

MARKET POTENTIAL AND THE LOCATION OF JAPANESE INVESTMENT IN THE EUROPEAN UNION

Keith Head and Thierry Mayer*

Abstract—This paper develops a theoretical model of location choice under imperfect competition to formalize the notion that firms prefer to locate “where the markets are.” The profitability of a location depends on a term that weights demand in all locations by accessibility. Using a sample of Japanese firms’ choices of regions within European countries, we compare the theoretically derived measure of market potential with the standard form used by geographers. Our results show that market potential matters for location choice but cannot account entirely for the tendency of firms in the same industry to agglomerate.

I. Introduction

We want to build our plants where the markets are.

IN December 1997, Hiroshi Okuda, chairman of Toyota, used the statement above to justify Toyota’s decision to build a factory in northern France. At that time, analysts in the press largely attributed that decision to the low market share of the Japanese car manufacturer in France (1%) and in Europe in general (3%).¹ The Toyota example suggests that even in the zero-tariff internal market of Europe, firms still seek locations with superior market access. The managers of Toyota apparently thought that their existing production sites in Great Britain were not close enough to the French market. The *Wall Street Journal* reported that “Toyota . . . hopes to capture 3% [of the French market] after opening its factory here in 2001.”

This paper connects two previously disparate strands of the economic geography literature. The first strand demonstrates a statistical tendency of firms to make the same location decision as previous firms with similar attributes (such as industry and national origin).² Though such *agglomeration effects* appear regularly in empirical work, they are consistent with a variety of explanations. The second strand comprises a large number of theoretical papers that focus on a particular mechanism of agglomeration: namely,

that producers concentrate where demand is highest and serve smaller markets via exporting.³

We link the two strands by showing how to derive the firm’s location choice probabilities as a function of production costs and a demand variable closely linked to the measure of “market potential” introduced by Harris (1954). We then take the model to the data, investigating whether location choices of Japanese affiliates in Europe are driven by market-access motivations à la Krugman or some other form of agglomeration effect. We find that the demand-pull mechanism has some explanatory power, but it does not appear to explain away the entire empirical agglomeration effect.

The influence of market potential on the location of producers and the wages they pay has been the subject of several recent papers. Davis and Weinstein (1999, 2003) find that production increases on a more than one-for-one basis with demand (the “home market effect”) in many industries. As in their 1999 paper, we focus on how demand affects the intranational location of production. As in their 2003 paper, we construct a market potential measure that aggregates demand from multiple locations while discounting for distance using a parameter obtained from a first-step estimation using bilateral trade flows. In addition to distance effects, our measure incorporates the effect of borders on trade as well as a theoretically derived adjustment for competition.

Hanson (2001) estimates the relationship between county-level wages in the United States and market potential. Structural estimation of this equation reveals that wages in a county are increasing in demand emanating from all American counties with weights declining exponentially in bilateral distance. Redding and Venables (2004) follow a similar line of reasoning for international data, using a bilateral trade equation of a theoretical model to obtain estimates of bilateral trade costs and of each country’s market and supply accessibility. They find that international inequality is closely linked to differences in market access. Crozet (2004) uses the same theoretical framework and shows that migration flows also respond to market potential.

The literature on firm location choice has not previously estimated models directly derived from the Krugman model. Prior work has, of course, considered demand, but typically only local demand.⁴ Knowing the size of demand in each of the districts a firm might choose is not sufficient, for firms can export to nearby locations. Some studies, such

Received for publication June 6, 2002. Revision accepted for publication January 6, 2004.

* University of British Columbia; and Université de Paris I (TEAM), CEPIL, CERAS-ENPC, and CEPR, respectively.

This paper was produced as part of a CEPR Research Network on The Economic Geography of Europe: Measurement, Testing and Policy Simulations, funded by the European Commission under the Research Training Network Programme (contract no. HPRN-CT-2000-00069). We would like to thank participants at the CEPR Workshop Economic Geography of Europe: Measurement, Testing and Policy Simulations, and at the Empirical Investigations in International Trade 2000 Conference, for their suggestions. We also thank participants at seminars at the Catholic University of Leuven (KUL), University of Paris XII and XIII, and University of Geneva. Richard Baldwin, Bruce Blonigen, Pierre-Philippe Combes, Matthieu Crozet, Gianmarco Ottaviano, Jean Marc Siroën, and two referees provided helpful comments on earlier versions, for which we are particularly grateful.

¹ Douglas Lavin, *Interactive Edition* (December 10, 1997), *AP-Dow Jones News Service* (December 9, 1997).

² Devereux and Griffith (1998) and Head, Ries, and Swenson (1999) are recent examples from this literature.

³ Krugman (1980, 1991) wrote the seminal papers in this literature; the monograph of Fujita, Krugman, and Venables (1999) thoroughly analyzes the basic model and its extensions.

⁴ See, for instance, Coughlin, Terza, and Arromdee (1991).

as Friedman, Gerlowski, and Silberman (1992), Henderson, Kuncoro, and Turner (1995), and Head et al. (1999), consider nonlocal demand, but not using measures derived from theory.⁵ In particular, theory suggests that nonlocal demand must be discounted for bilateral trade impediments. Furthermore, a given amount of market access contributes less to profits when a firm’s competitors have access to the same markets. We follow Krugman (1992) in adjusting the market potential measure to take into account the location of competitors.

The paper proceeds as follows. In section II we derive a linear-in-logs equation that relates the profitability of a location to a prospective foreign investor to a measure of that location’s access to demand. We then show how to estimate the distance and border effects that impede market access, using bilateral trade data. In section III we report the results from the trade equation and show how we use them to calculate market potential. We then discuss our sample of Japanese investors and the set of possible location choices. Our location-choice results are detailed in section IV, and we conclude and propose directions for future work in section V.

II. The Model

Let E_r denote expenditure in a representative industry (we omit industry subscripts for notational simplicity) in region r . Consumers (who may be firms or individuals) allocate their expenditures across differentiated varieties in the representative industry. They have constant-elasticity-of-substitution subutility functions for each industry. Maximizing this subutility function subject to expenditure, E_r , and the delivered prices from all R possible product origins, we obtain the demand curve for the representative variety in the representative industry as

$$q_{ij} = \frac{p_{ij}^{-\sigma}}{\sum_{r=1}^R n_r p_{rj}^{1-\sigma}} E_j, \tag{1}$$

where p_{ij} is the delivered price faced by consumers in region j (destination) for products from region i (origin). It is the product of the mill price p_j and the trade cost factor τ_{ij} . Trade costs include all transaction costs associated with moving goods across space and national borders.

A. The Profit Equation for Foreign Affiliates

Each firm sets its mill prices to maximize profits. Following Dixit and Stiglitz (1977), firms treat the elasticity of substitution, σ , as if it were the price elasticity of demand (this may also be interpreted as the assumption that each firm has infinitesimal market share). The resulting mill

⁵ Friedman et al. (1992) use a distance-weighted sum of per capita incomes, Henderson et al. (1995) use distance to nearest major business district, and Head et al. (1999) sum the personal incomes of adjacent states.

prices are simple markups over marginal costs, denoted c_r : thus $p_r = c_r[\sigma/(\sigma - 1)]$. Substituting into equation (1), we obtain the quantity that a firm producing in region i would deliver⁶ to each destination region j :

$$q_{ij} = \frac{\sigma - 1}{\sigma} \frac{(c_i \tau_{ij})^{-\sigma}}{G_j} E_j, \tag{2}$$

where $G_j \equiv \sum_r n_r (c_r \tau_{rj})^{1-\sigma}$. The gross profit earned in each destination region j for a firm producing in region i is

$$\pi_{ij} = (p_i - c_i) \tau_{ij} q_{ij} = \frac{(c_i \tau_{ij})^{1-\sigma}}{\sigma G_j} E_j. \tag{3}$$

This gross profit is an increasing function of the expenditure of country j on the considered industry. The fraction multiplying E_j depends on the costs of the representative firm relative to its competitors from all R regions. In the numerator, we see that profits are decreasing in local (region i) production costs. Lower trade costs to reach region j (that is, a low τ_{ij}) also raise profits. Because the effect of trade costs is always moderated by the elasticity of substitution, we introduce the notation of $\phi_{ij} = \tau_{ij}^{1-\sigma}$ to measure the access of exporters from i to market j .⁷ The denominator contains the corresponding characteristics of competing suppliers. Note that the denominator contains a factor σ , capturing the idea that competition is fiercer and profits are therefore lower when varieties are less differentiated from each other.

Summing the gross profits earned in each market and subtracting the fixed costs F_r necessary to establish a plant in region r , we obtain the aggregate net profit Π_r to be earned in each potential location r :

$$\Pi_r = \frac{c_r^{1-\sigma}}{\sigma} \sum_{j=1}^R \phi_{rj} \frac{E_j}{G_j} - F_r = \frac{c_r^{1-\sigma}}{\sigma} M_r - F_r, \tag{4}$$

where

$$M_r \equiv \sum_j \frac{\phi_{rj} E_j}{G_j}.$$

We will refer to M_r as the *Krugman market potential*, because an expression for it first appeared in Krugman (1992). The profit equation suggests that firms face a tradeoff between low production costs and high market potential.⁸

⁶ The *iceberg convention* implies that to deliver q units, the firm must ship τq units.

