions to the Holy See, international organizations, or states that have not received general recognition by the international community, such as Palestine, Hong Kong, Macau, Taiwan, South Ossetia, and Abkhazia, etc., are not included. What also is not included are embassies functioning as diplomatic missions for several countries. For instance, Argentina has its embassy in Rome, Italy, accredited for Albania and San Marino as well. However, this is counted as one embassy on behalf of Argentina.

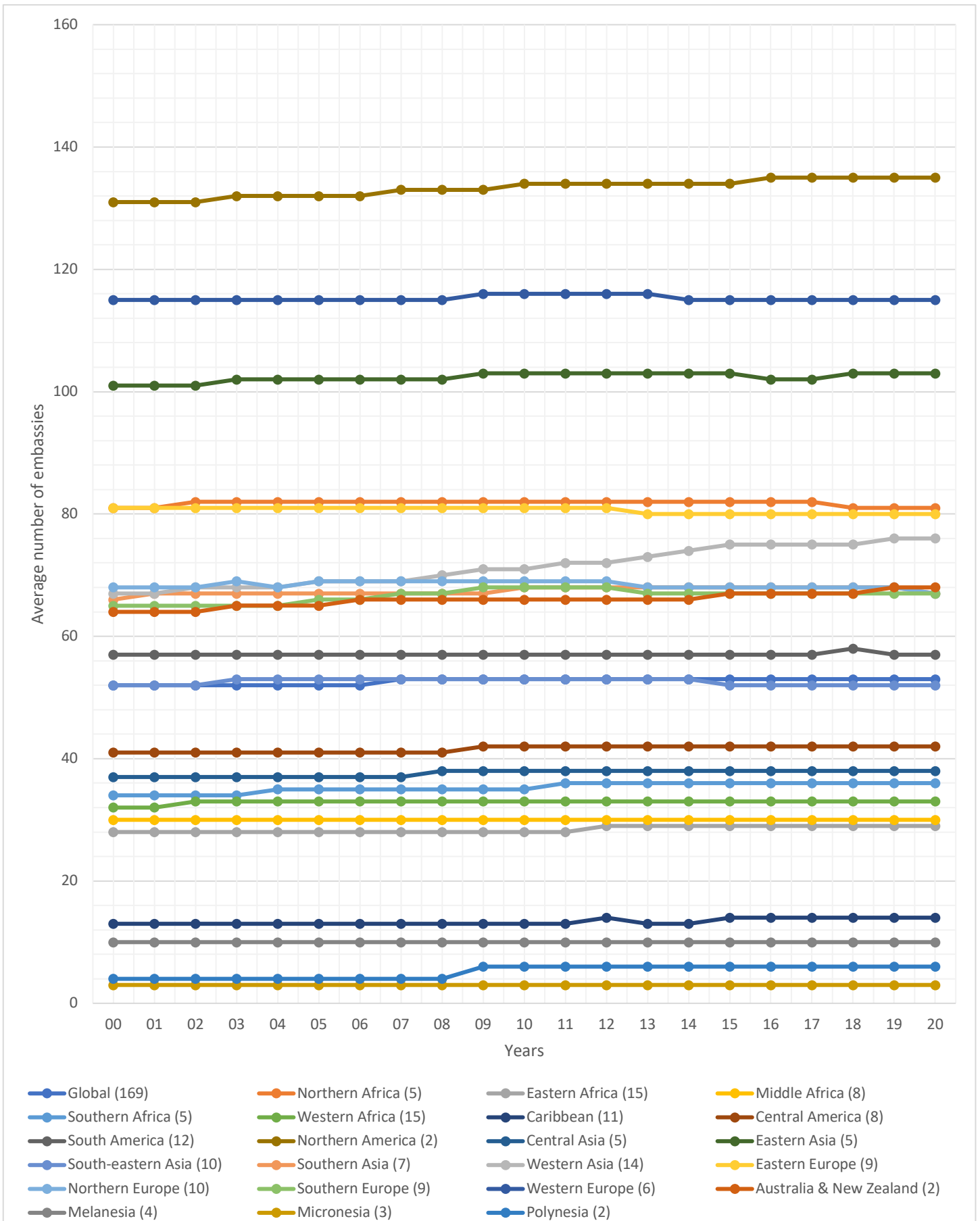
Graph 1 shows the average values for the embassy variable per year on a global scale and per region. The vertical axis indicates the average number of embassies, and the horizontal axis indicates the year. The number of countries that are included in a region are indicated by the values between the brackets in the legend below the graph. The exact averages for every year on a global scale and per region are shown in Appendix II.

3.3.2 Dependent variable

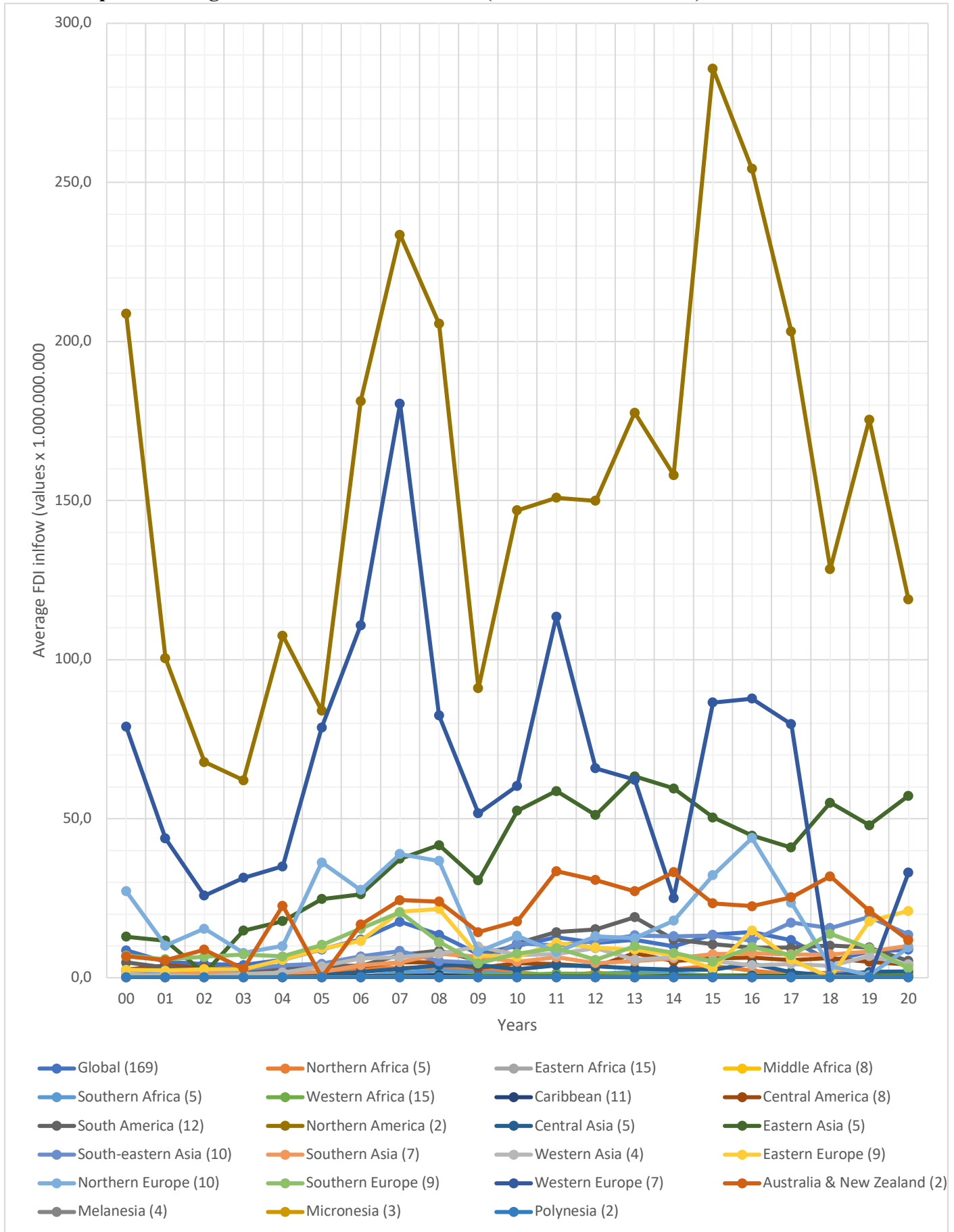
The data used for the Foreign Direct Investment is provided by the World Bank (Foreign direct investment, net inflows (BoP, current US\$), World Bank, date unknown). The dataset consists of an overview of FDI in dollars within countries between 1970 and 2020. The number presented is the: [...] sum of equity capital, reinvestment of earnings, and other capital [...]', whereby direct investment is '[...] associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy (Foreign direct investment, net inflows (BoP, current US\$), World Bank, date unknown). The World Bank has collected the data by supplementing data from the International Monetary Fund, the United Nations Conference on Trade and Development, and official national sources.

By choosing this dataset, the largest number of cases is included, which leads to more accurate results. It should be noted that FDI is not always presented as a positive number, it could also be negative. This happens in the case of reverse investment or disinvestment, in which the latter indicates that the enterprise invested in is buying back its shares or that its dividend outweighs the investment (Foreign direct investment, net inflows (BoP, current US\$), World Bank, date unknown). In addition, it should also be noted that the FDI data focuses solely on private financial capital, investments made by governments or (inter)national governmental organizations are therefore excluded. Graph 2 shows the average values for this variable per year on a global scale and per region. The vertical axis indicates the average FDI inflow. The presented values should be multiplied by 1.000.000.000 for the actual values. The horizontal axis indicates the year. The number of countries that are included in a region are indicated by the values between the brackets in the legend below the graph. The exact averages for every year on a global scale and per region are shown in Appendix III.

Graph 1: Average values of the number of embassies



Graph 2: Average values of the inflow of FDI (values x 1.000.000.000)



3.3.3 Control variables

Several control variables will be included so that the results will accurately reflect the effects of the main variables. What follows next is a list of the included control variables.

First, the population of each specific country will be included. The data for this variable shows the mid-year averages and is provided by the World Bank (Population, total, World Bank, date unknown). Appendix IV table 8 presents the average values of population per year on a global scale and per region.

The second control variable is the Gross National Income per Capita divided into four categories: low income, lower middle income, upper middle income, and high income. The data for this variable is provided by the World Bank and shows the mid-year averages (GNI per capita, Atlas method (current US\$), World Bank, date unknown). It should be noted that the classification of these categories is changing each year, and as such, it is possible that a country with the same GNI per capita can be considered low income in one year, but lower middle income in the next year. Appendix IV table 9 presents the average values of income level per year on a global scale and per region. Low income (1) is the reference category for this variable.

The third control variable is the type of government, which is a nominal variable provided by the US Central Intelligence Agency in its World Factbook (The World Factbook, CIA, date unknown). Appendix IV table 10 presents the frequencies for the type of government and shows which countries are classified as which types of government. Presidential republic (1) is the reference category for this variable.

The fourth control variable is the number of neighbouring countries. This variable is provided by the CIA World Factbook. Appendix IV table 11 presents the minimum, maximum, mean, standard deviation and median for the number of neighbours on a global scale and per region.

The fifth control variable is the region of the countries, which is a nominal variable and provided by the United Nations geoscheme (Methodology: Geographic Regions, United Nations, date unknown). The classification of the UN geoscheme and the corresponding countries can be found in Appendix I table 5. Northern Africa (1) is the reference category for this variable.

The sixth control variable is the commonality of the language which is measured as a dichotomous variable. If at least one of the official languages in the sending country corresponds with the working languages of the United Nations (Arabic, Chinese, English, French, Russian, or Spanish), then it will be valued with 1, otherwise a 0. To see what the

official languages are in a country, the CIA World Factbook is used (The World Factbook, CIA, date unknown). Appendix IV table 12 presents the proportions, standard deviation and median for the language variable on a global scale and per region.

The seventh control variable is the proportion of internet users within the countries per year. This data is provided by the World Bank (Individuals using the Internet (% of population), World Bank, date unknown). Appendix IV table 13 presents the average values of the proportions of individual internet users of the population per year on a global scale and per region.

Finally, dichotomous dummy variables will be included for the individual countries and years to counter potential biases that may follow. An example would be how in certain years the amount of FDI spent would be drastically cut down due to exogenous events. A dummy variable can then account for the bias that follows from this year. Zimbabwe (169) is the reference category for countries, and 2000 (1) is the reference category for years. Appendix IV consists of multiple tables which present detailed descriptive values for the control variables.

4 Results & analysis

4.1 Descriptive values

In this thesis, two models are used to estimate on whether the number of embassies has an effect on the extent of FDI within the respective country. The first model uses the main variables, and the second model further includes the control variables. Table 1 treats the 3549 observations as separate cases and hereby presents the minimum and maximum values, the mean, the standard deviation, and the median for the main variables. Table 2 presents the same information, but for the control variables. The variables region and type of government are not included as they are nominal variables and thus do not contain any hierarchy between the categories.

Table 1: Overview descriptive values main variables

	N	Min	Max	Mean	Std. Deviation	Median
Embassy	3549	2	170	52.76	38.307	41
FDI	3549	-344.707.712.635	733.826.501.995	9.726.687.784	38.263.863.446	722.447.405

The FDI values are rounded to whole US dollars

Table 2: Overview descriptive values control variables

	N	Min	Max	Mean	Std. Deviation	Median
Population	3549	17603	1.410.929.362	39.858.614	143.606.599	8.343.323
Income level	3549	1	4	2,55	1,1	3
Neighbours	3549	0	14	3,24	2,6	3
Language	3549	0	1	0,63	0,484	1
Internet users	3549	0,00	1,00	0,3297	0,29927	0,24

4.2 Tests of between-subjects effects

A between-group design is an experimental type of design that measures the effects of conditions/phenomena between groups. Usually, two groups are being compared: a control group and a treatment group. In this thesis, this divide is not as clear due to the treatment variable being the number of embassies. Some countries have not established or permanently closed embassies in the set time period, while others have done so with very few embassies, and others have experienced rather large shifts in the numbers of their diplomatic network. A test of between-subjects effects presents an analysis of the variance of the predictors and to what extent they contribute to the variance of the dependent variable. Therefore, the variables

included must show variance in the set time period. For this reason, appendices II, III and IV, present descriptive values for the main and control variables to illustrate the variance of the variables. Table 3 presents a shortened overview of the values for model 1 and model 2 for the test of between-subject effects. This table contains the values for the Type III Sum of Squares, the degrees of freedom, and the Partial Eta Squared. Furthermore, the significance of the values is indicated with asterisks.

When calculating the values for a Fixed Effects model, SPSS automatically shows the values for Type III Sum of Squares, rather than Type I or Type II, unless one specifically changes this in the settings. Type I assumes that the sequence in which the variables are entered into the formula matters. This is undesirable as it assumes the biggest variance to the first variable, and then assigns the remaining variance to the second variable, and so on. Type II assumes no sequential order, but also does not account for an interaction. Type II does not fit with the dataset, as the dataset requires an interaction between the variables. With this dataset, Type III is preferred as the included variables, both main and control, are calculated in correspondence with each other.

For example, one cannot simply say that the Type III SS value of the variable 2007 in model 1 is 6.193E+21. This value should be seen in an interaction with the values for the individual country and the number of embassies the respective country has in 2007. In model 2, the value for 2007 should be seen in correspondence with the values for the control variables as well. As such, Type III Sum of Squares is preferred with this dataset, as it assumes that a non-sequential interaction takes place in calculating the values for the individual variables.

Table 3, furthermore, automatically includes the degrees of freedom. This number refers to the number of logically independent values that are used to calculate the parameter estimates. In addition, table 3 shows the Partial Eta Squared values, which measures the proportion of variance that a certain variable can explain out of the overall variance. Simply stated, the variable with the highest Partial Eta Squared value explains the biggest part of the found variance of the dependent variable.

Table 3: Tests of Between-Subjects Effects

Source	Model 1			Model 2		
	Type III SS	df	P. Eta Sq.	Type III SS	df	P. Eta Sq.
Corrected Model	3.137E+24 ^{a***}	189	.604	3.184E+24 ^{b***}	196	.613
Intercept	2.128E+21	1	.001	6.787E+20	1	.000
Embassy	4.425E+21 ^{**}	1	.002	2.303E+21 [*]	1	.001
Population				4.015E+22 ^{***}	1	.020
Neighbours				6.823E+20	1	.000
Language				.000	0	.000
Lower middle income				3.432E+20	1	.000
Upper middle income				2.966E+20	1	.000
High income				4.955E+20	1	.000
Internet users				4.023E+21 ^{**}	1	.002
Error	2.058E+24	3359	6.126E+20	2.011E+24	3352	6.000E+20
Total	5.530E+24	3549		5.530E+24	3549	
Corrected total	5.195E+24	3548		5.195E+24	3548	

a. R Squared = 0.604 (Adjusted R Squared = 0.582)

b. R Squared = 0.613 (Adjusted R Squared = 0.590)

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level

4.2.1 Model 1

The full table for model 1 is available in Appendix V. As table 3 shows, the adjusted R squared equals 0.582. This means that 58.2% of the variance found in the values of the dependent variable can be explained by the variance of the independent variable. As the Partial Eta Squared shows, the variable of embassy has a score of 0.002 which is only slightly higher than the scores for most countries. As such, the embassy variable does not contribute that much in comparison to other variables. However, it is significant at the 0.01 level, while most variables for countries do not achieve this level, if they achieve any significance level at all. Furthermore, as can be seen in the full table in Appendix V, the significance level of 0.007 leans towards the 0.005 level. This means that this variable is close to be classified as highly significant. Based solely on the results of this model, it can be stated that the number of embassies has a big effect on the size of FDI inflow.