⁷ Baldwin et al. (2003) refer to ϕ as “freeness of trade” and mainly consider cases of symmetric trade costs ($\phi_{ij} = \phi_{ji}$). The term market access is better suited to our case, where we find asymmetries in trade costs.

⁸ The wage equation analyzed by Fujita et al. (1999, p. 53) can be derived from the profit equation by assuming that free entry sets equation (4) equal to 0. In their specification, production requires 1-unit of labor per unit of output and F units of labor as overhead. Denoting the cost of a

When a firm chooses its location, the only relevant information is the ordering of the profits. Invariant fixed costs do not affect the profit ordering of regions and can therefore be omitted. For tractability, therefore, we assume that fixed costs do not differ across locations ($F_r = F \forall r$). As monotonic transformations also leave the ordering unchanged, we will make four of them to create a simple and intuitive expression for profitability. Namely, we add F , multiply the result by σ , raise the result to the power $1/(\sigma - 1)$, and take natural logs. Denoting the result as U_r we obtain

$$U_r \equiv \frac{\ln \sigma + \ln(\Pi_r + F)}{\sigma - 1} = -\ln c_r + (\sigma - 1)^{-1} \ln M_r. \quad (5)$$

Equation (5) expresses the profitability for a firm of locating in region r as a very simple function that is decreasing in production costs and increasing in the Krugman market potential term.

Considering the cost term first, let us suppose that the variable cost function is Cobb-Douglas with constant returns, using labor at cost w_r and other inputs (such as land and intermediates) at cost v_r . Labor's share is α , and A_r represents total factor productivity.

Thus, log marginal costs are given by

$$\ln c_r = \alpha \ln w_r + (1 - \alpha) \ln v_r - \ln A_r. \quad (6)$$

Substituting (6) into (5) and rearranging, we have

$$U_r = -\alpha \ln w_r + (\sigma - 1)^{-1} \ln M_r - (1 - \alpha) \ln v_r + \ln A_r. \quad (7)$$

We observe wages w_r and will calculate M_r using a method described in section II B. We do not observe v_r and A_r , and they will be captured with several proxies (specified in section III C) and a random term observed by firms but not by the econometrician (detailed in section III B).

The Krugman market potential aggregates the expenditures of all regions while adjusting for region r 's access ϕ_{rj} and for competition from firms located in other regions, G_j . Analyzing the function, we can determine the assumptions that were implicit in the original Harris (1954) formulation of market potential. Specifically, if we set $G_j = 1$ and $\phi_{rj} = 1/d_{rj}$, then M_r reduces to $\sum_j E_j/d_{rj}$, that is, the inverse-distance-weighted sum of incomes. In the Krugman market potential function M_r , the denominator G_j takes into the

labor unit as w_r , this implies marginal costs of $c_r = w_r$ and fixed costs of $F_r = Fw_r$. Solving for w_r , we have

$$w_r = \left(\frac{1}{\sigma F} M_r \right)^{1/\sigma}.$$

That is, for firms to be indifferent between locations, wages must be a power function of market potential. Hanson (2001) and Redding and Venables (2004) estimate variations of this relationship.

account the competition that firms from region r face from rival firms exporting from other regions to serve the demand in each export market j . This competition adjustment is increasing in the number of rivals and decreasing in their trade and production costs.

The competition adjustment can help explain why otherwise identical firms would not all select the same location. As more firms choose one region, the market there becomes more crowded, lowering M_r , until another region is more profitable. This is not the only mechanism causing dispersion, however. Firms are not identical and will therefore differ in their views of the prospective profitability of each region. This heterogeneity is analogous to matching in labor markets. In the context of our model, this heterogeneity can be thought of as firm-specific variation in regional productivity ($\ln A_r$).

The Krugman market potential has the advantage of being derived rigorously from theory. However, unlike the Harris form, its calculation requires estimates of the unknown parameters ϕ_{ij} and G_i . Our strategy will be to use information from international trade flows to estimate these parameters.

B. The Trade Equation

We do not observe trade flows between regions and must instead rely upon trade between nations to estimate the parameters that determine trade costs. Results from Wolf's (2000) study of intranational trade in the United States are reassuring in this respect, for he finds distance effects resembling those found using international trade data. We reinterpret equation (2) as giving the quantity exported by a representative firm in country I to country J (we reserve the lowercase i and j to denote origin and destination regions). The aggregate value of country I 's exports to country J , denoted X_{IJ} , is given by the quantity exported by a representative variety firm from I multiplied by the price and the number of varieties from J :

$$X_{IJ} = p_{IJ} q_{IJ} n_I = n_I \frac{c_i^{1-\sigma} \phi_{IJ} E_J}{G_J}.$$

Taking natural logs and grouping variables according to subscripts, we obtain

$$\ln X_{IJ} = \ln(n_I/c_i^{\sigma-1}) + \ln(E_J/G_J) + \ln \phi_{IJ}. \quad (8)$$

Following Redding and Venables (2004), we will estimate the first two terms using exporter and importer fixed effects, denoted EX_I and IM_J .⁹ Bilateral market access (ϕ_{IJ}) will be estimated as a function of distance (d_{IJ}), borders ($B_{IJ} = 1$

⁹ An earlier version of this paper [Head and Mayer (2002), available at cepr.org] used the number of Japanese firms to measure n and calculated G_j at the regional level. It constructed the $c_i^{1-\sigma}$ term using wage data and estimates of σ obtained from a first-step trade equation. Our current approach, suggested by a referee, imposes fewer and more plausible assumptions but arrives at the same empirical conclusions.

for $I \neq J$, sharing a common language ($L_{IJ} = 1$ if I and J share a language and $I \neq J$, and 0 otherwise), and an error term, ϵ_{IJ} . Parameters capturing the effect of distance, borders, and language on trade volumes are denoted δ , β_J , and λ , respectively: $\phi_{IJ} = d_{IJ}^{-\delta} \exp[-(\beta_J - \lambda L_{IJ})B_{IJ} + \epsilon_{IJ}]$. We interpret border effects as comprising home bias in consumer preferences and government procurement, differential technical standards, exchange rate uncertainty, and imperfect information about potential trade partners.¹⁰ The specification allows border effects to differ across importing countries, which is largely supported by the empirical evidence (see Chen, 2004). The estimated equation will therefore be

$$\ln X_{IJ} = EX_I + IM_J - \delta \ln d_{IJ} - \beta_J B_{IJ} + \lambda L_{IJ} B_{IJ} + \epsilon_{IJ}. \quad (9)$$

The estimated parameters on trade costs and importers' fixed effects are then used to construct the market potential variable that will be included in the location choice analysis of Japanese firms in Europe. Recall that the market potential of region i is $M_i \equiv \sum_j \phi_{ij}(E_j/G_j)$, where ϕ_{ij} is the accessibility of market j to goods shipped from region i . The formulas for calculating inter- and intraregional access are

$$\hat{\phi}_{ij} = \exp(-\hat{\beta}_J + \hat{\lambda} L_{IJ}) d_{ij}^{-\hat{\delta}}$$

when $i \in I$, $j \in J$, and $I \neq J$,

$$\hat{\phi}_{ij} = d_{ij}^{-\hat{\delta}}$$

when i and j belong to the same country, and

$$\hat{\phi}_{ii} = d_{ii}^{-\hat{\delta}} = \left(\frac{2}{3} \sqrt{\text{area}_i/\pi}\right)^{-\hat{\delta}}$$

for intraregional trade.

The last equation models the average distance between a producer and a consumer based on a stylized geography where all producers are centrally located and the consumers uniformly distributed across a disk-shaped region.

The second component of market potential calculation is regional-level competition-weighted expenditure. Taking the exponential of importer's fixed effects' coefficients, we obtain $E_j/G_j = \exp(IM_J)$, that is, the competition-weighted expenditure of country J . We calculate E_j/G_j for each region j of country J by allocating E_j/G_j to the different regions in proportion to their share of national GDP (y_j/y_J), that is, $E_j/G_j = (y_j/y_J) \exp(IM_J)$.

We also compare the Krugman market potential with the simpler version proposed by Harris (1954). This variable sums distance-weighted industry-level expenditures: $\sum_j E_j/d_{ij}$. Again, we allocate national expenditure to regions

according to GDP shares of regions [$E_j = (y_j/y_J)E_J$]. National expenditure is calculated using apparent consumption, that is, $E_j = \text{production} - \text{exports} + \text{imports}$ in the considered industry. It comprises final and intermediate demand from all sectors.

III. Econometric Model and Data

We estimate a model of location choice of 452 Japanese-owned affiliates that were established in 57 regions belonging to nine European countries (Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Portugal, and the United Kingdom) during the period 1984–1995. As can be seen in equation (5), we hypothesize that market potential is a key determinant of this decision. We construct the market potential for 18 industries using the parameters estimated from the trade equation (9).

A. Estimation of the Trade Equation

We estimate equation (9) using Eurostat data on bilateral trade matched with production at the NACE70 two-digit level. Production data are needed because internal trade flows, X_{IJ} are constructed by subtracting total exports ($\sum_{J \neq I} X_{IJ}$) from national production. Our sample runs from 1980 to 1995 and includes the fifteen 1995 members of the European Union, plus Switzerland and Norway. Although the set of EU countries in the location choice analysis only includes nine members, it is important to incorporate the demand emanating from the rest of the European Economic Area in the calculation of the market potential. For instance, Swiss and Austrian consumers are not trivial components of the southern German and northern Italian regions' market potential that we consider in the location choice of Japanese firms. Incorporating the demand from those countries involves obtaining estimates of their fixed effects as importers and of bilateral trade cost parameters, and we therefore incorporate them in the trade equation.

Both internal (d_{II}) and external (d_{IJ}) distances are weighted averages of point-to-point distances between sub-national regions. Head and Mayer (2000) provide greater detail on their construction and the distance matrix for the EU12 countries (coordinates and population shares of regions of Switzerland, Austria, Norway, Sweden, and Finland have been collected using a combination of Eurostat and national sources). The common language variable L_{IJ} takes a value of 1 for the United Kingdom and Ireland, Germany and Austria, Germany and Switzerland, France and Switzerland, Belgium and France, and Belgium and the Netherlands. The regressions are run for each of the 16 years and 18 industries. Each component of the market potential gathered through the trade equation (the fixed effects of importing countries and bilateral trade cost estimates) are thus industry-, year-, and country-specific. More details on the data and implementation of those regressions can be found in the data appendix.

¹⁰ See Anderson and Van Wincoop (2003b) for a survey of the now large literature measuring and explaining border effects.

TABLE 1.—ESTIMATES OF BORDER AND DISTANCE EFFECTS: AVERAGES FOR THE LARGE E.U. NATIONS (FRANCE, GERMANY, ITALY, AND THE UNITED KINGDOM)

Industry Name	NACE Code	1980–1987			1988–1995		
		Border (β)	Dist. ($-\delta$)	Lang. (λ)	Border (β)	Dist. ($-\delta$)	Lang. (λ)
Metal—primary	22	1.3	-1.5	.04	0.80	-1.55	.17
Nonmetallic mineral products	24	2.29	-1.67	.24	2.11	-1.68	.22
Chemicals and fibers	25, 26	1.81	-1.19	.06	1.62	-1.22	.06
Metal—fabricated	31	2.72	-1.54	.39	2.61	-1.47	.48
Machinery	32	1.56	-1.08	.26	1.42	-1.06	.32
Office machines	33	0.75	-0.83	.15	0.85	-0.79	.15
Electronics	34	2.09	-0.99	.32	1.76	-1.01	.33
Motor vehicles and parts	35	0.95	-1.68	.44	0.89	-1.52	.37
Cycles	363	0.96	-2.12	.27	0.66	-1.87	.53
Precision instruments	37	1.51	-1.00	.34	1.05	-0.98	.15
Food, drink, and tobacco	41, 42	2.94	-1.29	.59	2.77	-1.38	.48
Textiles	43	2.72	-1.28	.46	2.45	-1.26	.59
Leather	44	1.76	-1.43	.62	1.23	-1.49	.62
Clothing and footwear	45	1.95	-1.51	.92	1.87	-1.48	.91
Wood and wooden furniture	46	2.56	-1.91	.74	2.4	-1.96	.68
Paper, printing, and publishing	47	2.66	-1.55	.6	2.54	-1.46	.56
Rubber and plastics	48	1.91	-1.35	.20	1.85	-1.36	.23
Toys and sports	494	0.72	-1.23	.52	0.52	-1.23	.74

Table 1 summarizes the border, distance, and language effects estimated for each two-digit industry. This table gives the average coefficients over two subperiods of our sample, 1980–1987 and 1988–1995, chosen because of the start of the Single Market Programme in 1987, which was expected to yield a fall in border effects. The border effects presented average over the four large sources of demand inside our sample, Germany, France, the United Kingdom, and Italy.

We find distance effects that average -1.4 across the two periods. This number aligns closely with the results of Redding and Venables (2004); it is slightly superior to usual estimates of gravity equations¹¹ and suggests Harris's assumption of an inverse distance rule is a rough but reasonable approximation. Where Harris's specification appears inappropriate for Europe is in its omission of the effect of national borders.¹²

Border effects for the four core EU countries average 1.84 in the first period and 1.63 in the second period. Expressing their magnitude in the McCallum (1995) manner, within-border trade after 1987 remains more than five [$\exp(1.63) = 5.1$] times as large as cross-border trade after controlling for the effect of relative distance and characteristics of the trading partners (in particular their economic size). Though sizable, these effects are considerably smaller than the value of 20 first reported by McCallum for the Canada-U.S. border, but more comparable to the rescaled estimates obtained by Anderson and van Wincoop (2003a) when using a specification more closely linked to theory. In contrast with distance effects, there

appears to be a downward trend in the effects of national borders in the EU; all but one of the border effects declined. We also find large common-language effects. The trade-creating effect of common language is slightly increasing over time, from an average of 0.39 in the first period to 0.42 in the second one. Interestingly, we observe large variation across industries in the effect of sharing a language. Goods bought mainly as intermediate inputs tend to have smaller language effects than goods destined for final consumption. For instance, country pairs sharing a language trade 2.5 times more clothing and footwear than pairs lacking a common language.

B. Specification of the Location Choice Model

We estimate the parameters of the profit equation (7) using a discrete choice model. As we do not observe the potential profitability of each location, we rely upon the assumption that firms choose the country yielding the highest profit. The location choice literature makes extensive use of the conditional logit model (CLM). This model requires error terms that are independent across locations. As it seems likely that the unobserved component of profitability is correlated among regions in the same nation, we use a generalization that permits such a structure of the random term, the nested logit model (NLM).¹³

For estimation purposes it is useful to decompose equation (7) into components that are observable at the nation-state level, denoted V_s , and at the region level, denoted W_r , as well as remaining random variation that the econometrician does not observe, denoted ξ_r :

$$U_r = V_s + W_r + \xi_r.$$

¹¹ Anderson and van Wincoop (2003a) also use this fixed-effects specification in the sensitivity analysis reported in their table 6, p. 187. Interestingly, they mention a substantial rise in the (absolute value of the) distance decay parameter, which becomes -1.25 for U.S.-Canada trade flows.

¹² His pioneering study considered the market potential of counties within the United States.

¹³ Train (2003) provides a clear description of the nested logit methodology. Mayer and Mucchielli (2002) use the same sample used here to confirm the validity of a structure nesting region choice under nation choice.

V_s includes national policies—corporate tax rates and social charges in this study—that affect all regions. W_r includes wages and market potential as well as proxies for other input prices and productivity (detailed in section II C). We envision the random term ξ_r as a shock to $\ln A_r$ that is specific to firm-region pairs (we continue to suppress firm subscripts for readability). It also contains any other influences on the attractiveness of a location that matter to firms but are not included as controls by the econometrician. McFadden (1978) shows that if the distribution of ξ_r is given by a multivariate extreme value with parameter ρ , then the conditional probability that firms choose region r conditional on choosing state s is $P_{r|s} = \exp(\rho^{-1}W_r - Z_s)$, where $Z_s \equiv \ln \sum_{i \in s} \exp(\rho^{-1}W_i)$ is termed the *inclusive value* for state s . The probability of choosing nation s is $P_s = \exp(V_s + \rho Z_s - \tilde{Z})$, where $\tilde{Z} \equiv \ln[\sum_I \exp(V_I + \rho Z_I)]$. The parameter ρ measures the degree of independence between the unobserved portion of profitability of regions in a given state. For $\rho = 0$, regions are perfect substitutes inside a nation, whereas for $\rho = 1$ there is full independence and patterns of substitution are the same within and between nations. We also consider this non-nested version of the model corresponding to $\rho = 1$. In that case the probability of choosing a region r is $P_r = P_{r|s}P_s = \exp(V_s + W_r - \tilde{Z})$. Consequently, the NLM collapses to the CLM.

The parameters on the components of U_r will be estimated by substituting the probabilities (P_r) of the actual location choices made by Japanese firms in Europe into a log likelihood function and maximizing.