4.2.2 Model 2

The full table for model 2 is available in Appendix VI. As table 3 shows, the adjusted R squared equals 0.590. This means that 59.0% of the variance found in the values of the dependent

variable can be explained by the variance of the independent variable. Therefore, the inclusion of control variables leads to a 1.8% increase in the ability of the model to explain the found variance of the dependent variable. The significance level of the embassy variable decreases from 0.007 in model 1 towards 0.05 in model 2. As such, the variable is significant at the 0.05 level, however, it is on the verge of being not significant. Out of the included control variables, population and internet users are significant. With a significance of 0, it goes beyond the significance level of 0.005, which makes it highly significant in explaining the variance of FDI inflow. And with a Partial Eta Squared of 0.020, the variance found in the population explains more of the overall variance of FDI, than the variance of the number of embassies. The internet users variable has a significance of 0.01, and is therefore significant at the 0.01 level, making it very significant. It has a Partial Eta Squared value of 0.002 and explains, therefore, slightly more of the overall variance than the embassy variable. Accordingly, this model shows that the number of embassies that a country has remains significant in explaining the size of FDI inflow in the respective country, however, the population size and the proportion of internet users of the respective country are more significant.

4.3 Parameter estimates

Parameter estimates indicate the contribution of a predictor. Table 4 presents a shortened overview of the values for model 1 and model 2. This table contains the B-coefficient, the standard error, and the Partial Eta Squared. Furthermore, the significance of the variables is marked with an asterisk.

The B-coefficient refers to the change of the dependent variable per 1 unit of the predictor. A positive B-coefficient indicates that with every increase of 1 unit of the predictor, the dependent variable will increase with the stated value. For example, the embassy variable in model 1 has a value of 560.956.755. This would mean that for every new embassy established, an increase of \$560.956.755 of FDI inflow can be expected within the respective country that opened a new embassy. Note that the interaction effect of the Type III Sum of Squares should not be forgotten in actually calculating the total FDI inflow of a country.

Table 4: Parameter estimates

	Model 1			Model 2		
	B	SE	P. Eta Sq.	B	SE	P. Eta Sq.
Intercept	-2.312E+10*	1.005E+10	.002	3.621E+10	4.701E+10	.000
Embassy	560956755**	208721752	.002	418666827*	213689744	.001
Population				380.620***	46.529	.020
Neighbours				-4.106E+9	3.850E+9	.000
Language				-2.482E+10	1.269E+10	.001
Lower middle income				-1.672E+9	2.211E+9	.000
Upper middle income				2.211E+9	3.144E+9	.000
High income				3.960E+9	4.357E+9	.000
Internet users				1.230E+10**	4.750E+9	.002
N	3549			3549		
Adj. R ²	.582			.590		

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level

Furthermore, the standard errors are indicated. These values illustrate the statistical accuracy of the model as they refer to the average distance between the regression line and the observed values. As such, the smaller the values, the more accurate the model is. What differs between the standard errors and the R Squared, is that the R Squared provides the correlation of the entire model and thus shows the overall fit between the observed data and the regression line, while the standard errors present the fit of a single variable and are therefore more precise.

4.3.1 Model 1

Model 1 contains solely the main variables. Zimbabwe (169) is the reference category for countries and the year 2000 (1) is the reference category for the years. The full table is visible in Appendix V.

As becomes clear from table 4, the variable for embassies is significant at the 0.01 level. This means that this variable contributes significantly to the model. Furthermore, the variable has a positive B-coefficient, namely 560.956.755. This implies that a country with more embassies around the world, will see a higher amount of inflow of FDI within the respective country. This indicates that for each embassy that a country establishes, the FDI within the same country is expected to rise with \$560.956.755. This works vice versa as well, meaning that for each embassy a country permanently closes, its FDI will decrease with \$560.956.755. Whether this is a relatively high or low B-coefficient depends on what it is compared with. Some B-

coefficients for the individual countries, which can be seen in Appendix V, are higher, while some are lower. Although the B-coefficient is thus neither explicitly big nor small, it should be noted that its significance level is what makes the variable relevant for this thesis. As it is significant at the 0.01 level, it can be explicitly said that the number of embassies has an undoubtedly positive influence on the size of FDI within the respective country.

When the embassy variable is compared to the Partial Eta Squared values for the individual countries, it can be seen that most countries have a value slightly under the embassy variable. This would indicate that the embassy variable explains more of the overall variance, only it explains this variance slightly more than the individual country variables would do. Next to some individual countries, there are other variables that have a slightly higher Partial Eta Squared value than the embassy variable. These variables are: 2007 (years) from here onwards only countries: China, Ireland, the Netherlands, Singapore, and the US. Furthermore, these variables are the only variables that go beyond a significance level of 0.005, making these variables highly significant and more significant than the embassy variable. Although it might be interesting to look at why these countries have such statistical relevance, it is beyond the scope of this thesis to do so.

4.3.2 Model 2

Model 2 contains the control variables as well. Zimbabwe (169) is the reference category for the countries, the year 2000 (1) is the reference category for the years, low income (1) is the reference category for GNI per capita, Northern Africa (1) is the reference category for the regions, and Presidential republic (1) is the reference category for the types of government. The full table is visible in Appendix VI.

As can be seen in table 4, the variable for embassies remains significant, although in this model it is only significant at the 0.05 level rather than the 0.01 level. The B-coefficient also remains positive at 418.666.827. This entails that a country that establishes an embassy can expect to see its inflow of FDI increase with \$418.666.827 and can expect to see its inflow of FDI decrease with the same amount if that country permanently closes an embassy. When looking at the control variables, it becomes clear that population appears to be highly significant at the 0.005 level. The variable has a positive B-coefficient of 380.620 indicating that a country can expect an increase of \$381 in FDI inflow for every single citizen it has. In addition, the population variable has a Partial Eta Squared value of 0.020, and therefore, explains more of the found variance of the dependent variable than the independent variable does. Furthermore,

the variable of internet users also proves to be significant. This variable is significant at the 0.001 level. It has a positive B-coefficient of 1.230E+10. In estimating the values of the FE model, this B-coefficient should be multiplied with the respective proportion of internet users of the population of the respective country and year. For instance, with a proportion of 0.47, the estimation looks as follows: $1.230E+10 * 0.47$. This variable has a Partial Eta Squared of 0.002 and is therefore slightly more contributing to the model than the embassy variable, which has a Partial Eta Squared value of 0.001. But there are more variables with a higher Partial Eta Squared value and therefore contribute more to the found variance of the model. These variables are: the years 2003, 2018, 2019, and 2020; population and internet users; the types of government of federal parliamentary republic, federal republic, and constitutional federal republic; the region Western Europe; and the countries Austria, Belgium, China, France, Georgia, Germany, Indonesia, India, Ireland, Iraq, Jordan, Japan, Laos, Nigeria, Nepal, Singapore, Spain, and the UK. These variables do vary in significance, and therefore, are significant at different levels.

As was mentioned in the previous section, it is beyond the scope of this thesis to look further into why these dummy control variables have such high values compared to the embassy variable. However, when considering the significant control variables in model 2, it is noteworthy that the variables that indicate a monarchy as a type of government are not significant. Note that some countries that are monarchies are significant in model 2, however, this indicates that the country is significant, not that a monarchy as a type of government is significant. This model shows a discrepancy between the results and the literature, as political and economic sociological literature would suggest that monarchies have a better economic performance than republics (Guillén, 2018). Guillén (2018) argues that monarchies have different institutional arrangements regarding property rights than republics which would lead to more economic innovation. Three reasons are given for this. First, monarchies can be considered as symbols dynastic national unity. According to Guillén (2018), this entails that there is less internal political and societal conflict regarding property rights. Second, Guillén (2018) states that monarchs desire continuity of reign to a larger extent than elected politicians who are more short-term viewed. This would thus lead to more focus on a qualitatively good government, which excludes policies that are financially beneficial to politicians after they are out of office. Third, monarchs, in general, can veto undesirable policies, and can therefore keep the executive branch of the government under control. All three reasons come down to the idea that monarchies are better at protecting property rights, which thus requires more economic innovation on behalf of entrepreneurs.

However, what Guillén (2018) neglects in his research is the potential diplomatic strength of republics versus monarchies. As the results in model 2 of this thesis show, some variations of republics are significant, which would potentially mean that the countries belonging to this type of government, are better at pursuing economic diplomacy and therefore have better economic relations with other states. Guillén (2018) defines economic performance based on GDP per capita on an annual basis. However, what is neglected in this definition is the distribution between GDP earned within the country and GDP earned through international trade. As such, there is a discrepancy between the results of this thesis and the scholarly literature, however, there are some minor differences regarding diplomatic strength which have not been researched yet.

4.4 Correlation

In model 2, it became clear that out of the included non-dummy control variables, population and internet users were the only significant ones. To illustrate their correlation with the main variables, four graphs are depicted below. These graphs show the relation between the global averages for the number of embassies, the global averages for the FDI inflow, the global averages for population, and the global averages for proportion of internet users. Furthermore, the R^2 is mentioned for each graph. This value indicates the degree of correlation. This value can be found between -1 and +1, and the farther away from 0, the stronger the association between the variables (Agresti & Finlay, 2009). The sign in front of the value indicates the direction of the association, which could thus range from perfectly positive (+1) to perfectly negative (-1).

Note that the R^2 is based on all values of the variables, and therefore, not solely on the average values which are depicted in the graphs. Microsoft excel is used to illustrate these graphs, however, this software does not allow for two separate line graphs. As such, one of the variables had to be depicted as a histogram, while the other was illustrated through a line graph.

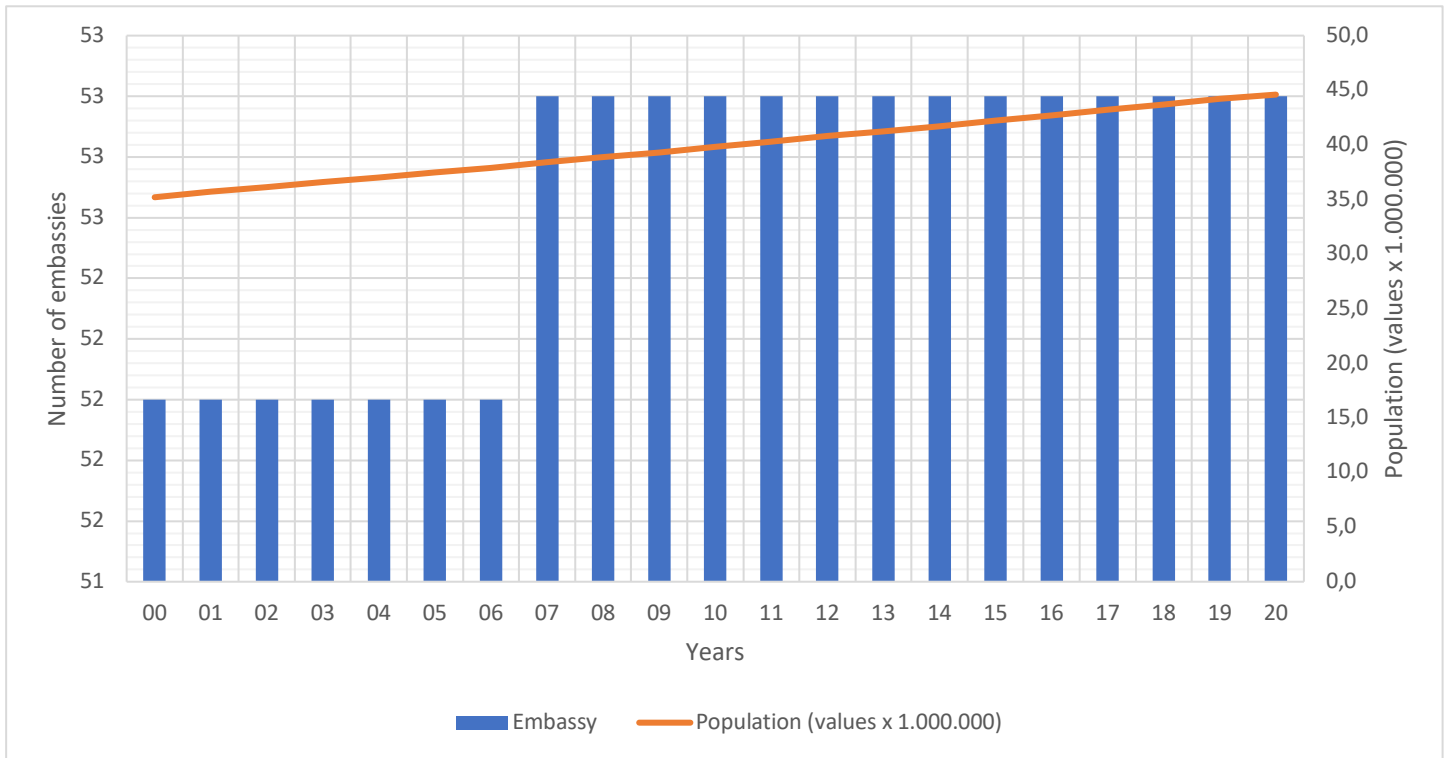
Graph 3 shows the relation between the global averages of the number of embassies on the left side, and on the right side, the global averages for Population. These variables have a R^2 of 0.195. Graph 4 shows the relation between the global averages of FDI inflow on the left side, and on the right side, the global averages for Population. These variables have a R^2 of 0.132. Graph 5 shows the relation between the global averages of the number of embassies on the left side, and on the right side, the global averages of the Proportion of internet users. These variables have a R^2 of 0.152. Graph 6 shows the relation between the global averages of FDI

inflow on the left side, and on the right side, the global averages of the Proportion of internet users. These variables have a R^2 of 0.063.

Between Population and Proportion of internet users, the previous sections have shown that Population has the highest Partial Eta Squared value, and therefore, contributes the most to the model. This entails that the variance found in the values of Population explains the most of the found variance in the values of FDI inflow, as FDI inflow is the dependent variable. This comes back when looking at the values of the R^2 in these graphs. The Population has higher values than the Proportion of internet users, and therefore, correlates to a higher degree with both the independent and the dependent variable.

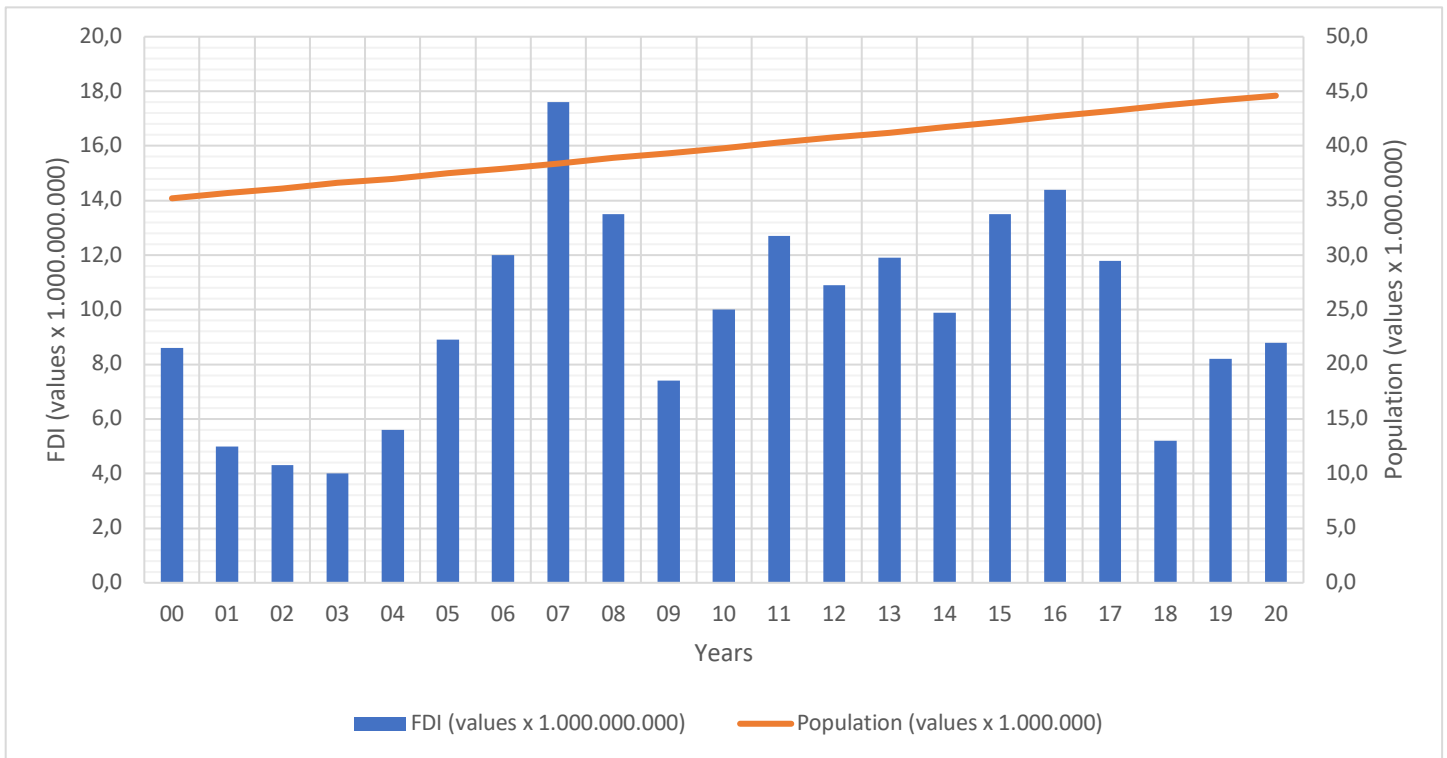
Graph 3: Number of embassies compared to Population

$R^2 = 0.195$



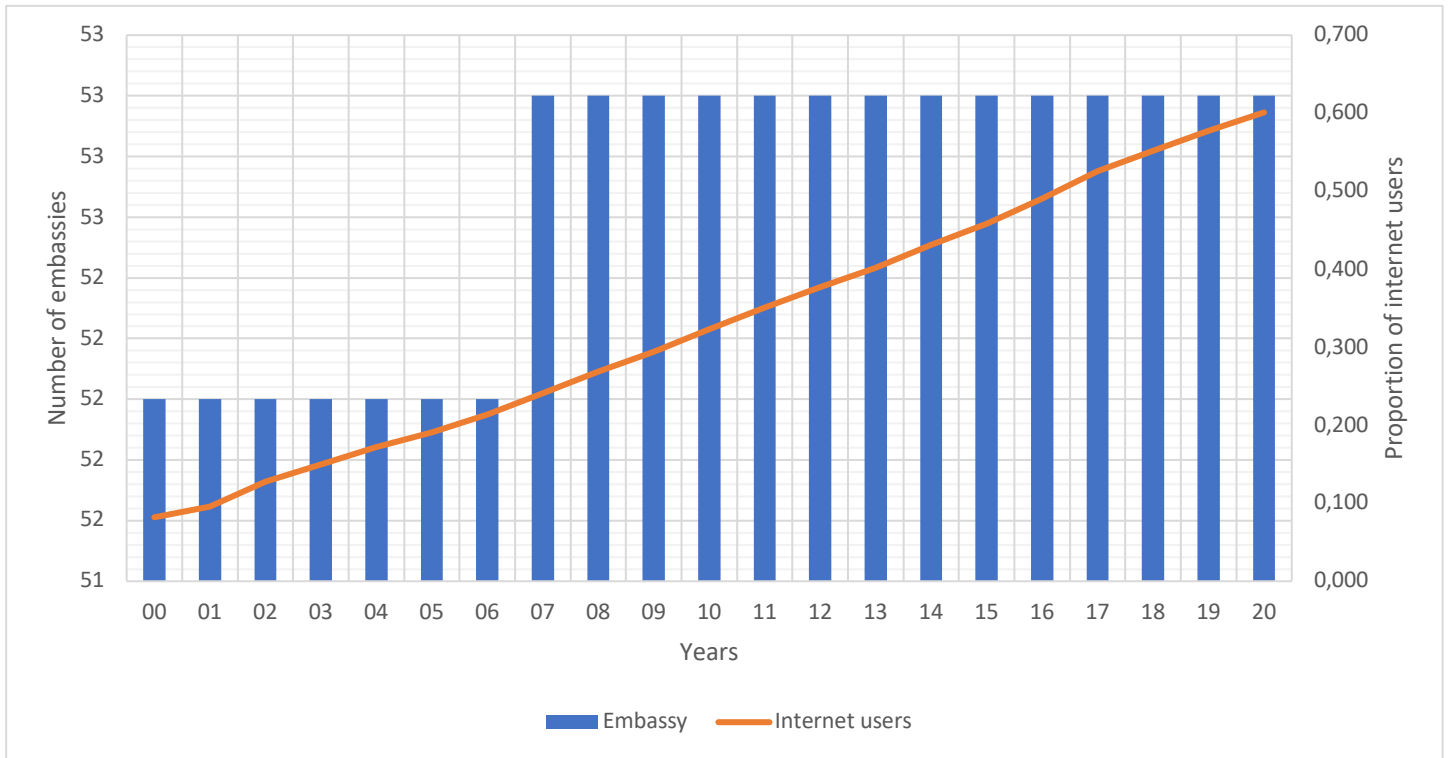
Graph 4: FDI compared to Population

$R^2 = 0.132$



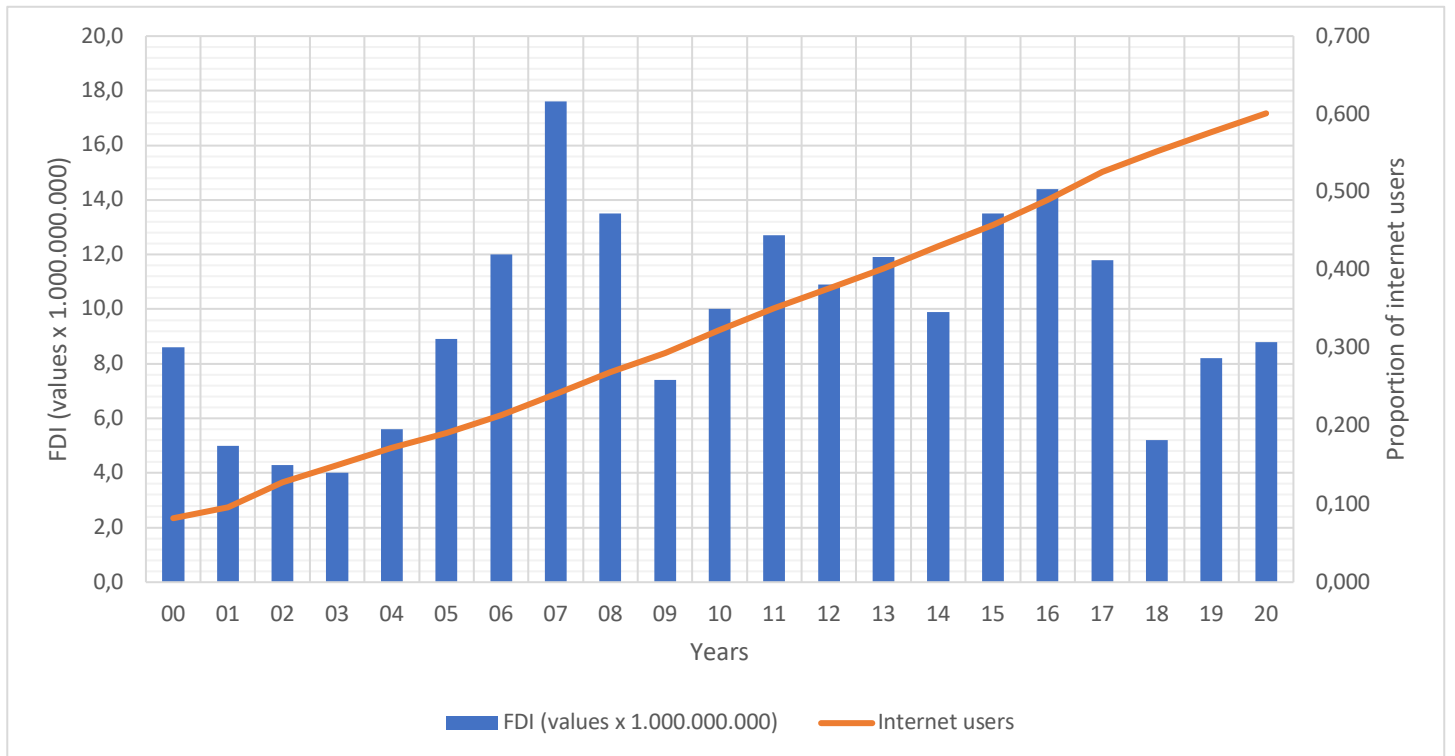
Graph 5: Number of embassies compared to Proportion of internet users

$R^2 = 0.152$



Graph 6: FDI compared to Proportion of internet users

$R^2 = 0.063$



5 Discussion

5.1 Limitations

With every choice made in the operationalization of this thesis, some limitations have developed. This part is meant to show and explain these limitations. First, as stated in the introduction, previous literature has used the terms economic diplomacy and commercial diplomacy interchangeably. As such, for continuity, this thesis has also used these terms interchangeably to correspond with the literature. However, as mentioned earlier in the introduction, both terms have their own definitions. The nuances of these terms have therefore been neglected in this thesis.

Furthermore, this thesis has only looked at diplomatic representations that are officially classified as embassies, as these are the highest diplomatic relations could have. As such, consulates, honorary consulates and commercial/trade offices have been neglected. This can be considered a loss of data. There are, however, two reasons behind this choice. First, previous literature (Melissen et al., 2011) has indicated that the effect of consulates and honorary consulates is negligible in comparison to the effects of embassies. It should be noted that this has only been researched in cases where the respective country had established both an embassy and a consulate, rather than in cases where there has only been a consulate. Second, the data collection of consulates, honorary consulates and commercial/trade offices is more difficult as the establishing of these offices is less prevalent written about in academic literature and press releases. This makes it more difficult to count the number of consulates or commercial/trade offices a country might have in a certain year as it becomes unmeasurable due to the lack of data. However, it should also be noted that not every embassy focuses specifically on Foreign Direct Investment. Some might be more focused on stimulating export volumes, while others might not even have a specific focus on economic diplomacy. Therefore, although this thesis assumes that embassies are the main actors in economic diplomacy, this might not be the case for every embassy.

Additionally, the values for the Foreign Direct Investment presented in this thesis only show the FDI invested by citizens or enterprises. As such, any investments made by government or (inter)national governmental organizations are neglected. This could be considered a loss of data. However, it was decided to still only focus on the private capital FDI as this data was available on a global scale, while investments from governments or (inter)national governmental organizations were not available in a comprehensive dataset.

What further complicates the data collection is the chosen time frame of 2000-2020. By choosing this time frame, all embassy establishments and permanent closings before 2000 or after 2020 are neglected, even though many diplomatic relations have been established before or after this period. However, with the chosen statistical method, it was necessary to have data available for every single variable in every single year for every single country. To have the largest dataset possible, a certain time frame had to be chosen, which meant that some relevant data from before 2000 or after 2020 had to be excluded.

In addition, by opting for a Fixed Effects model, comparisons between countries have been ruled out as a subject of research. As explained in the methodology, a FE model accounts for certain fixed effects of the cases by calculating the variance within the cases, and not between the cases. This thus prevents an accurate comparison between countries. However, it should be noted that this thesis has no intent to compare, as its intent is merely to estimate the effect of the number of embassies on FDI inflow.

Finally, this thesis has followed the reasoning that the establishment of embassies leads to more FDI inflow, which corresponds to the literature. However, the literature itself neglects the possibility of reverse causality, namely that more FDI inflow could lead to a need to improve trade relations, which could then lead to the establishment of embassies. Rose (2007) does try to account for reverse causality, but as will be explained in section 5.2, the choice of certain control variables is questionable. Balancing the research question with the available academic resources, it was decided to follow the established literature in assuming that the number of embassies has an influence on FDI inflow. In doing so, this thesis does not, however, rule out reverse causality.

5.2 Future research

For future studies, several recommendations can be made. First, this thesis has only looked at the totality of inflowing FDI. Future research could also include export volumes or even explore the effects of embassies on individual relationships between countries. It could analyse whether, for example, the opening of the embassy of country A in country B, leads to more export and/or import from country A to country B.

Second, future research could also apply a larger time frame. In doing so, the sample size becomes smaller. As in order to use the chosen method, every single variable for every single year and every single case has to be available, which is unlikely to be the case for all countries. This would cause that a number of countries has to be excluded from the study, which

thus leads the sample size to shrink. To avoid this problem, other scholars have also limited their sample size. Bagir (2020), for instance looks at the trade volumes between Turkey and 190 other countries. Yet, the sample is only limited to the period of 2006-2016. Pacheco et al. (2021) investigate Portugal's diplomatic network in 187 destinations between 2008 and 2018. And although these examples apply a longitudinal perspective, it is relatively short in comparison to the time frame of this thesis, and they solely look at the diplomatic network of one country in their studies. It should also be noted that by applying a larger time frame, not all data might be available for every country and for every year.

Third, only FDI made by citizens and private business are included. Future research could thus also look at investments made by governments, (inter)national governmental organizations or non-governmental organizations as these have been neglected in this thesis.

Fourth, future studies could look further into the effects of the variables of population and internet users, and specifically, on why these variables have a higher significance than the embassy variable. Previous research has not mentioned the statistical strength of this variable, and as such, the lack of information about these variables proves to be a rationale for further studying of the effects of population size on FDI inflow. Furthermore, as mentioned in section 4.3.2, some of the included control variables have a higher Partial Eta Squared value than the embassy variable. It could be interesting for future studies to research why some of these variables contribute to such a degree to the model.

Fifth, as shortly mentioned in the previous section on the limitations of this thesis, it should be noted that a possibility for reverse causality exists between the independent and dependent variables. Future studies could thus investigate this relationship and see whether previous scholarly work has misinterpreted the order of the causality, or whether there might be a statistical reasoning for not looking into this possibility. Rose (2007) is one of the few scholars that considers a potential reverse causality, and accounts for this by adding control variables that would indicate something about the presence of a diplomatic mission, such as, among others, the presence of raw materials or touristic attractiveness. But, as Bagir (2020) points out, these control variables and their validity and legitimacy are questionable as they would be correlated with trade volume as well. Therefore, further research could focus on other control variables that would be more legitimate.

Finally, this thesis has looked at the number of embassies as the independent variable. This has led the thesis to assume that simply the establishment of an embassy leads to a trade relation between two countries. But what is neglected is the question of the influence of trade and investment agreements between countries or other deepening efforts on the stimulation of

trade relations. This is more difficult to quantify than the exact numbers of embassies, as these agreements vary significantly in their goals and means. Some agreements can focus on specific economic sectors, while others tackle more procedural issues. Therefore, it would be beyond the scope of this thesis to analyse the effects of these trade agreements, but it would certainly be interesting and perhaps of added value for the field of economic diplomacy to look into this additional feature.

6 Conclusion

Although the research field of economic diplomacy is not new, its relevance is continuously affirmed by the current stream of scholarly articles published in this field. This thesis confirms the idea that economic diplomacy can be strengthened by establishing embassies which leads to an increase of FDI inflow but does so by adding new aspects. First, rather than applying a gravitational model, this thesis has applied a Fixed Effects model. Second, a cross-sectional and longitudinal dataset has been constructed. A dataset containing information on 169 countries for 21 years has not been used yet in any previous research, as most research has focused either on the diplomatic network of one country or on the data available for one single year. Furthermore, as no public dataset was available for the variable that measures the number of embassies, the values for this variable were manually calculated per country per year. As such, the rationale of this thesis is mostly statistical in nature.

Businesses that want to expand their business across borders can encounter a lot of sunk costs as they are venturing into markets unknown to them. Potential obstacles are language and cultural barriers, lack of information about the legal and financial system, and bureaucratic procedures. It is exactly with these obstacles that embassies can support businesses. Diplomatic support for businesses may be necessary in new markets as in some markets, the respective governments are still involved up until a potential dominant level, or as certain products, such as infrastructure or military equipment, are simply considered to be public goods. A broad network of diplomatic representation can therefore be helpful as a broad network indicates a trustworthy and stable relationship between states.

Embassies can support businesses by providing network activities for entrepreneurs, by providing legal and financial information about markets, by branding and promoting a country as a reliable trade partner, and it can also mediate contracts or supervise regulations.

Even in an era of increased digitalization with the growth of e-commerce, embassies can continue to support businesses. By providing a digital platform for entrepreneurs to meet each other, especially during the COVID-19 pandemic, embassies are able to build bridges between their fellow national and foreign businesses.

This thesis has applied a FE model to estimate whether the number of embassies a country has abroad matters for the degree of FDI inflow within the respective country. A FE model is preferred as this type of model can account for certain country and year related biases in the data. Since the dataset consists of data of 169 countries spread over 21 years, the possibility to account for country and year related biases is appreciated. For most variables,

previously constructed datasets were used, but they had to be manually constructed into one large dataset in SPSS. Only the independent variable that indicates the number of embassies per country per year was manually calculated, as there was no dataset available that contained this information.

When reviewing the results of the test of between-subjects effects and the parameter estimates, it becomes clear that the variable of the number of embassies is significant in both models. Furthermore, this variable has a positive B-coefficient in the parameter estimates. This entails that a positive relationship exists between the number of embassies a country has abroad and the degree of FDI inflow in the respective country. This confirms the presented hypothesis. Out of the non-dummy control variables, the population of a country and the proportion of its internet users proved to be even more significant than the embassy variable. Especially the population of a country proves to be of an influence for estimating the FDI inflow, as this variable had the highest Partial Eta Squared value out of all the variables. Furthermore, several dummy variables of certain countries, years, regions, and types of government proved to be significant at varying degrees. As previously mentioned, future research could further analyse these variables and their significance.

Yet, even with such significant results, there are also some limitations to this thesis. The thesis has only analysed the effects of embassies. Therefore, consulates, honorary consulates, commercial/trade offices, but also trade agreements were neglected. In addition, the thesis assumed the idea that a broad diplomatic network leads to more FDI inflow, as established in previous literature on economic diplomacy. However, the possibility of reverse causality is neglected. Future research could nonetheless look into the above-mentioned limitations. Although beyond the scope of this thesis, future research could also further analyse why certain control variables proved to be so significant and what they have in common. In conclusion, this thesis provided new statistical aspects that confirm the idea that a broad diplomatic network leads to more FDI inflow. Yet, more opportunities for future research remain to expand and elaborate on the findings of this thesis.