C. Implementation of the Location Choice Model

The sample of Japanese firms is extracted from the 1996 *Survey of Current Manufacturing Operations of Japanese Firms in Europe* issued by the Japan External Trade Organization (JETRO). More than 700 Japanese manufacturing investments are listed in this survey, with corresponding date when operation started, country of location, employment, and other details, including a detailed description of the product manufactured. In order to assign investments to subnational regions, the *Directory of Japanese-Affiliated Companies in the EU: 1996–1997*, also issued by JETRO, was used to determine the precise city where the plant was located. Almost all explanatory variables come from industrial statistics issued by Eurostat either at the national or at the regional level. The selection of Japanese investments (452 retained location decisions over the years 1984–1995) was essentially driven by the availability of regional and national data. Further details concerning the data can be found in the data appendix, which includes table A1 showing the regions in our choice set and the number of Japanese firms each one received.

Figure 1 uses these data to plot the Japanese affiliates in the NUTS 1 region where they invested.¹⁴ Several important features of Japanese investment patterns are immediately apparent: The strong attractiveness of the United Kingdom as a whole, the agglomeration in the northern part of Europe, and a tendency of investors to locate in the economic core of each country (Japanese investors cluster in London in the United Kingdom, Paris in France, Milan in Italy, and Barcelona in Spain).

Although the theoretical model of the location decision focuses on wages and market potential, the large literature on location choice includes a number of other explanatory variables. We include the standard controls. For wages, we use the total wage bill divided by number of employees in the two-digit industry region. Wages do not provide a complete description of labor costs, because the functioning of the labor market (measured by unemployment rates) and government-imposed charges also contribute to the true cost of workers. Government subsidies and taxes affect the cost of capital (part of v in the model); we control for those through corporate tax rates and eligibility for E.U. regional policy funding. Last, we follow Coughlin et al. (1991) and add land area of the region, intended to control for differences in land supply and therefore land prices, which also enter v .

Much evidence suggests that related firms tend to cluster in the same regions. We consider three forms of relatedness:¹⁵ (1) establishments in the same industry; (2) affiliates in the same industry originating from the same country (Japan); (3) affiliates owned by the same parent company or affiliated in the same supplier groups (known as *keiretsu* in Japan). Clusters of related firms may form regional production networks, selling intermediate inputs to each other and thereby lowering v_r . They may also share knowledge, raising A_r . It is also likely that clusters will form around the same exogenous sources of low input costs or high productivity. Of particular interest to this paper is the hypothesis that clusters form in areas with high market potential in the relevant industry. This hypothesis would receive support if, after controlling for market potential, the presence of same industry firms *lowers* the attractiveness of a region. Regardless of the underlying mechanism, we will refer to the three cluster variables as agglomeration effects. All variables used in our specification of production costs are described in table 2.

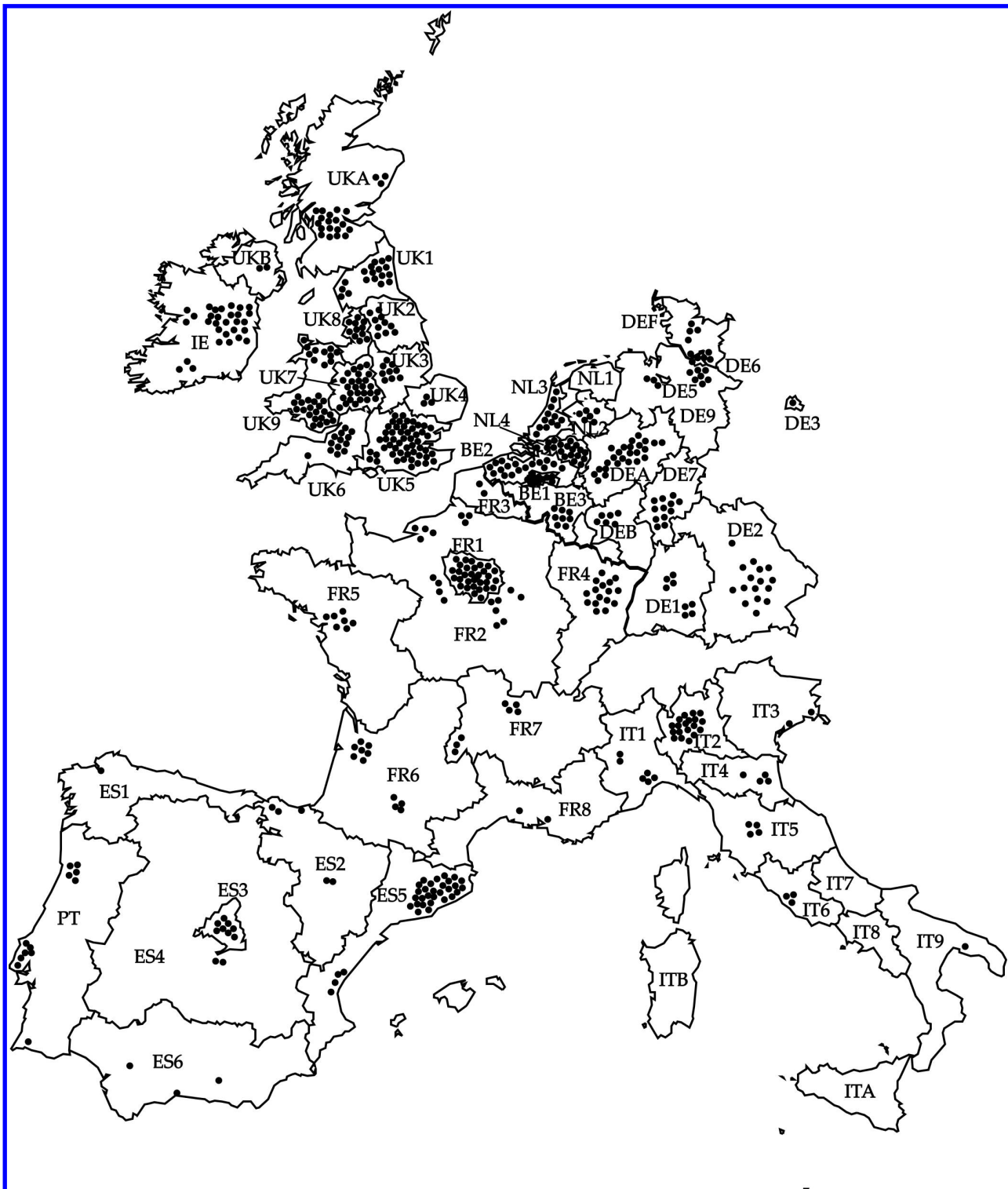
IV. Location Choice Results

We begin with an assessment of the performance of our market potential variable in a conventional specification used in the literature. We therefore start with the nonnested conditional logit estimation of the region choices of Japanese firms in Europe (table 3). We then turn to a nested logit

¹⁴ NUTS is the official classification for E.U. regions; it has five levels of geographical detail, ranging from 15 NUTS 0 nations to more than 100,000 NUTS 5 areas.

¹⁵ Head et al. (1999) find evidence that all three forms matter for Japanese location choices in the United States.

FIGURE 1.—JAPANESE INVESTORS IN EUROPE AT THE END OF 1995



specification in which we first estimate the choice of region within a given nation and then estimate the choice of nation taking into account the attractiveness of its constituent regions (table 4).

A. Region Choice: Nonnested Logit

Table 3 provides results for six different conditional logit estimations of the location choice of Japanese affiliates

TABLE 2.—PRODUCTION COST SPECIFICATIONS

Geographic Level	Variable	Definition
Region-specific (W_r)	Wages	Total wage bill divided by number of employees in the two-digit industry region
	Unemployment rate	Unemployed as percentage of the labor force
	Obj. 1 eligibility	Equals 1 when the per capita income of the region is less than 75% of the E.U. average, the critical value for qualifying for E.U. structural funds
	Area	Land area of region
	Domestic industry count	Number of establishments in the two-digit industry region
	Japan industry count	Number of Japanese affiliates in the three-digit industry region
Nation-specific (V_s)	Corporate tax rate	Statutory rate of taxation for profits made by foreign investors
	Social charges rate	Nonwage labor costs, such as payroll taxes and pension contributions, divided by the total labor cost (wage bill + social charges).
	Network count	Number of affiliates owned by the same Japanese parent or members of same vertical <i>keiretsu</i>

TABLE 3.—CONDITIONAL LOGIT MODEL OF REGION CHOICE

Specification	452 Firms Choosing between 57 Regions					
	(1)	(2)	(3)	(4)	(5)	(6)
ln wages	0.47 ^c (0.25)	-0.20 (0.26)	-0.12 (0.28)	0.17 (0.25)	0.50 (0.34)	0.13 (0.36)
Unemployment rate	-8.90 ^a (1.69)	-4.50 ^a (1.70)	-1.57 (1.95)	-3.22 ^c (1.78)	-4.34 ^c (2.28)	-1.35 (2.43)
Obj. 1 eligibility	-0.25 (0.21)	-0.12 (0.22)	0.25 (0.22)	0.01 (0.22)	-0.22 (0.24)	-0.24 (0.25)
ln regional area	0.31 ^a (0.05)	0.05 (0.06)	0.58 ^a (0.06)	0.59 ^a (0.06)	0.58 ^a (0.07)	0.21 ^b (0.08)
Social charges rate	-2.26 ^a (0.38)	-2.28 ^a (0.38)	-2.25 ^a (0.38)	-1.56 ^a (0.38)	0.24 (1.83)	-0.01 (1.86)
Corporate tax rate	-4.82 ^a (0.59)	-4.80 ^a (0.58)	-5.03 ^a (0.60)	-4.96 ^a (0.61)	-0.40 (2.36)	-0.34 (2.34)
ln regional GDP = ln y_r		0.80 ^a (0.08)				
ln Harris market potential = ln $\sum_j E_j/d_{rj}$			1.88 ^a (0.21)			
ln Krugman market potential = ln M_r				1.11 ^a (0.13)	1.07 ^a (0.14)	0.34 ^b (0.16)
ln(1 + domestic industry count)						0.52 ^a (0.08)
ln(1 + Japan industry count)						0.86 ^a (0.11)
ln(1 + network count)						1.24 ^a (0.22)
National fixed effects	No	No	No	No	Yes	Yes
Likelihood ratio index	0.054	0.079	0.077	0.073	0.079	0.126

Standard errors in parentheses.

^a Significant at 1% level.

^b Significant at 5% level.

^c Significant at 10% level.

among E.U. regions. Specification (1) shows coefficients for the standard set of production cost variables, excluding the difficult-to-interpret agglomeration effects. Specifications (2) to (4) add successively more sophisticated measures of demand, culminating with the Krugman market potential. Column (5) adds nation-level fixed effects to the analysis, which is a first way to capture unobserved correlations in the characteristics of regions belonging to the same nation. Column (6) adds the counts of various types of related firms.

Though conventional wisdom would predict a negative effect for wages and a positive effect for unemployment, the results in specification (1) yield just the opposite. As we shall see, neither “perverse” result is robust to the inclusion of appropriate controls. The effect of wages is small and statistically insignificant after using any of the controls for

demand. The absence of a significant negative effect of regional wages on location choice in all specifications is disappointing. However, the result is not out of line with other studies (such as Devereux & Griffith, 1998, and Head et al., 1999). Because the standard model of wage determination (the Mincer equation) explains differences in wages with differences in human capital (education, experience, and ability) that are presumably valuable to the firm, ambiguous results should perhaps be expected.¹⁶

¹⁶ In unreported regressions we attempted to control for this effect of human capital differences by using the wage of the clothing industry as a measure of unskilled wages and that of the chemical industry as a measure of skilled wages. The idea (for which we thank a referee) was to purge the wage measure of cross-regional human capital variation. Unfortunately,

Larger regions attract significantly more investors than small ones in all specifications except (2). The elasticity is significantly below the unit value that Coughlin et al. (1991) refer to as the “dartboard” approach to location decision. We see these results, which appear in the nested estimation as well, as indirect support for the importance of land costs in location decisions (using land area rather than land values probably makes sense, for the latter is likely to reflect unobserved qualities of the location). Regions eligible for Objective One subsidies have, by definition, low per capita incomes, and these two effects seem to cancel each other out, yielding insignificant effects.

The social charge rate enters with a consistently negative sign until nation-specific fixed effects are added in column (5). The negative and mainly significant effects of social charges make sense in that this variable incorporates variation in labor costs that is unrelated to human capital. Unfortunately, it does not vary across regions within nations, and its time-series variation is inadequate to identify a clear result. The effect of corporate taxation appears to be large, in line with recent estimates surveyed in the meta-analysis on FDI and corporate taxes by Mooij and Ederveen (2001). The coefficient in column (1) means that a 1-point rise in the national corporate tax rate yields a fall of approximately 5% in the probability that regions in that country will be chosen. The comparable average semielasticity in the literature, reported in table 3.1 in Mooij and Ederveen (2001), is 4.8. As with social charges, the tax effect is not robust to the inclusion of country fixed effects. The evolution of corporate tax rates over the period did not seem to influence the location choices by Japanese investors.

The main results of interest lie in columns (2) to (5), where we introduce different demand variables and compare results of the Krugman market potential with those of alternative proxies for demand. We start, in column (2), by adding the most widely used demand measure, regional GDP. As expected, the coefficient is positive and highly significant. The measure is hardly an adequate proxy for demand, for few firms would go to the trouble of setting up an overseas factory to serve a single region. Column (3) substitutes the simple Harris market potential calculation for regional GDP. The coefficient is again significantly positive, and its magnitude is more than double that of local GDP, reflecting the attractiveness of *central* regions in Europe (the ones with a combination of high local demand and proximity to other important sources of demand). The overall fit of the model is however slightly reduced. The Harris measure does not take into account border effects, variation in distance costs, or market crowding due to local competition. The Krugman market potential, which handles all three issues, is introduced in column (4). The coefficient has the expected sign and significance, but its magnitude is

lower than the coefficient in Harris’s version, and the overall fit of the model is worse (as seen in the 0.004 decline of the likelihood ratio index). The coefficient is however robust to the inclusion of national fixed effects in column (5).

How substantial is the effect of market potential on location choice? There are two ways to evaluate the size of the effect. First, the coefficient itself is closely tied to the probability elasticity, which is given by $\hat{b}(1 - P_r)$, where \hat{b} is the coefficient and P_r is the probability of choosing region r . On average, P_r is the reciprocal of the number of choices. Using column (5)’s estimate of \hat{b} , we find a probability elasticity of $1.07(1 - 1/57) = 1.05$. Thus, 10% increases in market potential increase the probability of attracting investment by approximately 10%. Though useful, this way of expressing economic significance does not take into account the actual variation in the explanatory variable.

A second approach is to imagine a hypothetical region with the mean level of market potential. Denote this region’s initial probability of being chosen as \bar{P} . Then redistribute demand so as to raise the region’s market potential by 1 standard deviation. Denote the new probability as \bar{P}' . Suppose that the demand redistribution leaves the overall attractiveness of European regions unchanged, that is, the inclusive value, \bar{Z} , is fixed. Then the rise in the probability of attracting investment will be given by

$$\begin{aligned} \frac{\bar{P}'}{\bar{P}} &= \exp(\hat{b}\{\ln[\text{mean}(M_r) + \text{stdev}(M_r)] \\ &\quad - \ln[\text{mean}(M_r)]\}) \\ &= [1 + \text{cv}(M_r)]^{\hat{b}}, \end{aligned}$$

where $\text{cv}(M_r) = \text{stdev}(M_r)/\text{mean}(M_r)$ is the coefficient of variation of market potential. For electronics (NACE 34), the recipient of the most Japanese manufacturing, we have a coefficient of variation of M_r of 0.58 in the year 1995. Based on $\hat{b} = 1.07$ from specification (5), this implies that a 1-standard-deviation shock would increase the attractiveness of the average region by 63%. The effects on other industries, which mainly had greater variance in M_r , are sometimes considerably larger (for motor vehicles the corresponding increase is 159%).

The agglomeration variables introduced in specification (6) may allow for alternative mechanisms of spatial concentration, such as human capital externalities or technological spillovers, which have been the primary emphasis of past work on location choice using this type of variables. This paper is the first to control for market potential using the exact functional form dictated by theory. Thus, if prior findings of agglomeration effects merely reflected the absence of adequate controls for variation in demand, the agglomeration terms would not have significant positive effects in our specification and could even enter negatively to the extent that firms wish to avoid overcrowded markets.

the two wages were highly correlated and neither singly nor jointly yielded negative and significant effects.

TABLE 4.—NESTED LOGIT MODEL OF REGION AND NATION CHOICE

Specification	(1)	(2)	(3)	(4)	(6)
421 Firms Choosing <i>within</i> 7 Nations					
ln wages	1.21 ^b (0.48)	-0.53 (0.53)	0.12 (0.50)	-0.10 (0.50)	-0.34 (0.52)
Unemployment rate	-9.77 ^a (2.39)	-3.97 (2.52)	2.15 (2.76)	-1.03 (2.63)	0.53 (2.76)
Obj. 1 eligibility	-0.89 ^a (0.33)	-0.71 ^b (0.35)	-0.81 ^b (0.35)	-0.74 ^b (0.35)	-0.54 (0.36)
ln regional area	0.29 ^a (0.06)	0.07 (0.07)	0.59 ^a (0.07)	0.69 ^a (0.08)	0.26 ^b (0.10)
ln regional GDP = ln y_r		0.82 ^a (0.09)			
ln Harris market potential = ln $\sum_j E_j/d_{rj}$			2.30 ^a (0.26)		
ln Krugman market potential = (ln M_r)				1.41 ^a (0.17)	0.51 ^b (0.22)
ln(1 + domestic industry count)					0.53 ^a (0.11)
ln(1 + Japan industry count)					0.65 ^a (0.13)
ln(1 + network count)					1.46 ^a (0.26)
Likelihood ratio index	0.054	0.097	0.095	0.093	0.146
421 Firms Choosing <i>among</i> 7 Nations					
Social charges rate	-2.66 ^a (0.43)	-2.54 ^a (0.43)	-2.68 ^a (0.43)	-2.11 ^a (0.44)	-2.27 ^a (0.45)
Corporate tax rate	-3.20 ^a (0.65)	-3.69 ^a (0.63)	-2.79 ^a (0.63)	-3.32 ^a (0.62)	-2.08 ^a (0.55)
Inclusive value = Z_s	0.59 ^a (0.07)	0.78 ^a (0.07)	0.53 ^a (0.06)	0.65 ^a (0.06)	0.69 ^a (0.06)
Likelihood ratio index	0.115	0.134	0.117	0.132	0.139

Standard errors in parentheses.