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Appendix I: Regional classification

Table 5: Regional classification of countries and their abbreviations

Classification according to the United Nations geoscheme (alphabetical order)

Northern Africa	STP – São Tomé & Príncipe	JAM – Jamaica KNA – Saint Kitts & Nevis LCA – Saint Lucia VCT – Saint Vincent & the Grenadines TTO – Trinidad & Tobago	Central Asia
DZA – Algeria EGY – Egypt MAR – Morocco SDN – Sudan TUN – Tunisia	Southern Africa		KAZ – Kazakhstan KGZ – Kyrgyzstan TJK – Tajikistan TKM – Turkmenistan UZB – Uzbekistan
Eastern Africa	BWA – Botswana SWZ – Eswatini LSO – Lesotho NAM – Namibia ZAF – South Africa		
COM – Comoros DJI - Djibouti ERI - Eritrea ETH - Ethiopia KEN – Kenya MDG – Madagascar MWI – Malawi MUS – Mauritius MOZ – Mozambique RWA – Rwanda SYC – Seychelles TZA – Tanzania UGA – Uganda ZMB – Zambia ZWE – Zimbabwe	Western Africa	Central America	Eastern Asia
	BEN – Benin BFA – Burkina Faso CPV – Cabo Verde CIV – Côte d’Ivoire GMB – Gambia GHA – Ghana GNB – Guinea-Bissau LBR – Liberia MLI – Mali MRT – Mauritania NER – Niger NGA – Nigeria SEN – Senegal SLE – Sierra Leone TGO – Togo	BLZ – Belize CRI – Costa Rica SLV – El Salvador GTM – Guatemala HND – Honduras MEX – Mexico NIC – Nicaragua PAN – Panama	CHN – China JPN – Japan MNG – Mongolia PRK – North Korea KOR – South Korea
Middle Africa		South America	South-eastern Asia
CMR – Cameroon CAF – Central African Republic TCD – Chad COG – Republic of the Congo COD – Democratic Republic of the Congo GNQ – Equatorial Guinea GAB – Gabon	Caribbean	ARG – Argentina BOL – Bolivia BRA – Brazil CHL – Chile COL – Colombia ECU – Ecuador GUY – Guyana PRY – Paraguay PER – Peru SUR – Suriname URY – Uruguay VEN – Venezuela	BRN – Brunei KHM – Cambodia IDN – Indonesia LAO – Laos MYS – Malaysia MMR – Myanmar PHL – Philippines SGP – Singapore THA – Thailand VNM – Vietnam
	BHS – Bahamas BRB – Barbados DMA – Dominica DOM – Dominican Republic GRD – Grenada HTI – Haiti	Northern America	Southern Asia
		CAN – Canada USA – United States	BGD – Bangladesh IND – India IRN – Iran MDV – Maldives NPL – Nepal PAK – Pakistan LKA – Sri Lanka

Continuation of table 5

Western Asia	Southern Europe	Western Europe	Melanesia
ARM – Armenia BHR – Bahrain CYP – Cyprus GEO – Georgia IRQ – Iraq ISR – Israel JOR – Jordan KWT – Kuwait LBN – Lebanon OMN – Oman QAT – Qatar SAU – Saudi Arabia TUR – Turkey ARE – United Arab Emirates	ALB – Albania HRV – Croatia GRC – Greece ITA – Italy MLT – Malta MKD – North Macedonia PRT – Portugal SVN – Slovenia ESP – Spain	AUT – Austria BEL – Belgium FRA – France DEU – Germany NLD – Netherlands CHE – Switzerland	FJI – Fiji PNG – Papua New Guinea SLB – Solomon Islands VUT – Vanuatu
	Northern Europe	Australia & New Zealand	Micronesia
	DNK – Denmark EST – Estonia FIN – Finland ISL – Iceland IRL – Ireland LVA – Latvia LTU – Lithuania NOR – Norway SWE – Sweden GBR -United Kingdom	AUS – Australia NZL – New Zealand	KIR – Kiribati MHL – Marshall Islands PLW – Palau
Eastern Europe			Polynesia
BLR – Belarus BGR – Bulgaria CZE – Czech Republic HUN – Hungary MDA – Moldova POL – Poland ROU – Romania SVK – Slovakia UKR – Ukraine			WSM – Samoa TON – Tonga

Appendix II: Average values independent variable

Table 6: Average values of the number of embassies

Regions	Year																				
	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Global (169)	52	52	52	52	52	52	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53
Northern Africa (5)	81	81	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	81	81	81
Eastern Africa (15)	28	28	28	28	28	28	28	28	28	28	28	28	29	29	29	29	29	29	29	29	29
Middle Africa (8)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Southern Africa (5)	34	34	34	34	35	35	35	35	35	35	35	36	36	36	36	36	36	36	36	36	36
Western Africa (15)	32	32	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Caribbean (11)	13	13	13	13	13	13	13	13	13	13	13	13	14	14	14	14	14	14	14	14	14
Central America (8)	41	41	41	41	41	41	41	41	41	42	42	42	42	42	42	42	42	42	42	42	42
South America (12)	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	58	57	57
Northern America (2)	131	131	131	132	132	132	133	133	133	133	134	134	134	134	134	134	135	135	135	135	135
Central Asia (5)	37	37	37	37	37	37	37	37	38	38	38	38	38	38	38	38	38	38	38	38	38
Eastern Asia (5)	101	101	101	102	102	102	102	102	102	103	103	103	103	103	103	103	102	102	103	103	103
South-eastern Asia (10)	52	52	52	53	53	53	53	53	53	53	53	53	53	53	53	52	52	52	52	52	52
Southern Asia (7)	66	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68	68	68	68	67
Western Asia (14)	67	67	68	68	68	69	69	69	70	71	71	72	72	73	74	75	75	75	75	76	76
Eastern Europe (9)	81	81	81	81	81	81	81	81	81	81	81	81	81	80	80	80	80	80	80	80	80
Northern Europe (10)	68	68	68	69	68	69	69	69	69	69	69	69	69	68	68	68	68	68	68	68	67
Southern Europe (9)	65	65	65	65	65	66	66	67	67	68	68	68	68	67	67	67	67	67	67	67	67
Western Europe (6)	115	115	115	115	115	115	115	115	115	116	116	116	116	116	115	115	115	115	115	115	115
Australia & New Zealand (2)	64	64	64	65	65	65	66	66	66	66	66	66	66	66	66	67	67	67	67	68	68
Melanesia (4)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Micronesia (3)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Polynesia (2)	4	4	4	4	4	4	4	4	4	6	6	6	6	6	6	6	6	6	6	6	6

Appendix III: Average values dependent variable

Table 7: Average values of the inflow of FDI (values x 1.000.000.000)

Regions	Year																				
	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Global (169)	8.6	5.0	4.3	4.0	5.6	8.9	12.0	17.6	13.5	7.4	10.0	12.7	10.9	11.9	9.9	13.5	14.4	11.8	5.2	8.2	8.8
Northern Africa (5)	0.7	1.3	0.9	1.4	1.2	1.5	3.2	3.0	3.4	2.8	1.7	0.6	1.6	0.8	2.6	3.7	2.2	1.0	1.5	1.6	1.4
Eastern Africa (15)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.4	0.4	0.4	0.5	0.8	1.0	1.1	0.9	0.8	0.8	0.8	0.8	0.7	0.6
Middle Africa (8)	0.1	0.2	0.3	0.3	0.2	<0.1	0.3	0.6	0.5	0.5	1.1	0.7	0.7	0.7	0.7	0.7	0.4	1.0	1.1	1.0	1.1
Southern Africa (5)	0.3	1.5	0.4	0.3	0.3	1.5	0.4	1.6	2.3	1.8	0.9	1.1	1.2	1.8	1.4	0.6	0.6	0.5	1.2	1.0	0.6
Western Africa (15)	0.1	0.1	0.2	0.2	0.2	0.5	<0.1	0.6	0.9	0.9	1.3	1.2	1.2	1.0	0.8	0.7	0.7	0.7	0.5	0.7	0.7
Caribbean (11)	0.3	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.8	0.4	0.4	0.4	0.3	0.2	0.5	0.4	0.5	0.5	0.4	0.4	0.3
Central America (8)	2.5	3.9	3.1	2.6	3.6	3.8	3.6	4.9	4.8	3.0	4.6	4.3	3.5	7.7	5.2	6.0	6.3	5.5	6.2	5.0	4.1
South America (12)	4.8	3.2	2.3	1.8	3.1	3.7	3.8	7.1	8.5	5.4	10.8	14.3	15.2	19.0	12.0	10.5	9.5	9.4	10.1	9.5	5.3
Northern America (2)	208.7	100.4	67.8	62.1	107.5	83.9	181.3	233.5	205.6	91.0	146.9	150.9	149.9	177.6	158.0	285.7	254.3	203.1	128.5	175.4	118.9
Central Asia (5)	0.3	0.6	0.6	0.6	1.3	0.7	1.8	2.8	3.9	4.0	2.7	3.9	3.6	2.9	2.5	2.5	4.4	1.7	0.6	1.8	2.0
Eastern Asia (5)	12.9	11.7	1.4	14.8	17.8	24.7	26.2	37.4	41.7	30.6	52.5	58.7	51.1	63.3	59.5	50.4	44.7	40.9	55.0	47.9	57.2
South-eastern Asia (10)	2.2	2.2	1.7	2.7	3.9	4.4	6.7	8.4	5.2	4.7	10.8	10.2	11.5	13.3	13.0	13.3	11.7	17.3	15.6	19.1	13.5
Southern Asia (7)	0.6	0.9	1.4	1.1	1.5	1.9	3.9	4.9	7.5	6.6	5.0	6.4	4.6	5.2	6.1	7.4	7.7	7.3	7.3	8.3	10.0
Western Asia (14)	0.7	0.7	0.4	1.1	1.6	3.6	6.0	6.5	7.6	9.8	7.2	7.4	9.3	5.7	6.5	5.3	3.9	4.3	3.7	6.8	4.2
Eastern Europe (9)	2.5	2.2	2.7	2.6	5.6	9.1	11.6	20.7	21.6	7.0	6.6	11.0	9.5	8.8	7.1	2.8	14.9	5.7	<0.1	17.7	21.0
Northern Europe (10)	27.2	10.1	15.4	7.8	10.0	36.2	27.6	38.9	36.7	8.2	13.2	8.1	13.0	12.4	17.9	32.2	43.9	23.6	3.6	0.8	9.5
Southern Europe (9)	7.0	5.8	6.6	7.3	6.7	10.3	15.4	20.6	11.2	4.5	7.6	9.3	5.6	9.9	7.8	5.1	9.6	7.1	13.8	9.3	3.0
Western Europe (6)	78.9	43.8	25.8	31.4	35.0	78.7	110.8	180.4	82.4	51.7	60.3	113.5	65.8	62.2	25.1	86.5	87.7	79.7	<0.1	<0.1	33.0
Australia & New Zealand (2)	6.7	5.5	8.8	2.8	22.6	<0.1	16.7	24.4	23.9	14.3	17.7	33.5	30.7	27.2	33.2	23.4	22.5	25.3	31.9	21.0	11.8
Melanesia (4)	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	0.2	0.2	0.2	0.2	0.1	0.1	<0.1	<0.1	0.1	0.1	0.1	0.1	0.4	<0.1	<0.1
Micronesia (3)	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Polynesia (2)	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1

Appendix IV: Average and descriptive values control variables

Table 8: Average values of Population (values x 1.000.000)

Regions	Year																				
	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Global (169)	35.2	35.7	36.1	36.6	37.0	37.5	37.9	38.4	38.9	39.3	39.8	40.3	40.8	41.2	41.7	42.2	42.7	43.2	43.7	44.2	44.6
Northern Africa (5)	30.3	30.9	31.5	32.1	32.7	33.3	33.9	34.5	35.2	35.9	36.6	37.4	38.2	39.1	39.9	40.8	41.7	42.6	43.5	44.4	45.3
Eastern Africa (15)	15.7	16.1	16.5	17.0	17.4	17.9	18.4	18.9	19.4	20.0	20.5	21.1	21.7	22.3	22.9	23.6	24.3	24.9	25.6	26.3	27.0
Middle Africa (8)	10.0	10.3	10.6	10.9	11.2	11.6	11.9	12.3	12.7	13.1	13.5	14.0	14.4	14.9	15.3	15.8	16.3	16.8	17.3	17.8	18.3
Southern Africa (5)	10.3	10.4	10.6	10.7	10.8	10.9	11.1	11.2	11.4	11.5	11.7	11.9	12.0	12.2	12.4	12.6	12.8	13.0	13.1	13.3	13.5
Western Africa (15)	15.1	15.5	15.9	16.3	16.8	17.3	17.7	18.2	18.7	19.3	19.8	20.3	20.9	21.5	22.1	22.7	23.3	23.9	24.6	25.2	25.9
Caribbean (11)	2.0	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.5
Central America (8)	16.9	17.2	17.4	17.7	18.0	18.2	18.5	18.8	19.1	19.4	19.7	19.9	20.2	20.5	20.8	21.0	21.3	21.6	21.8	22.1	22.3
South America (12)	29.0	29.4	29.8	30.2	30.6	31.0	31.3	31.7	32.0	32.4	32.7	33.0	33.4	33.7	34.0	34.3	34.7	35.0	35.3	35.6	35.9
Northern America (2)	156.4	158.0	159.5	160.9	162.4	163.9	165.5	167.1	168.7	170.2	171.7	173.0	174.3	175.6	176.9	178.2	179.6	180.8	182.0	183.0	183.7
Central Asia (5)	11.0	11.1	11.2	11.3	11.5	11.6	11.7	11.9	12.1	12.3	12.6	12.9	13.1	13.3	13.5	13.8	14.0	14.3	14.5	14.8	15.0
Eastern Asia (5)	292.4	294.4	296.3	298.0	299.6	301.2	302.8	304.3	305.7	307.1	308.5	310.0	311.9	313.8	315.6	317.2	318.9	320.6	321.9	322.9	323.5
South-eastern Asia (10)	52.4	53.2	53.9	54.6	55.3	56.0	56.7	57.4	58.1	58.9	59.6	60.3	61.1	61.8	62.6	63.3	64.0	64.7	65.4	66.1	66.7
Southern Asia (7)	205.0	208.7	212.4	216.0	219.6	223.2	226.7	230.3	233.7	237.1	240.4	243.6	246.8	249.9	253.0	256.1	259.2	262.3	265.5	268.6	271.6
Western Asia (14)	10.0	10.2	10.4	10.6	10.8	11.1	11.3	11.6	11.9	12.2	12.5	12.9	13.2	13.5	13.9	14.2	14.5	14.8	15.1	15.3	15.5
Eastern Europe (9)	30.3	30.2	30.0	29.8	29.7	29.6	29.5	29.4	29.3	29.3	29.3	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.1	29.0
Northern Europe (10)	9.4	9.4	9.5	9.5	9.6	9.6	9.7	9.7	9.8	9.9	9.9	10.0	10.1	10.1	10.2	10.2	10.3	10.4	10.5	10.5	10.6
Southern Europe (9)	14.5	14.5	14.6	14.7	14.9	15.0	15.1	15.2	15.4	15.4	15.5	15.5	15.5	15.6	15.6	15.6	15.5	15.5	15.5	15.5	15.5
Western Europe (6)	30.7	30.9	31.0	31.1	31.2	31.4	31.4	31.5	31.6	31.7	31.8	31.6	31.8	31.9	32.0	32.2	32.4	32.6	32.7	32.8	32.9
Australia & New Zealand (2)	11.5	11.6	11.8	12.0	12.1	12.3	12.4	12.5	12.8	13.0	13.2	13.4	13.6	13.8	14.0	14.2	14.5	14.7	14.9	15.2	15.4
Melanesia (4)	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7
Micronesia (3)	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Polynesia (2)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2

Table 9: Average values of Income level

Categories: Low income (1), Lower middle income (2), Upper middle income (3), High income (4)

Regions	Year																				
	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Global (169)	2.25	2.24	2.26	2.27	2.31	2.35	2.39	2.46	2.53	2.56	2.62	2.62	2.69	2.69	2.75	2.72	2.72	2.75	2.77	2.79	2.76
Northern Africa (5)	1.67	1.67	1.67	1.67	1.83	1.83	1.83	2.00	2.17	2.17	2.33	2.50	2.50	2.50	2.50	2.33	2.17	2.17	2.17	1.83	1.83
Eastern Africa (15)	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.40	1.40	1.40	1.40	1.53	1.53	1.53	1.53	1.67	1.80	1.73
Middle Africa (8)	1.38	1.25	1.25	1.25	1.50	1.75	1.75	1.88	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.88	1.88	1.88	1.88	1.88	1.88
Southern Africa (5)	2.20	2.00	2.00	2.00	2.20	2.40	2.40	2.40	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Western Africa (15)	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.20	1.27	1.40	1.33	1.40	1.40	1.40	1.33	1.33	1.33	1.40	1.47	1.47
Caribbean (11)	2.73	2.64	2.73	2.73	2.73	2.73	2.91	3.00	3.09	3.09	3.18	3.18	3.18	3.18	3.18	3.18	3.18	3.18	3.18	3.18	3.27
Central America (8)	2.25	2.25	2.38	2.38	2.38	2.50	2.50	2.50	2.38	2.38	2.38	2.38	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.50
South America (12)	2.42	2.42	2.33	2.33	2.33	2.33	2.42	2.50	2.67	2.67	2.75	2.75	2.92	2.92	3.17	3.08	3.08	3.17	3.08	3.08	3.08
Northern America (2)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central Asia (5)	1.40	1.40	1.40	1.40	1.40	1.40	1.60	1.60	1.60	1.80	1.80	2.00	2.00	2.20	2.40	2.40	2.40	2.20	2.20	2.20	2.40
Eastern Asia (5)	2.20	2.40	2.40	2.40	2.40	2.40	2.40	2.60	2.60	2.60	2.80	2.80	2.80	2.80	3.00	2.80	2.80	2.80	2.80	2.80	2.80
South-eastern Asia (10)	2.00	2.00	2.00	2.10	2.10	2.10	2.10	2.10	2.10	2.20	2.40	2.40	2.40	2.40	2.50	2.60	2.60	2.60	2.60	2.70	2.60
Southern Asia (7)	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.57	1.71	1.86	2.00	2.00	2.00	2.00	2.14	2.14	2.14	2.14	2.29	2.29	2.14
Western Asia (14)	2.93	2.93	3.00	3.07	3.21	3.21	3.21	3.29	3.29	3.29	3.36	3.36	3.43	3.43	3.43	3.50	3.36	3.50	3.57	3.57	3.57
Eastern Europe (9)	2.20	2.20	2.30	2.30	2.40	2.60	2.80	3.10	3.10	3.20	3.20	3.20	3.20	3.20	3.30	3.20	3.20	3.20	3.20	3.30	3.30
Northern Europe (10)	3.50	3.70	3.70	3.70	3.70	3.70	3.80	3.80	3.80	3.90	3.80	3.80	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Southern Europe (9)	3.44	3.33	3.44	3.44	3.44	3.44	3.44	3.44	3.67	3.78	3.78	3.67	3.78	3.78	3.78	3.78	3.67	3.78	3.78	3.78	3.44
Western Europe (6)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Australia & New Zealand (2)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Melanesia (4)	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.75	2.25	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Micronesia (3)	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.67	2.67	2.67	2.67	3.00	3.00	3.00	3.00	3.00
Polynesia (2)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.00	3.00	3.00	3.00	3.00	2.50

Table 10: Frequencies Type of government

Categories	Frequencies	Countries
1. Presidential republic	62	Algeria, Angola, Argentina, Belarus, Benin, Bolivia, Burkina Faso, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo, Rep., Costa Rica, Côte d'Ivoire, Cyprus, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Gabon, Gambia, Ghana, Guatemala, Honduras, Indonesia, Kazakhstan, Kenya, Kiribati, Liberia, Malawi, Maldives, Mauritania, Mozambique, Namibia, Nicaragua, Palau, Panama, Paraguay, Peru, Philippines, Rwanda, Senegal, Seychelles, Sierra Leone, South Korea, Sri Lanka, Sudan, Suriname, Tajikistan, Tanzania, Togo, Turkey, Turkmenistan, Uganda, Uruguay, Uzbekistan, Zambia, Zimbabwe
2. Parliamentary republic	34	Albania, Bangladesh, Barbados, Botswana, Bulgaria, Cabo Verde, Croatia, Czech Republic, Dominica, Estonia, Fiji, Finland, Greece, Guyana, Hungary, Ireland, Italy, Kyrgyzstan, Latvia, Lebanon, Malta, Mauritius, Moldova, Myanmar, North Macedonia, Poland, Samoa, Singapore, Slovakia, Slovenia, South Africa, Trinidad & Tobago, Tunisia, Vanuatu
3. Federation of monarchies	1	United Arab Emirates
4. Parliamentary democracy	11	Armenia, Bahamas, Belize, Grenada, Israel, Jamaica, New Zealand, Papua New Guinea, Saint Lucia, Saint Vincent & the Grenadines, Solomon Islands
5. Federal parliamentary democracy	4	Australia, Belgium, Canada, Saint Kitts & Nevis
6. Federal parliamentary republic	7	Austria, Ethiopia, Germany, India, Iraq, Nepal, Pakistan
7. Constitutional monarchy	4	Bahrain, Kuwait, Thailand, Tonga
8. Federal presidential republic	5	Brazil, Comoros, Mexico, Nigeria, Venezuela
9. Absolute monarchy	5	Brunei, Eswatini, Oman, Qatar, Saudi Arabia
10. Federal republic	1	Switzerland
11. Communist party-led state	1	China
12. Semi-presidential republic	14	Congo, Dem. Rep., France, Georgia, Guinea-Bissau, Haiti, Lithuania, Madagascar, Mali, Mongolia, Niger, Portugal, Romania, São Tomé & Príncipe, Ukraine

13. Parliamentary constitutional monarchy	11	Cambodia, Denmark, Japan, Jordan, Lesotho, Morocco, Netherlands, Norway, Spain, Sweden, United Kingdom
14. Theocratic republic	1	Iran
15. Unitary parliamentary republic	1	Iceland
16. Communist state	2	Laos, Vietnam
17. Mixed presidential-parliamentary system	1	Marshall Islands
18. Federal parliamentary constitutional monarchy	1	Malaysia
19. Dictatorship	1	North Korea
20. Semi-presidential federation	1	Russia
21. Constitutional federal republic	1	USA
Total	169	

For each type of government, the frequency and the corresponding countries are mentioned. The classification is made by the US Central Intelligence Agency. They do not disclose the nuances of these categorizations, and also do not provide any explanations why a country is categorized a certain way.

Table 11: Descriptive values for Neighbouring countries

Categories	Min	Max	Mean	Std. Deviation	Median
Global	0	14	3.24	2.619	3.00
Northern Africa	2	7	4.07	1.645	3.50
Eastern Africa	0	8	3.59	2.640	4.00
Middle Africa	0	9	4.50	2.606	5.00
Southern Africa	1	6	3.40	1.752	4.00
Western Africa	0	7	3.67	1.889	4.00
Caribbean	0	1	0.18	0.387	0.00
Central America	2	4	2.50	0.709	2.00
South America	2	10	4.08	2.104	3.00
Northern America	1	2	1.50	0.506	1.50
Central Asia	4	5	4.40	0.492	4.00
Eastern Asia	0	14	4.00	5.123	2.00
South-eastern Asia	0	5	2.70	1.739	3.00
Southern Asia	0	7	3.00	2.572	2.00
Western Asia	0	8	3.36	2.352	3.50
Eastern Europe	2	14	5.90	2.989	5.00
Northern Europe	0	4	2.10	1.303	2.00
Southern Europe	0	6	3.61	1.869	4.00
Western Europe	2	9	6.00	2.527	6.50
Australia & New Zealand	0	0	0.00	0.00	0.00
Melanesia	0	1	0.25	0.436	0.00
Micronesia	0	0	0.00	0.00	0.00
Polynesia	0	0	0.00	0.00	0.00

In the time period of 2000-2020 some new countries were established. However, since the establishing of a new country happened so little in this period, it was decided to not present the average values per year per region, but to provide a general overview of the descriptive values per region and on a global scale.

Table 12: Proportions of Language

Categories	Proportions	Std. Deviation	Median
Global	0.63	0.484	1.00
Northern Africa	0.83	0.374	1.00
Eastern Africa	0.87	0.340	1.00
Middle Africa	0.88	0.332	1.00
Southern Africa	1.00	0.00	1.00
Western Africa	0.80	0.401	1.00
Caribbean	1.00	0.00	1.00
Central America	1.00	0.00	1.00
South America	0.83	0.373	1.00
Northern America	1.00	0.00	1.00
Central Asia	0.20	0.402	0.00
Eastern Asia	0.20	0.402	0.00
South-eastern Asia	0.20	0.401	0.00
Southern Asia	0.14	0.351	0.00
Western Asia	0.64	0.480	1.00
Eastern Europe	0.20	0.401	0.00
Northern Europe	0.20	0.401	0.00
Southern Europe	0.22	0.417	0.00
Western Europe	0.50	-.502	0.50
Australia & New Zealand	1.00	0.00	1.00
Melanesia	1.00	0.00	1.00
Micronesia	0.67	0.475	1.00
Polynesia	1.00	0.00	1.00

Countries in which none of the official languages corresponds to the United Nations working languages, are classified with a 0 for this variable. Countries in which at least one of the official languages corresponds to the United Nations working languages, receives a 1. Considering how the official languages typically do not change over time, there was no need to present the average values per year. As such, solely the proportions, the standard deviation, and median on a global scale and per region are shown.

Table 13: Average proportions of internet users

Regions	Year																				
	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Global (169)	.082	.096	.128	.150	.172	.191	.214	.241	.269	.294	.323	.351	.377	.402	.431	.458	.490	.526	.552	.577	.601
Northern Africa (5)	.008	.012	.020	.027	.065	.077	.102	.125	.173	.202	.233	.240	.268	.297	.335	.357	.382	.427	.465	.523	.592
Eastern Africa (15)	.009	.015	.018	.024	.033	.037	.047	.055	.063	.071	.081	.093	.104	.121	.139	.166	.181	.215	.243	.262	.284
Middle Africa (8)	.008	.009	.013	.019	.024	.028	.031	.038	.043	.053	.065	.083	.100	.119	.141	.163	.180	.276	.226	.241	.253
Southern Africa (5)	.022	.024	.032	.034	.040	.042	.046	.050	.060	.072	.114	.160	.202	.262	.296	.332	.370	.406	.462	.484	.496
Western Africa (15)	.003	.004	.007	.009	.014	.019	.025	.029	.037	.045	.060	.070	.080	.095	.117	.151	.199	.239	.273	.299	.328
Caribbean (11)	.049	.078	.143	.179	.206	.237	.259	.285	.314	.352	.389	.440	.462	.481	.527	.558	.593	.626	.656	.663	.670
Central America (8)	.035	.045	.071	.083	.090	.109	.138	.154	.184	.205	.230	.260	.284	.305	.338	.391	.430	.471	.514	.546	.575
South America (12)	.044	.059	.073	.091	.111	.135	.168	.213	.255	.306	.349	.387	.429	.463	.490	.530	.561	.595	.628	.662	.703
Northern America (2)	.470	.545	.605	.630	.655	.700	.705	.740	.755	.755	.760	.765	.790	.785	.800	.825	.885	.900	.915	.930	.940
Central Asia (5)	.004	.010	.012	.016	.024	.036	.052	.066	.182	.116	.158	.212	.256	.278	.318	.356	.390	.412	.440	.492	.502
Eastern Asia (5)	.156	.202	.226	.252	.296	.312	.328	.356	.378	.398	.412	.426	.442	.474	.490	.508	.522	.530	.586	.608	.640
South-eastern Asia (10)	.073	.094	.110	.129	.161	.184	.199	.226	.232	.244	.277	.301	.324	.340	.378	.415	.488	.527	.566	.594	.631
Southern Asia (7)	.007	.011	.023	.030	.033	.037	.050	.061	.084	.093	.113	.133	.150	.176	.214	.240	.279	.317	.349	.360	.447
Western Asia (14)	.071	.088	.110	.139	.154	.171	.208	.275	.325	.376	.441	.508	.559	.609	.651	.684	.734	.784	.811	.839	.865
Eastern Europe (9)	.048	.075	.137	.176	.223	.257	.307	.350	.404	.453	.494	.527	.572	.614	.649	.658	.696	.726	.750	.778	.808
Northern Europe (10)	.304	.353	.513	.582	.625	.666	.714	.737	.773	.796	.881	.833	.851	.867	.877	.884	.885	.891	.901	.915	.929
Southern Europe (9)	.110	.152	.193	.249	.292	.328	.366	.411	.454	.520	.560	.583	.606	.642	.662	.688	.710	.729	.764	.796	.804
Western Europe (6)	.330	.387	.473	.518	.582	.628	.672	.728	.757	.775	.807	.827	.837	.848	.858	.857	.853	.873	.882	.890	.900
Australia & New Zealand (2)	.470	.530	.585	.595	.600	.630	.675	.700	.720	.770	.780	.805	.805	.830	.840	.850	.870	.875	.885	.895	.910
Melanesia (4)	.010	.015	.030	.033	.038	.040	.050	.055	.060	.078	.085	.113	.140	.148	.180	.208	.235	.288	.295	.295	.295
Micronesia (3)	.013	.047	.083	.093	.117	.117	.120	.123	.130	.140	.143	.157	.170	.177	.187	.203	.253	.297	.317	.343	.347
Polynesia (2)	.015	.025	.025	.030	.035	.040	.050	.060	.065	.080	.115	.180	.215	.240	.285	.320	.345	.375	.375	.375	.375

Appendix V: Fixed Effects model: model 1

Table 14: Test of Between-Subjects Effects FE model 1

With the year 2000 (1) as a reference category for the years

Dependent variable: FDI rounded to whole US Dollars						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	3.137E+24 ^a	189	1.660E+22	27.093	0.000***	.604
Intercept	2.128E+21	1	2.128E+21	3.473	.062	.001
Embassy	4.425E+21	1	4.425E+21	7.223	.007**	.002
Time 2001	1.135E+21	1	1.135E+21	1.853	1.74	.001
Time 2002	1.658E+21	1	1.658E+21	2.706	.100	.001
Time 2003	1.912E+21	1	1.912E+21	3.120	.077	.001
Time 2004	8.902E+20	1	8.902E+20	1.453	.228	.000
Time 2005	3.967E+17	1	3.967E+17	.001	.980	.000
Time 2006	8.001E+20	1	8.001E+20	1.306	.253	.000
Time 2007	6.193E+21	1	6.193E+21	10.109	.001***	.003
Time 2008	1.645E+21	1	1.645E+21	2.686	.101	.001
Time 2009	2.654E+20	1	2.654E+20	.433	.510	.000
Time 2010	5.251E+19	1	5.251E+19	.086	.770	.000
Time 2011	9.803E+20	1	9.803E+20	1.600	.206	.000
Time 2012	2.163E+20	1	2.163E+20	.353	.552	.000
Time 2013	5.670E+20	1	5.670E+20	.925	.336	.000
Time 2014	2.699E+19	1	2.699E+19	.044	.834	.000
Time 2015	1.467E+21	1	1.467E+21	2.394	.122	.001
Time 2016	2.156E+21	1	2.156E+21	3.520	.061	.001
Time 2017	4.951E+20	1	4.951E+20	.808	.369	.000
Time 2018	1.409E+21	1	1.409E+21	2.299	.130	.001
Time 2019	1.250E+20	1	1.250E+20	.204	.652	.000
Time 2020	2.670E+19	1	2.670E+19	.044	.835	.000
Country ID	2.084E+24	168	1.240E+22	20.247	.000***	.503
Error	2.058E+24	3359	6.126E+20			
Total	5.530E+24	3549				
Corrected total	5.195E+24	3548				

a. R Squared = 0.604 (Adjusted R Squared = 0.582)

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level

Table 15: Parameter estimates model 1

With Zimbabwe (169) as reference category for the countries and the year 2000 (1) as reference category for the years

Dependent variable: FDI rounded to whole US Dollars

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	-2,312E+10	1,0047E+10	-2,302	0,021*	-4,282E+10	-3,425E+09	0,002
Embassy	560956755	208721752	2,688	0,007**	151722179	970191332	0,002
Time 2001	-3,665E+09	2692619591	-1,361	0,174	-8,945E+09	1614061829	0,001
Time 2002	-4,43E+09	2692843909	-1,645	0,1	-9,71E+09	849832170	0,001
Time 2003	-4,757E+09	2693224244	-1,766	0,077	-1,004E+10	523170618	0,001
Time 2004	-3,247E+09	2693491834	-1,205	0,228	-8,528E+09	2034214086	0
Time 2005	68553166,4	2693881136	0,025	0,98	-5,213E+09	5350366382	0
Time 2006	3079369141	2694617402	1,143	0,253	-2,204E+09	8362625931	0
Time 2007	8572617651	2696250283	3,179	0,001***	3286159320	1,3859E+10	0,003
Time 2008	4422079247	2698357616	1,639	0,101	-868510870	9712669365	0,001
Time 2009	-1,779E+09	2701937694	-0,658	0,51	-7,076E+09	3519058722	0
Time 2010	791156905	2702353156	0,293	0,77	-4,507E+09	6089580959	0
Time 2011	3420191198	2703765305	1,265	0,206	-1,881E+09	8721384011	0
Time 2012	1607919278	2705999254	0,594	0,552	-3,698E+09	6913492129	0
Time 2013	2601287671	2703990955	0,962	0,336	-2,7E+09	7902922908	0
Time 2014	567977051	2705754605	0,21	0,834	-4,737E+09	5873070226	0
Time 2015	4187560477	2706370413	1,547	0,122	-1,119E+09	9493861049	0,001
Time 2016	5077103682	2706246136	1,876	0,061	-228953223	1,0383E+10	0,001
Time 2017	2432797416	2706246136	0,899	0,369	-2,873E+09	7738854320	0
Time 2018	-4,104E+09	2706495249	-1,516	0,13	-9,41E+09	1202632576	0,001
Time 2019	-1,223E+09	2707514008	-0,452	0,652	-6,532E+09	4085566916	0
Time 2020	-565391248	2708168843	-0,209	0,835	-5,875E+09	4744435452	0
1 AGO	-8,723E+09	8210618063	-1,062	0,288	-2,482E+10	7374989032	0
2 ALB	6875766169	7987505871	0,861	0,389	-8,785E+09	2,2537E+10	0
3 ARE	-1,773E+10	1,2386E+10	-1,432	0,152	-4,202E+10	6549915553	0,001
4 ARG	-1,204E+10	1,156E+10	-1,041	0,298	-3,47E+10	1,063E+10	0
5 ARM	-2,336E+10	1,1612E+10	-2,011	0,044*	-4,613E+10	-589535518	0,001
6 AUS	1,1177E+10	1,1846E+10	0,944	0,345	-1,205E+10	3,4403E+10	0
7 AUT	-1,633E+10	1,1279E+10	-1,448	0,148	-3,844E+10	5788166287	0,001
8 BEL	1,7846E+10	1,196E+10	1,492	0,136	-5,605E+09	4,1296E+10	0,001
9 BEN	1,6523E+10	9807947928	1,685	0,092	-2,707E+09	3,5753E+10	0,001
10 BFA	1,3612E+10	9178290569	1,483	0,138	-4,384E+09	3,1607E+10	0,001
11 BGD	-5,544E+09	8026240053	-0,691	0,49	-2,128E+10	1,0192E+10	0
12 BGR	-1,416E+10	9978471301	-1,419	0,156	-3,373E+10	5400486609	0,001
13 BHR	1,1989E+10	8699873639	1,378	0,168	-5,069E+09	2,9046E+10	0,001
14 BHS	1,9007E+10	1,0352E+10	1,836	0,066	-1,29E+09	3,9304E+10	0,001