^a Significant at 1% level.^b Significant at 5% level.^c Significant at 10% level.

Although estimated agglomeration effects are often interpreted as evidence of spatial externalities, this is not the only possible interpretation. Even with the many controls and national fixed effects employed in specification (5), it is likely that omitted variables remain a problem. Fixed effects for each region are not feasible, because they cannot be estimated for regions that received no investment. Counts of firms in the same industry will partly reflect omitted variables, which form part of the unobserved attractiveness of regions and therefore correlate with large numbers of domestic and Japanese firms. Adding agglomeration variables therefore also has the advantage of mitigating the inevitable omitted variable bias in this type of estimation.

The data reject the hypothesis of zero agglomeration effects, despite the presence of the Krugman market potential term. Market potential retains a significant positive sign, but the coefficient is divided by more than 3, and the overall fit of the estimation is very much improved by including the counts of related firms. Market potential remains an economically significant factor, however. A 1-standard-deviation shock now increases attractiveness by 17% in electronics and 35% in motor vehicles. We interpret the result that counts of related firms have a strong effect even after controlling for market potential—which recurs in the

nested logits—as indicating that spatial concentration arises in large part from mechanisms other than the demand linkages emphasized by Krugman.

Another interesting result is that the influence of previous location choices by similar firms is increasing in the degree of relatedness of those competitors. All three variables have a large and positive influence, but the domestic firms in each region have a notably weaker attractive power than other Japanese affiliates, which are themselves superseded by members of the same vertical keiretsu. This last variable certainly captures input-output linkages of the Venables (1996) type. Its large coefficient is a sign that this type of vertical linkages might offer more solid empirical explanatory power than the simple version of the Krugman (1991) model primarily based on final demand linkages.

B. Region Choices Nested within Nation Choices

The use of the country dummies in specifications (5) and (6) of table 3 helps to mitigate the problem associated with nonindependent errors across regions belonging to the same nation. However, the country fixed effects do not solve problems associated with cross-industry and intertemporal differences in the attractiveness of nations. By considering

the choice of region for a given choice of nation, we condition on all aspects of the nation that do not vary across its constituent regions from the perspective of a given investor. The drawback is that we must omit the national tax and social charges variables. However, we reintroduce them when estimating the upper level of the decision tree (nation choice).

The nested region choice forces us to remove Portugal and Ireland, because they lack subnational regions in our data set. This reduces the set of choosers from 452 to 421. The choices sets vary in size from 4 (Belgium and the Netherlands) to 11 (Germany, Italy, and the United Kingdom). On average there are 9.22 choices per Japanese investor.

Table 4 reestimates the same specifications as table 3 in a nested structure. The results are broadly similar. As before, controlling for demand eliminates a spurious positive effect for wages. Controlling for both market potential and agglomeration, the wage and unemployment effects conform to conventional wisdom, albeit without statistical significance. Market potential has a statistically significant effect even after controlling for agglomeration effects; however, the inclusion of the latter improve the fit considerably. Both market potential variables have larger effects on region choice within nations than they do on nonnested region choice.¹⁷

We again find that “theory doesn’t pay,” in the sense that the Harris market potential outperforms the Krugman market potential in both magnitude and fit. In contrast, Hanson (2001) finds that when he augments the Harris function to include relationships derived from the Krugman model, the fit improves. However, Hanson’s simulations show that income shocks in the Harris-based formulation of market potential have larger effects on the wages paid in nearby counties than in the Krugman-based formulation. The broad similarity in results for the two formulations suggests that we should be cautious in interpreting the positive effect of market potential as evidence for the particular mechanisms of Krugman-style models of economic geography. Other models of economic geography could generate observationally equivalent results.

The lower panel of table 4 reports estimates for the choice of nation. These estimations directly consider the national variables (taxes and social charges) but indirectly consider all the regional determinants of attractiveness as they enter the inclusive value Z_s for each nation. We do not include country dummies, because there would not be sufficient remaining variation in the data.

We find consistently negative effects of social charges. Corporate income taxes have large negative effects. Like the

results on the nonnested specification, those on social charges and tax are fragile. Including a dummy for Ireland and the United Kingdom makes both effects become much smaller and insignificant. This result raises the question of whether low charges and taxes or some other effect (the use of English?) made these countries so attractive to Japanese investors.

The inclusive value, Z_s , an index of the maximum expected profitability from locating in a given country considering the underlying characteristics of its regions, obtains reasonable values in all specifications, differing quite significantly from the value of 1 that would obviate the need for nesting and the value of 0 in which investors are indifferent between regions inside a given country. In other words, the coefficient on the inclusive value supports the validity of our country-region nesting structure.

V. Conclusion

We analyze the determinants of location choices by Japanese firms in Europe. Our work is particularly concerned with the appropriate way to take into account the spatial distribution of demand in location decisions. We rigorously link the optimal location choice of Japanese investors to a theoretical model of imperfect competition in a multilocation setting. The underlying profit equation incorporates a term that is closely related to the market potential index originally introduced and used by geographers (Harris, 1954). Our theory-derived term aggregates the spatial distribution of demand weighted by trade costs and the location of potential competitors. We estimate the border and distance effects that determine market accessibility using a bilateral trade equation implied by the same model that generates the profit equation.

We find that demand does matter for location choice: A 10% increase in our market potential term raises the chance of a region being chosen by 3% to 11%, depending on the specification. Despite the fact that we bring theory to empirical implementation in a structural way, the “correct” measure of market potential actually underperforms the atheoretical Harris (1954) measure. Moreover, nonstructural agglomeration variables retain a robust influence. These results suggest that the downstream linkages emphasized in Krugman (1991) are not the only or even the main cause of agglomeration. Future research should probably consider other reasons why firms cluster. It does not seem possible to falsify the hypothesis that observed agglomeration effects merely reflect omitted exogenous location attributes. However, a natural follow-up to this paper would be to estimate structural location choice models that implement the Venables (1996) setup with upstream and downstream linkages based on an input-output matrix.

REFERENCES

- Anderson, J., and E. van Wincoop, “Gravity with Gravitas: A Solution to the Border Puzzle,” *American Economic Review* 93:1 (2003a), 170–192.

¹⁷ Due to the smaller number of alternatives in the nested logit (9.22 on average versus 57 in the nonnested estimation), direct inspection of the coefficients is inadequate to make the comparison. Adjusting coefficients from specification (4) shows $1.41(1 - 1/9.22) = 1.26 > 1.11(1 - 1/57) = 1.09$. The difference is larger for specification (6).