Continuation of table 15

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
15 BLR	-7,646E+09	8297191739	-0,922	0,357	-2,391E+10	8621953379	0
16 BLZ	1,5862E+10	9678386251	1,639	0,101	-3,114E+09	3,4838E+10	0,001
17 BOL	4991971721	7840581684	0,637	0,524	-1,038E+10	2,0365E+10	0
18 BRA	1826595695	2,0168E+10	0,091	0,928	-3,772E+10	4,137E+10	0
19 BRB	1,6525E+10	9770650645	1,691	0,091	-2,632E+09	3,5682E+10	0,001
20 BRN	3224854420	7723420509	0,418	0,676	-1,192E+10	1,8368E+10	0
21 BWA	1,1565E+10	8752734820	1,321	0,186	-5,596E+09	2,8726E+10	0,001
22 CAF	1,1871E+10	8856523734	1,34	0,18	-5,493E+09	2,9236E+10	0,001
23 CAN	7130352805	1,5526E+10	0,459	0,646	-2,331E+10	3,7572E+10	0
24 CHE	2691395618	1,5665E+10	0,172	0,864	-2,802E+10	3,3405E+10	0
25 CHL	-4,458E+09	9946567222	-0,448	0,654	-2,396E+10	1,5044E+10	0
26 CHN	9,6818E+10	2,6976E+10	3,589	0***	4,3928E+10	1,4971E+11	0,004
27 CIV	-2,871E+09	7724897669	-0,372	0,71	-1,802E+10	1,2275E+10	0
28 CMR	4464306961	7796137463	0,573	0,567	-1,082E+10	1,975E+10	0
29 COD	-7,828E+09	8297191739	-0,943	0,346	-2,41E+10	8439796493	0
30 COG	9539743876	8214268822	1,161	0,246	-6,566E+09	2,5645E+10	0
31 COL	-1,782E+09	8657410500	-0,206	0,837	-1,876E+10	1,5193E+10	0
32 COM	1,3532E+10	9189326815	1,473	0,141	-4,485E+09	3,1549E+10	0,001
33 CPV	1,3068E+10	9074948644	1,44	0,15	-4,725E+09	3,0861E+10	0,001
34 CRI	1235411841	7642098935	0,162	0,872	-1,375E+10	1,6219E+10	0
35 CYP	1,8973E+10	7638692017	2,484	0,013*	3996478879	3,395E+10	0,002
36 CZE	-2,214E+10	1,346E+10	-1,645	0,1	-4,853E+10	4253082042	0,001
37 DEU	1,4138E+10	2,4216E+10	0,584	0,559	-3,334E+10	6,1617E+10	0
38 DJI	1,0166E+10	8538817930	1,191	0,234	-6,575E+09	2,6908E+10	0
39 DMA	1,8739E+10	1,0386E+10	1,804	0,071	-1,624E+09	3,9102E+10	0,001
40 DNK	-1,091E+10	9433617226	-1,156	0,248	-2,941E+10	7586915643	0
41 DOM	-249019855	7675634503	-0,032	0,974	-1,53E+10	1,48E+10	0
42 DZA	-2,429E+10	1,2184E+10	-1,994	0,046*	-4,818E+10	-400345825	0,001
43 ECU	-370223545	7644993944	-0,048	0,961	-1,536E+10	1,4619E+10	0
44 EGY	-4,139E+10	1,8888E+10	-2,191	0,028*	-7,842E+10	-4,357E+09	0,001
45 ERI	7104928189	8102677503	0,877	0,381	-8,782E+09	2,2992E+10	0
46 ESP	-7,634E+09	1,7893E+10	-0,427	0,67	-4,272E+10	2,7448E+10	0
47 EST	2719312175	7654524219	0,355	0,722	-1,229E+10	1,7727E+10	0
48 ETH	6325835180	7885339163	0,802	0,422	-9,135E+09	2,1786E+10	0
49 FIN	-1,21E+10	1,044E+10	-1,159	0,247	-3,257E+10	8368983343	0
50 FJI	1,5303E+10	9510018530	1,609	0,108	-3,343E+09	3,3949E+10	0,001
51 FRA	-1,982E+10	2,5625E+10	-0,774	0,439	-7,007E+10	3,0419E+10	0
52 GAB	4673193499	7796137463	0,599	0,549	-1,061E+10	1,9959E+10	0
53 GBR	3,4155E+10	2,6005E+10	1,313	0,189	-1,683E+10	8,5142E+10	0,001
54 GEO	-8,799E+09	8434896740	-1,043	0,297	-2,534E+10	7739488082	0

Continuation of table 15

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
55 GHA	-6,903E+09	8297191739	-0,832	0,406	-2,317E+10	9365373666	0
56 GMB	9100086093	8376817950	1,086	0,277	-7,324E+09	2,5524E+10	0
57 GNB	1,0739E+10	8652736594	1,241	0,215	-6,226E+09	2,7704E+10	0
58 GNQ	5227401768	7840581684	0,667	0,505	-1,015E+10	2,06E+10	0
59 GRC	-2,195E+10	1,177E+10	-1,865	0,062	-4,502E+10	1131006601	0,001
60 GRD	1,8677E+10	1,0352E+10	1,804	0,071	-1,62E+09	3,8974E+10	0,001
61 GTM	-2,568E+09	7719064119	-0,333	0,739	-1,77E+10	1,2567E+10	0
62 GUY	1,6012E+10	9660103735	1,658	0,097	-2,928E+09	3,4953E+10	0,001
63 HND	6505230103	7945189322	0,819	0,413	-9,073E+09	2,2083E+10	0
64 HRV	-6,148E+09	8178231475	-0,752	0,452	-2,218E+10	9886908661	0
65 HTI	8275037203	8251346058	1,003	0,316	-7,903E+09	2,4453E+10	0
66 HUN	-2,948E+09	1,2122E+10	-0,243	0,808	-2,671E+10	2,0819E+10	0
67 IDN	-1,926E+10	1,3698E+10	-1,406	0,16	-4,611E+10	7600233997	0,001
68 IND	-2,646E+10	2,163E+10	-1,223	0,221	-6,887E+10	1,5948E+10	0
69 IRL	3,2909E+10	9587552382	3,432	0,001***	1,4111E+10	5,1707E+10	0,003
70 IRN	-3,271E+10	1,5147E+10	-2,16	0,031*	-6,241E+10	-3,017E+09	0,001
71 IRQ	-1,587E+10	9306980782	-1,706	0,0888	-3,412E+10	2373565712	0,001
72 ISL	1,1999E+10	8786916469	1,366	0,172	-5,229E+09	2,9228E+10	0,001
73 ISR	-1,089E+10	1,0799E+10	-1,008	0,314	-3,206E+10	1,0287E+10	0
74 ITA	-2,759E+10	1,948E+10	-1,416	0,157	-6,579E+10	1,0603E+10	0,001
75 JAM	1,5277E+10	9427787906	1,62	0,105	-3,208E+09	3,3761E+10	0,001
76 JOR	-5,67E+09	8073272358	-0,702	0,483	-2,15E+10	1,0159E+10	0
77 JPN	-4,619E+10	2,4291E+10	-1,902	0,057	-9,382E+10	1437139336	0,001
78 KAZ	-7,463E+09	9433617226	-0,791	0,429	-2,596E+10	1,1034E+10	0
79 KEN	-7,623E+09	8199728320	-0,93	0,353	-2,37E+10	8454212530	0
80 KGZ	7186492598	8086232348	0,889	0,374	-8,668E+09	2,3041E+10	0
81 KHM	8542863617	8105999092	1,054	0,292	-7,35E+09	2,4436E+10	0
82 KIR	2,1381E+10	1,1083E+10	1,929	0,054	-349784757	4,3111E+10	0,001
83 KNA	1,918E+10	1,048E+10	1,83	0,067	-1,369E+09	3,9729E+10	0,001
84 KOR	-3,129E+10	1,7115E+10	-1,828	0,068	-6,485E+10	2267933378	0,001
85 KWT	-2,718E+10	1,2773E+10	-2,128	0,033*	-5,222E+10	-2,133E+09	0,001
86 LAO	8427844791	8214268822	1,026	0,305	-7,678E+09	2,4533E+10	0
87 LBN	-1,377E+10	9752085264	-1,412	0,158	-3,289E+10	5348300021	0,001
88 LBR	1,0377E+10	8503575177	1,22	0,222	-6,295E+09	2,705E+10	0
89 LCA	1,9804E+10	1,0638E+10	1,862	0,063	-1,054E+09	4,0662E+10	0,001
90 LKA	-3,997E+09	7814533332	-0,511	0,609	-1,932E+10	1,1325E+10	0
91 LSO	1,4596E+10	9404539531	1,552	0,121	-3,843E+09	3,3035E+10	0,001
92 LTU	-433350657	7660097415	-0,057	0,955	-1,545E+10	1,4586E+10	0
93 LVA	2040788356	7655840478	0,267	0,79	-1,297E+10	1,7051E+10	0
94 MAR	-2,652E+10	1,3086E+10	-2,027	0,043*	-5,218E+10	-866704628	0,001

Continuation of table 15

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
95 MDA	5185017310	7873146405	0,659	0,51	-1,025E+10	2,0622E+10	0
96 MDG	1,2753E+10	8938063895	1,427	0,154	-4,771E+09	3,0278E+10	0,001
97 MDV	1,4911E+10	9427787906	1,582	0,114	-3,574E+09	3,3395E+10	0,001
98 MEX	8826814363	1,0576E+10	0,835	0,404	-1,191E+10	2,9563E+10	0
99 MHL	2,0263E+10	1,0785E+10	1,879	0,06	-881705416	4,1409E+10	0,001
100 MKD	739418987	7641504288	0,097	0,923	-1,424E+10	1,5722E+10	0
101 MLI	3997235820	7774992252	0,514	0,607	-1,125E+10	1,9241E+10	0
102 MLT	1,4257E+10	8096066844	1,761	0,078	-1,616E+09	3,0131E+10	0,001
103 MMR	3219638088	7672757492	0,42	0,675	-1,182E+10	1,8263E+10	0
104 MNG	4636622162	7776853407	0,596	0,551	-1,061E+10	1,9884E+10	0
105 MOZ	7138046558	7890298631	0,905	0,366	-8,332E+09	2,2608E+10	0
106 MRT	3358974990	7729404140	0,435	0,664	-1,18E+10	1,8514E+10	0
107 MUS	1,2794E+10	8984841999	1,424	0,155	-4,822E+09	3,041E+10	0,001
108 MWI	1,3234E+10	9096476611	1,455	0,146	-4,601E+09	3,107E+10	0,001
109 MYS	-1,471E+10	1,1163E+10	-1,318	0,188	-3,66E+10	7177000178	0,001
110 NAM	6769529725	8017133179	0,844	0,399	-8,949E+09	2,2488E+10	0
111 NER	8439433234	8232678323	1,025	0,305	-7,702E+09	2,4581E+10	0
112 NGA	-2,671E+10	1,3731E+10	-1,945	0,052	-5,363E+10	209984255	0,001
113 NIC	2335632684	7673703742	0,304	0,761	-1,271E+10	1,7381E+10	0
114 NLD	1,0954E+11	1,684E+10	6,505	0***	7,6521E+10	1,4256E+11	0,012
115 NOR	-1,922E+10	1,2551E+10	-1,532	0,126	-4,383E+10	5385189745	0,001
116 NPL	5810116054	7953447076	0,731	0,465	-9,784E+09	2,1404E+10	0
117 NZL	-2,501E+09	7778726816	-0,322	0,748	-1,775E+10	1,2751E+10	0
118 OMN	-2,911E+09	7808292329	-0,373	0,709	-1,822E+10	1,2398E+10	0
119 PAK	-2,413E+10	1,2324E+10	-1,958	0,05*	-4,83E+10	27925840,4	0,001
120 PAN	-4,829E+09	8099366750	-0,596	0,551	-2,071E+10	1,1052E+10	0
121 PER	-7,571E+09	8990079483	-0,842	0,4	-2,52E+10	1,0056E+10	0
122 PHL	-9,224E+09	9016385614	-1,023	0,306	-2,69E+10	8454390863	0
123 PLW	2,0274E+10	1,0785E+10	1,88	0,06	-871339872	4,1419E+10	0,001
124 PNG	1,4136E+10	9306980782	1,519	0,129	-4,112E+09	3,2383E+10	0,001
125 POL	-1,713E+10	1,3698E+10	-1,25	0,211	-4,398E+10	9730751396	0
126 PRK	-4,597E+09	7814533332	-0,588	0,556	-1,992E+10	1,0725E+10	0
127 PRT	-1,418E+10	1,1257E+10	-1,26	0,208	-3,625E+10	7890701371	0
128 PRY	2020862869	7670903276	0,263	0,792	-1,302E+10	1,7061E+10	0
129 QAT	-2,613E+10	1,2685E+10	-2,06	0,04*	-5,1E+10	-1,256E+09	0,001
130 ROU	-2,449E+10	1,3361E+10	-1,833	0,067	-5,069E+10	1708392858	0,001
131 RUS	-2,288E+10	2,0721E+10	-1,104	0,27	-6,351E+10	1,7749E+10	0
132 RWA	3998818759	7786342818	0,514	0,608	-1,127E+10	1,9265E+10	0
133 SAU	-2,274E+10	1,466E+10	-1,551	0,121	-5,148E+10	6008112283	0,001
134 SDN	-1,814E+10	1,048E+10	-1,73	0,084	-3,869E+10	2412439887	0,001

Continuation of table 15

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
135 SEN	-4,179E+09	7810360569	-0,535	0,593	-1,949E+10	1,1134E+10	0
136 SGP	5,6918E+10	8112674718	7,016	0***	4,1012E+10	7,2825E+10	0,014
137 SLB	1,8694E+10	1,0372E+10	1,802	0,072	-1,642E+09	3,9031E+10	0,001
138 SLE	1,0399E+10	8556661956	1,215	0,224	-6,377E+09	2,7176E+10	0
139 SLV	2072391335	7669100136	0,27	0,787	-1,296E+10	1,7109E+10	0
140 STP	1,8494E+10	1,0325E+10	1,791	0,073	-1,751E+09	3,8738E+10	0,001
141 SUR	1,5339E+10	9581548653	1,601	0,11	-3,448E+09	3,4125E+10	0,001
142 SVK	-1,24E+10	9457003036	-1,312	0,19	-3,095E+10	6137292199	0,001
143 SVN	379639992	7639306280	0,05	0,96	-1,46E+10	1,5358E+10	0
144 SWE	-1,101E+10	1,2409E+10	-0,887	0,375	-3,534E+10	1,3319E+10	0
145 SWZ	1,6624E+10	9864305424	1,685	0,092	-2,717E+09	3,5964E+10	0,001
146 SYC	1,8401E+10	1,0272E+10	1,791	0,073	-1,739E+09	3,8541E+10	0,001
147 TCD	5528190141	7905458275	0,699	0,484	-9,972E+09	2,1028E+10	0
148 TGO	1,228E+10	8912357921	1,378	0,168	-5,195E+09	2,9754E+10	0,001
149 THA	-7,371E+09	9295637885	-0,793	0,428	-2,56E+10	1,0855E+10	0
150 TJK	6438173861	8005147331	0,804	0,421	-9,257E+09	2,2134E+10	0
151 TKM	7881192805	7984605141	0,987	0,324	-7,774E+09	2,3536E+10	0
152 TON	2,0159E+10	1,0757E+10	1,874	0,061	-931457559	4,1249E+10	0,001
153 TTO	1,5553E+10	9545664315	1,629	0,103	-3,163E+09	3,4269E+10	0,001
154 TUN	-9,155E+09	8503575177	-1,077	0,282	-2,583E+10	7517233997	0
155 TUR	-3,312E+10	1,8028E+10	-1,837	0,066	-6,847E+10	2225297625	0,001
156 TZA	714565619	7638433366	0,094	0,925	-1,426E+10	1,5691E+10	0
157 UGA	5004131037	7820883035	0,64	0,522	-1,033E+10	2,0338E+10	0
158 UKR	-1,853E+10	1,1367E+10	-1,631	0,103	-4,082E+10	3752874563	0,001
159 URY	-6,081E+09	8129552456	-0,748	0,455	-2,202E+10	9858852354	0
160 USA	2,021E+11	2,6242E+10	7,701	0***	1,5065E+11	2,5355E+11	0,017
161 UZB	3930298590	7735587471	0,508	0,611	-1,124E+10	1,9097E+10	0
162 VCT	1,9223E+10	1,0494E+10	1,832	0,067	-1,352E+09	3,9799E+10	0,001
163 VEN	-2,62E+10	1,2933E+10	-2,026	0,043*	-5,155E+10	-839675199	0,001
164 VNM	-8,944E+09	9801716374	-0,913	0,362	-2,816E+10	1,0274E+10	0
165 VUT	1,9892E+10	1,068E+10	1,863	0,063	-1,048E+09	4,0832E+10	0,001
166 WSM	1,9628E+10	1,0618E+10	1,849	0,065	-1,189E+09	4,0446E+10	0,001
167 ZAF	-3,098E+10	1,5095E+10	-2,052	0,04*	-6,057E+10	-1,379E+09	0,001
168 ZMB	4077130567	7745235855	0,526	0,599	-1,111E+10	1,9263E+10	0

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level

Appendix VI: Fixed Effects model: model 2

Table 16: Test of Between-Subjects Effects FE model 2

With Zimbabwe (169) as reference category for the countries, the year 2000 (1) as reference category for the years, low income (1) as the reference category for GNI per capita, Northern Africa (1) as reference category for the regions, and Presidential republic (1) as reference category for the types of government.