- "Trade Costs," Boston College manuscript (2003b).
- Baldwin, R., R. Forslid, P. Martin, G. Ottaviano, and F. Robert-Nicoud, *Public Policies and Economic Geography* (Princeton, NJ: Princeton University Press, 2003).
- Chen, N., "Intra-national versus International Trade in the European Union: Why Do National Borders Matter?" *Journal of International Economics* 63.1 (2004), 93–118.
- Coughlin, C. C., J. V. Terza, and V. Arromdee, "State Characteristics and the Location of Foreign Direct Investment in the United States," this REVIEW 68 (1991), 675–683.
- Crozet, M., "Do Migrants Believe in Market Potential?" *Journal of Economic Geography* 4:4 (2004).
- Davis, D., and D. Weinstein, "Economic Geography and Regional Production Structure: An Empirical Investigation," *European Economic Review* 43:2 (1999), 379–407.
- "Market Access, Economic Geography and Comparative Advantage: An Empirical Assessment," *Journal of International Economics* 59:1 (2003), 1–23.
- Devereux, M., and R. Griffith, "Taxes and the Location of Production: Evidence from a Panel of US Multinationals," *Journal of Public Economics* 68:3 (1998), 335–367.
- Devereux, M., R. Griffith, and A. Klemm, "Corporate Income Tax Reforms and International Tax Competition," *Economic Policy* 35 (2002), 449–488.
- Dixit, A., and J. Stiglitz, "Monopolistic Competition and Optimum Product Diversity," *American Economic Review* 67:3 (1977), 297–308.
- Dodwell Marketing Consultants, *Industrial Groupings in Japan* (Tokyo: Dodwell Marketing Consultants, 1988).
- Friedman, J., D. Gerlowski, and J. Silberman, "What Attracts Foreign Multinational Corporations," *Journal of Regional Science* 32:4 (1992), 403–418.
- Fujita, M., P. Krugman, and A. Venables, *The Spatial Economy: Cities, Regions, and International Trade* (Cambridge, MA: MIT Press, 1999).
- Hanson, G., "Market Potential, Increasing Returns, and Geographic Concentration," University of California, San Diego, manuscript (2001).
- Harris, C., "The Market as a Factor in the Localization of Industry in the United States," *Annals of the Association of American Geographers* 64 (1954), 315–348.
- Head, K., and T. Mayer, "Non-Europe: The Magnitude and Causes of Market Fragmentation in Europe," *Weltwirtschaftliches Archiv* 136:2 (2000), 285–314.
- "Market Potential and the Location of Japanese Investment in the European Union," Centre for Economic Policy Research discussion paper no. 3455 (2002).
- Head, K., J. Ries, and D. Swenson, "Attracting Foreign Manufacturing: Investment Promotion and Agglomeration," *Regional Science and Urban Economics* 29:2 (1999), 197–218.
- Henderson, J. V., A. Kuncoro, and M. Turner, "Industrial Development in Cities," *Journal of Political Economy* 103:5 (1995), 1067–1090.
- Krugman, P., "Scale Economies, Product Differentiation, and the Pattern of Trade," *American Economic Review* 70 (1980), 950–959.
- "Increasing Returns and Economic Geography," *Journal of Political Economy* 99:3 (1991), 483–499.
- "A Dynamic Spatial Model," National Bureau of Economic Research working paper no. 4219 (1992).
- Mayer, T. and J.-L. Mucchielli, "Hierarchical Location Choice and Multinational Firms' Strategy" (pp. 133–158), in J. Dunning and J.-L. Mucchielli (Eds.), *Multinational Firms, The Global and Local Dilemma* (London: Routledge, 2002).
- McCallum, J., "National Borders Matter: Canada-US Regional Trade Patterns," *American Economic Review* 85 (1995), 615–623.
- McFadden, D., "Modelling the Choice of Residential Location" (pp. 75–96), in A. Karlquist, et al. (Eds.), *Spatial Interaction Theory and Residential Location* (Amsterdam: North-Holland, 1978).
- Mooij, R. A., and S. Ederveen, "Taxation and Foreign Direct Investment: A Synthesis of Empirical Research," CPB discussion paper no. 003 (2001).
- Redding, S., and A. Venables, "Economic Geography and International Inequality," *Journal of International Economics* 62:1 (2004), 53–82.
- Strange, R., *Japanese Manufacturing Investment in Europe, Its Impact on the UK Economy* (London: Routledge, 1993).
- Train, K., *Discrete Choice Methods with Simulation*, (Cambridge, U.K.: Cambridge University Press, 2003), pp. 81–90.
- Venables, A. J., "Equilibrium Locations of Vertically Linked Industries," *International Economic Review* 37:2 (1996), 341–359.
- Wolf, Holger C., "Intranational Home Bias in Trade," this REVIEW, 82:4 (2000), 555–563.
- Yamawaki, H., J.-M. Thiran, and L. Barbarito, "US and Japanese Multinationals in European Manufacturing: Location Patterns and Host Region/Country Characteristics," in K. Fukasaku, F. Kimura, and S. Urata (Eds.), *Asia and Europe: Beyond Competing Regionalism* (Brighton: Sussex Academic Press, 1998).

DATA APPENDIX

1. Trade Equation Estimation

Most data used in estimating equation (9) come from Eurostat databases, and were in part already used in Head and Mayer (2000), where more details can be found. The COMEXT database provides bilateral trade flows. The VISA database provides the production data used to calculate internal trade flows of a country, subtracting its value from the value of total exports of the country. Production values are adjusted to allow for the fact that some countries reported data only for firms larger than 20 employees in the years we are considering, whereas trade flows are exhaustive. Trade and production figures are then both converted into NACE two-digit industries in order to match the level of detail of the subsequent location choice estimation. Though this is straightforward for production data and trade flow data after 1987 (provided by Eurostat in NACE three-digit), a large concordance work is needed to convert trade flows for the previous period from NIMEXE to NACE three-digit. This has been done using a correspondence available from the site <http://www.eiit.org/>.

Distance calculations are crucial in this paper for both the trade equation and profit equation estimations. We calculate the distance of one nation to another—or itself—as a weighted average of subnational distances. Considering two countries I and J (the origin and destination countries of a given flow), respectively consisting of regions indexed $i \in I$ and $j \in J$, the following formula provides both external and internal distances:

$$d_{IJ} = \sum_{i \in I} \left(\sum_{j \in J} \omega_j d_{ij} \right) \omega_i.$$

We define d_{ij} as the distance between the centers of regions i and j , and ω_i as the weight of region i , calculated as the share of population in 1990 for both origin and destination weights. The distance from a region to itself is obtained using a simple geographical approximation. Each region is approximated as a disk in which all production concentrates at the center and consumers are uniformly distributed throughout the rest of the area. The average distance between a producer and a consumer is then given by

$$d_{ii} = \int_0^R r \frac{2r}{R^2} dr,$$

where R denotes the radius of the disk, and $2r/R^2$ is the density of consumers at any given distance r to the center. We obtain R as the square root of the area A divided by π . Integrating, we obtain $d_{ii} = \frac{2}{3} R = \frac{2}{3} \sqrt{A/\pi} = 0.376\sqrt{A}$.

The estimation procedure consists of 288 OLS regressions (18 industries \times 16 years), providing the estimates to be used for the construction of market potentials. Each regression yields the importers' fixed effect, the estimated effects of bilateral distance and common language, and a set of importer-specific border effects. Those border effects are identified using internal trade flows and therefore cannot be estimated for observations where production figures are missing. This is in particular the case for non-E.U. countries, for which Eurostat does not report data. We apply the estimated German border effect to northern European countries (Sweden, Finland, Norway, Switzerland, and Austria) and the estimated French border effect for southern European countries: Greece is assigned the

French border effect for the whole period; Spain and Portugal have missing data before their membership in 1986. For this year, we calculate a ratio of French to Spanish and Portuguese border effects and apply this ratio to the French border effect to get Spanish and Portuguese values for the preceding years. After those adjustments, there are a few remaining holes in the data, mainly resulting from the well-known confidentiality issues in Belgium and the Netherlands for production data. Those missing figures are filled in taking an average of the industry and country average border effects for the corresponding year.

2. Location Choice Estimation

2.a Regions and years used

The regional level choice sets incorporate 57 regions in Europe using the NUTS 1 level of detail for Germany (11 regions), France (8 regions), Italy (11 regions), the United Kingdom (11 regions), Spain (6 regions), the Netherlands (4 regions), and Belgium (4 regions). Ireland and Portugal are considered as single-region countries. Out of those 57 regions, 50 were chosen at least once by Japanese investors.

Industry-level regional data availability limits the sample to the years 1984–1995. Although there are some Japanese investments in the late seventies and early eighties, the vast majority of the investments took place in the late eighties.

2.b Affiliates

The location choices of Japanese affiliates are mainly extracted from JETRO's *Survey of Current Manufacturing Operations of Japanese Firms in Europe*, 1996. This source provides in particular the country chosen and the date on which operations started for all manufacturing affiliates which had established operations in Europe by the end of 1995. Dropping investments in a set of countries (Luxembourg, Denmark, Greece, Austria, Finland, Sweden, Norway, Switzerland, and Iceland) and years (before 1984 and after 1995) for which explanatory variables were not available, we obtain 452 location choices to be explained.

We then identified for each firm the city in which the production unit was located. This information appears in a larger document also issued by JETRO: *The Directory of Japanese-Affiliated Companies in the EU: 1996–1997*.

A crucial matter for our study is the quality of this information: It had to be checked that, in the directory, the affiliate's location reported was not that of the headquarters but that of the actual production unit. Fortunately, the directory almost always specifies both the location of the headquarters and the location of the plant. However, the information was double checked using three alternative sources: The database used by Yamawaki et al. (1998), mostly using data from Toyo Keisai and kindly made available by Hideki Yamawaki, was of great help. Table 5.4 in Strange (1992) also confirmed the locations of Japanese subsidiaries in the United Kingdom. Finally, a document from the DATAR helped to check locations for France.

The Japanese affiliates' location choice is of course our dependent variable, but is also used to construct the Japanese counts agglomeration variable. This variable consists, for each choice, of a cumulative count of same three-digit industry affiliates that chose each region from the first year where Japanese FDI started in Europe until the year preceding the choice under consideration. We also use these data to calculate the network counts. For each prospective investor it counts the number of *affiliated* firms that already chose the region in question. We defined "affiliated" so that it includes investments with the same Japanese parent company (for example, two different Sony factories) or investments from parent companies that are members of the same industrial group (for example, a Toyota assembly factory and a Nippondenso automotive electronics factory). We defined industrial groups using Dodwell's (1988) lists of vertical *keiretsu*.

3. Market Potential Calculation

As detailed in the text, the calculation of regional Krugman market potential involves (1) a regional allocation of competition-weighted expenditure estimated at the nation and industry levels in the trade equations detailed above, and (2) measures of bilateral distances between regions across the European Union.