Dependent variable: FDI rounded to whole US Dollars

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	3.184E+24 ^a	196	1,6243E+22	27,073	0***	0,613
Intercept	6,787E+20	1	6,787E+20	1,131	0,288	0
Embassy	2,303E+21	1	2,303E+21	3,839	0,05*	0,001
Time 2001	1,4109E+21	1	1,4109E+21	2,352	0,125	0,001
Time 2002	2,4519E+21	1	2,4519E+21	4,087	0,043*	0,001
Time 2003	3,1451E+21	1	3,1451E+21	5,242	0,022*	0,002
Time 2004	2,1873E+21	1	2,1873E+21	3,646	0,056	0,001
Time 2005	3,9725E+20	1	3,9725E+20	0,662	0,416	0
Time 2006	4,3483E+18	1	4,3483E+18	0,007	0,932	0
Time 2007	2,0905E+21	1	2,0905E+21	3,484	0,062	0,001
Time 2008	1,6892E+19	1	1,6892E+19	0,028	0,867	0
Time 2009	2,7638E+21	1	2,7638E+21	4,607	0,032*	0,001
Time 2010	1,2104E+21	1	1,2104E+21	2,017	0,156	0,001
Time 2011	2,9918E+20	1	2,9918E+20	0,499	0,48	0
Time 2012	1,3032E+21	1	1,3032E+21	2,172	0,141	0,001
Time 2013	9,9769E+20	1	9,9769E+20	1,663	0,197	0
Time 2014	2,5747E+21	1	2,5747E+21	4,291	0,038*	0,001
Time 2015	6,7463E+20	1	6,7463E+20	1,124	0,289	0
Time 2016	5,2577E+20	1	5,2577E+20	0,876	0,349	0
Time 2017	2,1387E+21	1	2,1387E+21	3,565	0,059	0,001
Time 2018	8,8052E+21	1	8,8052E+21	14,676	0***	0,004
Time 2019	5,6702E+21	1	5,6702E+21	9,451	0,002***	0,003
Time 2020	5,1176E+21	1	5,1176E+21	8,53	0,004***	0,003
Population	4,0148E+22	1	4,0148E+22	66,916	0***	0,02
Neighbours	6,8227E+20	1	6,8227E+20	1,137	0,286	0
Language	0	0	.	.	.	0
Internet users	4,0232E+21	1	4,0232E+21	6,706	0,01**	0,002
Lower middle income	3,4316E+20	1	3,4316E+20	0,572	0,45	0
Upper middle income	2,9665E+20	1	2,9665E+20	0,494	0,482	0

Continuation of table 16

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
High income	4,9554E+20	1	4,9554E+20	0,826	0,364	0
Eastern Africa	0	0	.	.	.	0
Middle Africa	0	0	.	.	.	0
Southern Africa	0	0	.	.	.	0
Western Africa	0	0	.	.	.	0
Caribbean	0	0	.	.	.	0
Central America	0	0	.	.	.	0
South America	0	0	.	.	.	0
Northern America	0	0	.	.	.	0
Central Asia	0	0	.	.	.	0
Eastern Asia	0	0	.	.	.	0
South-eastern Asia	0	0	.	.	.	0
Southern Asia	0	0	.	.	.	0
Western Asia	0	0	.	.	.	0
Eastern Europe	0	0	.	.	.	0
Northern Europe	0	0	.	.	.	0
Southern Europe	0	0	.	.	.	0
Western Europe	0	0	.	.	.	0
Australia & New Zealand	0	0	.	.	.	0
Melanesia	0	0	.	.	.	0
Micronesia	0	0	.	.	.	0
Polynesia	0	0	.	.	.	0
Parliamentary republic	0	0	.	.	.	0
Federation of monarchies	0	0	.	.	.	0
Parliamentary democracy	0	0	.	.	.	0
Federal parliamentary democracy	0	0	.	.	.	0
Federal parliamentary republic	0	0	.	.	.	0
Constitutional monarchy	0	0	.	.	.	0

Continuation of table 16

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Federal presidential republic	0	0	.	.	.	0
Absolute monarchy	0	0	.	.	.	0
Federal republic	0	0	.	.	.	0
Communist party-led state	2,0951E+19	1	2,0951E+19	0,035	0,852	0
Semi-presidential republic	0	0	.	.	.	0
Parliamentary constitutional monarchy	0	0	.	.	.	0
Theocratic republic	0	0	.	.	.	0
Unitary parliamentary republic	0	0	.	.	.	0
Communist state	0	0	.	.	.	0
Mixed presidential-parliamentary system	0	0	.	.	.	0
Federal parliamentary constitutional monarchy	0	0	.	.	.	0
Dictatorship	0	0	.	.	.	0
Semi-presidential federation	0	0	.	.	.	0
Constitutional federal republic	0	0	.	.	.	0
COUNTRY_ID	4,615E+23	127	3,6338E+21	6,057	0***	0,187
Error	2,0111E+24	3352	5,9997E+20			
Total	5,5305E+24	3549				
Corrected Total	5,1947E+24	3548				

a. R Squared = 0.613 (Adjusted R Squared = 0.590)

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level

Table 17: Parameter estimates FE model 2

Dependent variable: FDI rounded to whole US Dollars

With Zimbabwe (169) as reference category for the countries, the year 2000 (1) as reference category for the years, low income (1) as the reference category for GNI per capita, Northern Africa (1) as reference category for the regions, and Presidential republic (1) as reference category for the types of government.

Dependent variable: FDI rounded to whole US Dollars

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	3,6307E+10	4,7006E+10	0,772	0,44	-5,586E+10	1,2847E+11	0
Embassy	418666827	213689744	1,959	0,05*	-308661,2	837642316	0,001
Time 2001	-4,089E+09	2666363886	-1,533	0,125	-9,317E+09	1139008603	0,001
Time 2002	-5,41E+09	2676001747	-2,022	0,043*	-1,066E+10	-162878532	0,001
Time 2003	-6,155E+09	2688236983	-2,29	0,022*	-1,143E+10	-884166009	0,002
Time 2004	-5,164E+09	2704499948	-1,909	0,056	-1,047E+10	138805761	0,001
Time 2005	-2,218E+09	2725262643	-0,814	0,416	-7,561E+09	3125779030	0
Time 2006	234071006	2749494423	0,085	0,932	-5,157E+09	5624927609	0
Time 2007	5199864609	2785683596	1,867	0,062	-261947090	1,0662E+10	0,001
Time 2008	47605673501	2837121801	0,168	0,867	-5,087E+09	6038721880	0
Time 2009	-6,193E+09	2885357426	-2,146	0,032*	-1,185E+10	-535615367	0,001
Time 2010	-4,183E+09	2944720943	-1,42	0,156	-9,956E+09	1591083379	0,001
Time 2011	-2,118E+09	2998927506	-0,706	0,48	-7,998E+09	3762189710	0
Time 2012	-4,511E+09	3060642127	-1,474	0,141	-1,051E+10	1490052766	0,001
Time 2013	-4,024E+09	3120315228	-1,29	0,197	-1,014E+10	2094159376	0
Time 2014	-6,631E+09	3200844519	-2,072	0,038*	-1,291E+10	-354989501	0,001

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Time 2015	- 3,465E+09	32678591 06	-1,06	0,289	-9,872E+09	29419819 02	0
Time 2016	-3,14E+09	33543837 80	-0,936	0,349	-9,717E+09	34367465 60	0
Time 2017	- 6,521E+09	34536518 09	-1,888	0,059	-1,329E+10	25079279 2	0,001
Time 2018	- 1,356E+10	35394476 15	-3,831	0***	-2,05E+10	-6,62E+09	0,004
Time 2019	- 1,113E+10	36207698 89	-3,074	0,002* **	-1,823E+10	- 4,032E+0 9	0,003
Time 2020	- 1,082E+10	37039257 49	-2,921	0,004* **	-1,808E+10	- 3,555E+0 9	0,003
Population	380,62	46,529	8,18	0***	289,392	471,849	0,02
Neighbours	- 4,106E+09	38499528 98	-1,066	0,286	-1,165E+10	34429752 90	0
Language	- 2,482E+10	1,269E+1 0	-1,956	0,051	-4,97E+10	61142988, 4	0,001
Internet users	1,23E+10	47498480 64	2,59	0,01**	2986947238	2,1613E+ 10	0,002
Lower middle income	- 1,672E+09	22105690 30	-0,756	0,45	-6,006E+09	26623864 90	0
Upper middle income	221090907 8	31442350 12	0,703	0,482	-3,954E+09	83757224 83	0
High income	396012111 9	43574688 52	0,909	0,364	-4,583E+09	1,2504E+ 10	0
Eastern Africa	-1,34E+10	2,799E+1 0	-0,479	0,632	-6,828E+10	4,1478E+ 10	0
Middle Africa	- 360449531	2,0931E+ 10	-0,017	0,986	-4,14E+10	4,0678E+ 10	0
Southern Africa	- 1,673E+10	1,8481E+ 10	-0,905	0,366	-5,296E+10	1,9509E+ 10	0
Western Africa	- 5,536E+09	3,1421E+ 10	-0,176	0,86	-6,714E+10	5,607E+1 0	0
Caribbean	776659591 0	1,4029E+ 10	0,554	0,58	-1,974E+10	3,5273E+ 10	0
Central America	- 1,694E+10	3,4746E+ 10	-0,488	0,626	-8,506E+10	5,1185E+ 10	0
South America	- 2,957E+10	3,6372E+ 10	-0,813	0,416	-1,009E+11	4,1745E+ 10	0
Northern America	- 3,187E+09	1,7075E+ 10	-0,187	0,852	-3,667E+10	3,0292E+ 10	0

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Central Asia	- 3,794E+10	3,2196E+ 10	-1,178	0,239	-1,011E+11	2,5187E+ 10	0
Eastern Asia	- 3,118E+09	1,5976E+ 10	-0,195	0,845	-3,444E+10	2,8205E+ 10	0
South- eastern Asia	- 3,464E+10	1,7144E+ 10	-2,02	0,043*	-6,825E+10	- 1,025E+0 9	0,001
Southern Asia	- 4,206E+10	4,7918E+ 10	-0,878	0,38	-1,36E+11	5,1886E+ 10	0
Western Asia	- 7,197E+10	3,4092E+ 10	-2,111	0,035*	-1,388E+11	- 5,124E+0 9	0,001
Eastern Europe	- 2,045E+10	1,6471E+ 10	-1,241	0,215	-5,274E+10	1,1847E+ 10	0
Northern Europe	- 1,649E+10	1,6857E+ 10	-0,978	0,328	-4,954E+10	1,6562E+ 10	0
Southern Europe	- 1,425E+10	1,2946E+ 10	-1,101	0,271	-3,963E+10	1,113E+1 0	0
Western Europe	1,0524E+1 1	2,0188E+ 10	5,213	0***	6,566E+10	1,4482E+ 11	0,008
Australia & New Zealand	- 1,746E+10	1,4326E+ 10	-1,219	0,223	-4,555E+10	1,0625E+ 10	0
Melanesia	2,0626E+1 0	1,4767E+ 10	1,397	0,163	-8,327E+09	4,9578E+ 10	0,001
Micronesia	- 1,433E+10	4,2423E+ 10	-0,338	0,736	-9,75E+10	6,8851E+ 10	0
Polynesia	1,9517E+1 0	1,4729E+ 10	1,325	0,185	-9,363E+09	4,8396E+ 10	0,001
Parliamenta ry republic	- 2,954E+10	3,4397E+ 10	-0,859	0,39	-9,698E+10	3,79E+10	0
Federation of	3,0413E+1 0	2,5378E+ 10	1,198	0,231	-1,934E+10	8,017E+1 0	0
monarchies	-						
Parliamenta ry	- 2,268E+10	3,4786E+ 10	-0,652	0,514	-9,089E+10	4,5521E+ 10	0
democracy	-						
Federal	-2,68E+10	3,4996E+ 10	-0,766	0,444	-9,541E+10	4,182E+1 0	0
parliamenta ry							
democracy	-						
Federal	- 5,149E+10	2,3976E+ 10	-2,147	0,032*	-9,849E+10	- 4,477E+0 9	0,001
parliamenta ry republic							
Constitution al monarchy	- 3,069E+10	3,5273E+ 10	-0,87	0,384	-9,985E+10	3,8466E+ 10	0

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Federal presidential republic	- 1,818E+10	1,1223E+ 10	-1,62	0,105	-4,018E+10	38238330 11	0,001
Absolute monarchy	1,296E+10	5,023E+1 0	0,258	0,796	-8,552E+10	1,1144E+ 11	0
Federal republic	- 1,131E+11	1,958E+1 0	-5,777	0***	-1,515E+11	- 7,472E+1 0	0,01
Communist party-led state	470881875 0	2,5199E+ 10	0,187	0,852	-4,47E+10	5,4115E+ 10	0
Semi- presidential republic	- 3,589E+10	2,9934E+ 10	-1,199	0,231	-9,458E+10	2,2801E+ 10	0
Parliamenta ry constitution al monarchy	- 4,625E+10	3,3452E+ 10	-1,383	0,167	-1,118E+11	1,9333E+ 10	0,001
Theocratic republic	- 3,368E+10	3,1684E+ 10	-1,063	0,288	-9,581E+10	2,8438E+ 10	0
Unitary parliamenta ry republic	- 3,805E+10	3,9002E+ 10	-0,976	0,329	-1,145E+11	3,8415E+ 10	0
Communist state	- 4,295E+10	3,9328E+ 10	-1,092	0,275	-1,201E+11	3,4161E+ 10	0
Mixed presidential- parliamenta ry system	- 2,098E+10	1,4704E+ 10	-1,427	0,154	-4,981E+10	78447377 78	0,001
Federal parliamenta ry constitution al monarchy	- 3,079E+10	4,0327E+ 10	-0,763	0,445	-1,099E+11	4,8282E+ 10	0
Dictatorship	- 4,596E+10	2,8399E+ 10	-1,619	0,106	-1,016E+11	97171723 25	0,001
Semi- presidential federation	- 1,765E+10	1,448E+1 0	-1,219	0,223	-4,605E+10	1,0737E+ 10	0
Constitution al federal republic	7,6812E+1 0	3,6932E+ 10	2,08	0,038*	4400100525	1,4922E+ 11	0,001
1 AGO	- 4,882E+10	3,6558E+ 10	-1,335	0,182	-1,205E+11	2,2863E+ 10	0,001
2 ALB	800539521 6	88034658 33	0,909	0,363	-9,255E+09	2,5266E+ 10	0

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
3 ARE	0a	.	.	.	.	.	.
4 ARG	- 3,161E+09	1,4455E+ 10	-0,219	0,827	-3,15E+10	2,518E+1 0	0
5 ARM	4,0948E+1 0	2,5235E+ 10	1,623	0,105	-8,53E+09	9,0426E+ 10	0,001
6 AUS	1,6369E+1 0	1,3333E+ 10	1,228	0,22	-9,772E+09	4,251E+1 0	0
7 AUT	- 9,589E+10	3,4975E+ 10	-2,742	0,006* *	-1,645E+11	- 2,731E+1 0	0,002
8 BEL	- 7,835E+10	2,3153E+ 10	-3,384	0,001* **	-1,237E+11	- 3,295E+1 0	0,003
9 BEN	625951068 0	87399814 10	0,716	0,474	-1,088E+10	2,3396E+ 10	0
10 BFA	980820882 4	1,3878E+ 10	0,707	0,48	-1,74E+10	3,7019E+ 10	0
11 BGD	- 2,911E+10	4,3118E+ 10	-0,675	0,5	-1,137E+11	5,5428E+ 10	0
12 BGR	318918581 5	78686015 57	0,405	0,685	-1,224E+10	1,8617E+ 10	0
13 BHR	7,6341E+1 0	3,7732E+ 10	2,023	0,043* *	2361387159	1,5032E+ 11	0,001
14 BHS	- 4,847E+09	80290421 05	-0,604	0,546	-2,059E+10	1,0895E+ 10	0
15 BLR	235652027 0	2,9835E+ 10	0,079	0,937	-5,614E+10	6,0853E+ 10	0
16 BLZ	3,1285E+1 0	3,6322E+ 10	0,861	0,389	-3,993E+10	1,025E+1 1	0
17 BOL	2,5042E+1 0	1,5446E+ 10	1,621	0,105	-5,242E+09	5,5327E+ 10	0,001
18 BRA	- 2,596E+10	2,9541E+ 10	-0,879	0,38	-8,388E+10	3,1965E+ 10	0
19 BRB	- 749557517	76013834 66	-0,099	0,921	-1,565E+10	1,4154E+ 10	0
20 BRN	- 3,121E+10	1,8748E+ 10	-1,665	0,096	-6,797E+10	55488482 56	0,001
21 BWA	4,2036E+1 0	1,9747E+ 10	2,129	0,033* *	3317724998	8,0754E+ 10	0,001
22 CAF	400878293 1	86793639 30	0,462	0,644	-1,301E+10	2,1026E+ 10	0
23 CAN	0a	.	.	.	.	.	.
24 CHE	0a	.	.	.	.	.	.
25 CHL	227942186 6	90136037 93	0,253	0,8	-1,539E+10	1,9952E+ 10	0

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
26 CHN	- 3,678E+11	7,2521E+ 10	-5,072	0***	-5,1E+11	- 2,257E+1 1	0,008
27 CIV	- 8,035E+09	1,1742E+ 10	-0,684	0,494	-3,106E+10	1,4987E+ 10	0
28 CMR	- 3,248E+09	77601060 48	-0,419	0,676	-1,846E+10	1,1967E+ 10	0
29 COD	1,8298E+1 0	4,0058E+ 10	0,457	0,648	-6,024E+10	9,6839E+ 10	0
30 COG	365541931 5	86823896 72	0,421	0,674	-1,337E+10	2,0679E+ 10	0
31 COL	507102961 1	1,3979E+ 10	0,363	0,717	-2,234E+10	3,2479E+ 10	0
32 COM	1,7267E+1 0	2,4148E+ 10	0,715	0,475	-3,008E+10	6,4614E+ 10	0
33 CPV	- 5,744E+09	2,1222E+ 10	-0,271	0,787	-4,735E+10	3,5865E+ 10	0
34 CRI	- 6,305E+09	78900685 17	-0,799	0,424	-2,177E+10	91646869 82	0
35 CYP	3,1337E+1 0	3,3929E+ 10	0,924	0,356	-3,519E+10	9,786E+1 0	0
36 CZE	- 1,132E+10	1,0534E+ 10	-1,074	0,283	-3,197E+10	93375458 20	0
37 DEU	- 7,982E+10	3,3728E+ 10	-2,367	0,018*	-1,46E+11	- 1,369E+1 0	0,002
38 DJI	879374990 7	94090676 22	0,935	0,35	-9,654E+09	2,7242E+ 10	0
39 DMA	406175530 0	79461330 31	0,511	0,609	-1,152E+10	1,9642E+ 10	0
40 DNK	- 5,354E+09	92675516 65	-0,578	0,563	-2,352E+10	1,2817E+ 10	0
41 DOM	- 3,596E+10	3,3075E+ 10	-1,087	0,277	-1,008E+11	2,8885E+ 10	0
42 DZA	- 3,389E+10	2,4108E+ 10	-1,406	0,16	-8,116E+10	1,3373E+ 10	0,001
43 ECU	417910929 8	81353031 97	0,514	0,607	-1,177E+10	2,013E+1 0	0
44 EGY	- 7,457E+10	3,6332E+ 10	-2,052	0,04*	-1,458E+11	- 3,335E+0 9	0,001
45 ERI	596318607 8	87370363 75	0,683	0,495	-1,117E+10	2,3094E+ 10	0
46 ESP	3,2035E+1 0	1,3741E+ 10	2,331	0,02*	5092975454	5,8976E+ 10	0,002

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
47 EST	- 4,501E+09	1,2122E+ 10	-0,371	0,71	-2,827E+10	1,9266E+ 10	0
48 ETH	897000726 5	2,6443E+ 10	0,339	0,734	-4,288E+10	6,0816E+ 10	0
49 FIN	- 1,323E+10	1,3558E+ 10	-0,976	0,329	-3,982E+10	1,3352E+ 10	0
50 FJI	- 7,817E+09	78494178 45	-0,996	0,319	-2,321E+10	75735464 60	0
51 FRA	- 9,985E+10	3,0595E+ 10	-3,264	0,001* **	-1,598E+11	- 3,986E+1 0	0,003
52 GAB	- 1,324E+10	1,4454E+ 10	-0,916	0,36	-4,158E+10	1,5097E+ 10	0
53 GBR	5,6788E+1 0	1,2893E+ 10	4,405	0***	3,151E+10	8,2067E+ 10	0,006
54 GEO	6,4947E+1 0	2,5597E+ 10	2,537	0,011*	1,476E+10	1,1513E+ 11	0,002
55 GHA	- 4,596E+10	2,0726E+ 10	-2,218	0,027*	-8,66E+10	- 5,323E+0 9	0,001
56 GMB	-9,66E+09	1,0974E+ 10	-0,88	0,379	-3,118E+10	1,1857E+ 10	0
57 GNB	770484680 7	2,2145E+ 10	0,348	0,728	-3,571E+10	5,1124E+ 10	0
58 GNQ	- 1,526E+10	1,7666E+ 10	-0,864	0,388	-4,99E+10	1,938E+1 0	0
59 GRC	- 1,792E+10	1,1898E+ 10	-1,506	0,132	-4,125E+10	54069842 32	0,001
60 GRD	- 1,169E+09	75671625 87	-0,154	0,877	-1,601E+10	1,3668E+ 10	0
61 GTM	109373802 0	1,0738E+ 10	0,102	0,919	-1,996E+10	2,2147E+ 10	0
62 GUY	5,7247E+1 0	4,2017E+ 10	1,362	0,173	-2,513E+10	1,3963E+ 11	0,001
63 HND	694657372 2	87185257 10	0,797	0,426	-1,015E+10	2,4041E+ 10	0
64 HRV	- 801011263	84335593 86	-0,095	0,924	-1,734E+10	1,5734E+ 10	0
65 HTI	938277629 9	1,092E+1 0	0,859	0,39	-1,203E+10	3,0794E+ 10	0
66 HUN	1,9711E+1 0	1,112E+1 0	1,773	0,076	-2,09E+09	4,1513E+ 10	0,001
67 IDN	- 1,061E+11	4,0979E+ 10	-2,588	0,01**	-1,864E+11	- 2,571E+1 0	0,002

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
68 IND	- 4,105E+11	5,294E+1 0	-7,755	0***	-5,143E+11	- 3,067E+1 1	0,018
69 IRL	4,9778E+1 0	1,5168E+ 10	3,282	0,001* **	2,0039E+10	7,9518E+ 10	0,003
70 IRN	0a	.	.	.	.	.	.
71 IRQ	9,8461E+1 0	3,5704E+ 10	2,758	0,006* *	2,8457E+10	1,6846E+ 11	0,002
72 ISL	0a	.	.	.	.	.	.
73 ISR	4,3027E+1 0	2,5213E+ 10	1,706	0,088	-6,409E+09	9,2462E+ 10	0,001
74 ITA	- 2,799E+10	2,0342E+ 10	-1,376	0,169	-6,788E+10	1,1891E+ 10	0,001
75 JAM	-3,15E+09	77602028 98	-0,406	0,685	-1,837E+10	1,2065E+ 10	0
76 JOR	9,9907E+1 0	4,2515E+ 10	2,35	0,019*	1,655E+10	1,8326E+ 11	0,002
77 JPN	- 9,122E+10	2,7411E+ 10	-3,328	0,001* **	-1,45E+11	- 3,748E+1 0	0,003
78 KAZ	- 5,817E+09	1,0339E+ 10	-0,563	0,574	-2,609E+10	1,4455E+ 10	0
79 KEN	- 1,459E+10	83106442 21	-1,756	0,079	-3,088E+10	17042373 18	0,001
80 KGZ	6,1188E+1 0	4,0494E+ 10	1,511	0,131	-1,821E+10	1,4058E+ 11	0,001
81 KHM	4,5054E+1 0	2,0889E+ 10	2,157	0,031*	4097195370	8,6011E+ 10	0,001
82 KIR	656006644 7	78717796 54	0,833	0,405	-8,874E+09	2,1994E+ 10	0
83 KNA	0a	.	.	.	.	.	.
84 KOR	- 9,485E+10	4,2333E+ 10	-2,241	0,025* *	-1,779E+11	- 1,185E+1 0	0,001
85 KWT	2,4217E+1 0	2,5101E+ 10	0,965	0,335	-2,5E+10	7,3432E+ 10	0
86 LAO	5,3038E+1 0	1,5348E+ 10	3,456	0,001* **	2,2946E+10	8,313E+1 0	0,004
87 LBN	6,6698E+1 0	3,2274E+ 10	2,067	0,039* *	3419734724	1,2998E+ 11	0,001
88 LBR	- 335027387	76110820 63	-0,044	0,965	-1,526E+10	1,4588E+ 10	0
89 LCA	- 297912799	75680561 63	-0,039	0,969	-1,514E+10	1,4541E+ 10	0

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
90 LKA	-	1,0839E+	-1,557	0,119	-3,813E+10	43715306	0,001
	1,688E+10	10				00	
91 LSO	5,2889E+1	3,3702E+	1,569	0,117	-1,319E+10	1,1897E+	0,001
	0	10				11	
92 LTU	955631328	1,651E+1	0,579	0,563	-2,281E+10	4,1927E+	0
	9	0				10	
93 LVA	455571082	1,6642E+	0,274	0,784	-2,807E+10	3,7185E+	0
	6	10				10	
94 MAR	0a	.	.	.	.	.	.
95 MDA	872324684	1,4978E+	0,582	0,56	-2,064E+10	3,809E+1	0
	3	10				0	
96 MDG	2,6471E+1	2,0332E+	1,302	0,193	-1,339E+10	6,6334E+	0,001
	0	10				10	
97 MDV	0a	.	.	.	.	.	.
98 MEX	-	1,1658E+	-1,069	0,285	-3,532E+10	1,0395E+	0
	1,246E+10	10				10	
99 MHL	0a	.	.	.	.	.	.
100 MKD	711546023	84330592	0,844	0,399	-9,419E+09	2,365E+1	0
	6	46				0	
101 MLI	3,8676E+1	4,0945E+	0,945	0,345	-4,16E+10	1,1896E+	0
	0	10				11	
102 MLT	2,1399E+1	1,8512E+	1,156	0,248	-1,49E+10	5,7695E+	0
	0	10				10	
103 MMR	1,9146E+1	1,3357E+	1,433	0,152	-7,044E+09	4,5335E+	0,001
	0	10				10	
104 MNG	0a	.	.	.	.	.	.
105 MOZ	-	1,2991E+	-1,112	0,266	-3,992E+10	1,1019E+	0
	1,445E+10	10				10	
106 MRT	-	89868152	-0,123	0,902	-1,872E+10	1,6517E+	0
	1,103E+09	86				10	
107 MUS	2,2009E+1	2,3239E+	0,947	0,344	-2,355E+10	6,7572E+	0
	0	10				10	
108 MWI	577527473	95559703	0,604	0,546	-1,296E+10	2,4511E+	0
	2	18				10	
109 MYS	0a	.	.	.	.	.	.
110 NAM	1,105E+10	4,2845E+	0,258	0,796	-7,295E+10	9,5055E+	0
		10				10	
111 NER	4,5963E+1	4,4879E+	1,024	0,306	-4,203E+10	1,3396E+	0
	0	10				11	
112 NGA	-	1,4836E+	-4,343	0***	-9,352E+10	-	0,006
	6,444E+10	10				3,535E+1	
						0	
113 NIC	528369729	75826566	0,07	0,944	-1,434E+10	1,5395E+	0
		62				10	
114 NLD	0a	.	.	.	.	.	.

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
115 NOR	- 2,533E+09	84771026 80	-0,299	0,765	-1,915E+10	1,4087E+ 10	0
116 NPL	4,6183E+1 0	1,7151E+ 10	2,693	0,007* *	1,2554E+10	7,9811E+ 10	0,002
117 NZL	0a	.	.	.	.	.	.
118 OMN	3,5846E+1 0	3,8793E+ 10	0,924	0,356	-4,022E+10	1,1191E+ 11	0
119 PAK	0a	.	.	.	.	.	.
120 PAN	- 9,774E+09	85283977 38	-1,146	0,252	-2,65E+10	69471394 77	0
121 PER	614372693 7	1,3909E+ 10	0,442	0,659	-2,113E+10	3,3414E+ 10	0
122 PHL	- 3,192E+10	4,5034E+ 10	-0,709	0,479	-1,202E+11	5,638E+1 0	0
123 PLW	0a	.	.	.	.	.	.
124 PNG	- 9,345E+09	1,1972E+ 10	-0,781	0,435	-3,282E+10	1,4128E+ 10	0
125 POL	- 7,593E+09	1,0148E+ 10	-0,748	0,454	-2,749E+10	1,2304E+ 10	0
126 PRK	0a	.	.	.	.	.	.
127 PRT	- 1,703E+10	2,0573E+ 10	-0,828	0,408	-5,736E+10	2,3311E+ 10	0
128 PRY	1,4158E+1 0	96558886 76	1,466	0,143	-4,774E+09	3,309E+1 0	0,001
129 QAT	835209355 9	3,169E+1 0	0,264	0,792	-5,378E+10	7,0485E+ 10	0
130 ROU	- 2,724E+09	93027205 63	-0,293	0,77	-2,096E+10	1,5516E+ 10	0
131 RUS	0a	.	.	.	.	.	.
132 RWA	397257773 1	77168221 57	0,515	0,607	-1,116E+10	1,9103E+ 10	0
133 SAU	2,9963E+1 0	5,0902E+ 10	0,589	0,556	-6,984E+10	1,2977E+ 11	0
134 SDN	- 2,436E+10	2,1917E+ 10	-1,111	0,266	-6,733E+10	1,8613E+ 10	0
135 SEN	-6,72E+09	1,1912E+ 10	-0,564	0,573	-3,008E+10	1,6635E+ 10	0
136 SGP	8,1022E+1 0	2,3602E+ 10	3,433	0,001* **	3,4747E+10	1,273E+1 1	0,004
137 SLB	-7,76E+09	1,1092E+ 10	-0,7	0,484	-2,951E+10	1,3987E+ 10	0
138 SLE	- 5,258E+09	85674184 35	-0,614	0,539	-2,206E+10	1,154E+1 0	0
139 SLV	0a	.	.	.	.	.	.
140 STP	0a	.	.	.	.	.	.

Continuation of table 17

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
141 SUR	0a	.	.	.	.	.	.
142 SVK	0a	.	.	.	.	.	.
143 SVN	0a	.	.	.	.	.	.
144 SWE	0a	.	.	.	.	.	.
145 SWZ	0a	.	.	.	.	.	.
146 SYC	- 4,614E+09	1,8335E+ 10	-0,252	0,801	-4,056E+10	3,1335E+ 10	0
147 TCD	0a	.	.	.	.	.	.
148 TGO	0a	.	.	.	.	.	.
149 THA	0a	.	.	.	.	.	.
150 TJK	661889001 8	85688142 85	0,772	0,44	-1,018E+10	2,342E+1 0	0
151 TKM	895973520 5	87626508 47	1,022	0,307	-8,221E+09	2,614E+1 0	0
152 TON	0a	.	.	.	.	.	.
153 TTO	0a	.	.	.	.	.	.
154 TUN	0a	.	.	.	.	.	.
155 TUR	0a	.	.	.	.	.	.
156 TZA	537861988 1	1,7205E+ 10	0,313	0,755	-2,836E+10	3,9113E+ 10	0
157 UGA	714403390	88249983 58	0,081	0,935	-1,659E+10	1,8017E+ 10	0
158 UKR	0a	.	.	.	.	.	.
159 URY	0a	.	.	.	.	.	.
160 USA	0a	.	.	.	.	.	.
161 UZB	0a	.	.	.	.	.	.
162 VCT	0a	.	.	.	.	.	.
163 VEN	0a	.	.	.	.	.	.
164 VNM	0a	.	.	.	.	.	.
165 VUT	0a	.	.	.	.	.	.
166 WSM	0a	.	.	.	.	.	.
167 ZAF	0a	.	.	.	.	.	.
168 ZMB	2,0554E+1 0	1,7374E+ 10	1,183	0,237	-1,351E+10	5,4619E+ 10	0
169 ZWE	0a	.	.	.	.	.	.

a) Some cells are empty as they do not contain any worth for the formulation. SPSS considers these cells redundant, which is why SPSS leaves these cells empty

*Equals significance at 0.05 level, ** equals significance at 0.01 level, *** equals significance at 0.005 level