We allocate the national competition-weighted expenditure of each industry among its regions according to the share of national GDP. Regional GDP shares come from Eurostat's REGIO database. Bilateral regional geodesic distances are calculated using the coordinates of the main city in each region, which were collected manually. Distance inside a region only requires data on the land area of the region, also obtained from the REGIO database.

Note finally that market potential calculation involves six countries that are not present in the location choice set of Japanese affiliates. Austria, Denmark, Finland, Norway, Sweden, and Switzerland are included in the analysis in order to allow for the fact that some regions in the choice set have their market potential enhanced more than others by demand emanating from those six countries.

The calculation of the Harris market potential also involves bilateral distances between all regions, and national apparent consumption in each industry, allocated to regions using the same regional shares of GDP as in the Krugman market potential. National apparent consumption is obtained using the same Eurostat data as were used in the trade equations and detailed above.

4. Industry-Level Regional Data

The main source of industry-level regional data is the Eurostat publication *Structure and Activity of Industry Annual Inquiry, Principal Results, Regional Data*. It consists of two-digit NACE data, essentially available for NUTS 1 regions. This database contains the number of establishments, employment statistics, and the wage bill for each industry-region combination. For single-region countries, national-level data are used.

An electronic version exists with regional data for the years 1989 to 1992, but in fact 1992 has many missing values. We additionally used the printed version for 1984 and 1987. Observations for 1984 to 1986 are matched with the 1984 data. Observations for 1987 and 1988 are matched with the 1987 data. 1989, 1990 and 1991 observations are matched with same-year data. Observations from 1992 to 1995 are matched with 1991 data. NACE 26 (man-made fibers industry) was excluded from the sample because too few data were available. When the data were missing for a particular NUTS 1 region, the following procedure was adopted: The missing values are often due to missing values in small NUTS 2 subregions (for instance, Corsica in Méditerranée or Val d'Aoste in Nord Ovest have many missing employment and wage values because there are only one or two firms. In this case we just sum the remaining NUTS 2 regions to get what appears to be a very precise approximation of the true data. In other cases too many data from subregions were missing for a particular year; we then replaced the figure with its value for the nearest year available. As a general pattern, the main problems in data availability concerned Netherlands and (even more) Belgium.

5. National-Level Data

Variables at the national level are the corporate tax rate and the social charges rate. Social charges rates use Eurostat data on nonwage labor costs (such as payroll taxes and pension contributions) at the two-digit industry-country level. The source is the national version of the database *Structure and Activity of Industry*, also used to obtain regional data. The variable consists of the share of those charges in the total labor cost of the industry. The corporate tax data are the national statutory tax rates taken from the data set put together by Devereux et al. (2002) and made available at <http://www1.ifs.org.uk/corptaxindex.shtml>.

TABLE A1.—THE LOCATION OF JAPANESE AFFILIATES IN EUROPEAN REGIONS IN 1996

Region	Code	Jpn. Firms	Region	Code	Jpn. Firms
Belgium			Netherlands		
Brabant	BE0	7	Noord-Nederland	NL1	0
Bruxelles-Brussels	BE1	4	Oost-Nederland	NL2	6
Vlaams Gewest	BE2	17	West-Nederland	NL3	12
Region Wallonne	BE3	8	Zuid-Nederland	NL4	19
Germany			Italy		
Baden-Wuerttemberg	DE1	8	Nord Ovest	IT1	6
Bayern	DE2	16	Lombardia	IT2	19
Berlin	DE3	1	Nord Est	IT3	2
Bremen	DE5	0	Emilia-Romagna	IT4	4
Hamburg	DE6	6	Centro (i)	IT5	4
Hessen	DE7	12	Lazio	IT6	3
Niedersachsen	DE9	10	Abruzzi-Molise	IT7	0
Nordrhein-Westfalen	DEA	25	Campania	IT8	0
Rheinland-Pfalz	DEB	6	Sud	IT9	1
Saarland	DEC	0	Sicilia	ITA	0
Schleswig-Holstein	DEF	4	Sardegna	ITB	0
United Kingdom			France		
North	UK1	18	Ile de France	FR1	32
Yorkshire and Humberside	UK2	10	Bassin Parisien	FR2	18
East Midlands	UK3	9	Nord-Pas-de-Calais	FR3	2
East Anglia	UK4	3	Est	FR4	16
South East (U.K.)	UK5	51	Ouest	FR5	6
South West (U.K.)	UK6	13	Sud-Ouest	FR6	11
West Midlands	UK7	27	Centre-Est	FR7	7
North West (U.K.)	UK8	11	Mediterranee	FR8	2
Wales	UK9	31			
Scotland	UKA	21			
Northern Ireland	UKB	2	Ireland	IE	30
Spain			Portugal		
Noroeste	ES1	1	Portugal	PT	12
Noreste	ES2	5			
Madrid	ES3	8			
Centro (e)	ES4	2			
Este	ES5	34			
Sur	ES6	3			

This article has been cited by:

1. Roy Mersland, Samuel Anokye Nyarko, Amila Buddhika Sirisena. 2020. A hybrid approach to international market selection: The case of impact investing organizations. *International Business Review* 29:1, 101624. [[Crossref](#)]
2. Yin hao Wu, Changhong Miao, Jianming Miao, Yan Zhang. 2020. How Does Environmental Regulation Affect the Location of New Polluting Firms? Exploring the Agglomeration Threshold of Effective Environmental Regulation. *International Journal of Environmental Research and Public Health* 17:4, 1279. [[Crossref](#)]
3. Jin Weng, Xiaolin Zhu, Xin Li. 2020. Impact of High-speed Rail on Destination Accessibility: A Case Study of China. *Journal of China Tourism Research* 42, 1-16. [[Crossref](#)]
4. René Belderbos, Helen S. Du, Arjen Slangen. 2020. When do firms choose global cities as foreign investment locations within countries? The roles of contextual distance, knowledge intensity, and target-country experience. *Journal of World Business* 55:1, 101022. [[Crossref](#)]
5. Nathaniel Baum-Snow, J. Vernon Henderson, Matthew A. Turner, Qinghua Zhang, Loren Brandt. 2020. Does investment in national highways help or hurt hinterland city growth?. *Journal of Urban Economics* 115, 103124. [[Crossref](#)]
6. Chengrui Xiao, Yaping Wu. 2019. Stay or Go? Intra-government Tax Competition and Firms' Location Decisions in China. *Emerging Markets Finance and Trade* 2, 1-31. [[Crossref](#)]
7. Marie-Line Duboz, Nathalie Kroichvili, Julie Le Gallo. 2019. What matters most for FDI attraction in services: country or region performance? An empirical analysis of EU for 1997–2012. *The Annals of Regional Science* 63:3, 601–638. [[Crossref](#)]
8. Martin Bresslein, Andrzej Cieslik, Xenia Matschke. 2019. Vertical Industry Linkages and the Location of Foreign Direct Investment in Poland. *Eastern European Economics* 57:6, 457–483. [[Crossref](#)]
9. Blaise Gnimassoun, John C. Anyanwu. 2019. The Diaspora and economic development in Africa. *Review of World Economics* 155:4, 785–817. [[Crossref](#)]
10. Eugênio J. S. Bitti, Muriel Fadairo, Cintya Lanchimba, Vivian Lara Dos santos silva. 2019. Should I Stay or Should I Go? Geographic Entrepreneurial Choices in Brazilian Franchising. *Journal of Small Business Management* 57:sup2, 244–267. [[Crossref](#)]
11. Suminori Tokunaga, Maria Ikegawa. 2019. Global supply chain, vertical and horizontal agglomerations, and location of final and intermediate goods production sites for Japanese MNEs in East Asia: evidence from the Japanese Electronics and Automotive Industries. *Asia-Pacific Journal of Regional Science* 3:3, 911–953. [[Crossref](#)]
12. Paula Gutiérrez-Portilla, Adolfo Maza, José Villaverde. 2019. Spatial Linkages in FDI Location: Evidence from the Spanish Regions. *Tijdschrift voor economische en sociale geografie* 110:4, 395–411. [[Crossref](#)]
13. Anna Maria Dzienis. 2019. Modern interregional migration: evidence from Japan and Poland. *International Journal of Management and Economics* 55:1, 66–80. [[Crossref](#)]
14. Ryo Fukuda, Tetsuo Kidokoro, Fumihiko Seta, Ryo Sato. 2019. Relocations are determined by firms' relationships with financing institutions: A paper based on network data for Japanese firms. *Papers in Regional Science* 98:4, 1685–1712. [[Crossref](#)]
15. Mina Sami, Tarek Ibrahim Eldomiatiy. 2019. Modeling dynamic location expansion of multinational firms in France. *Empirical Economics* 99. . [[Crossref](#)]
16. Mahdi Ghodsi. 2019. Is Austria's economy locked-in in the CESEE region? Austria's competitiveness at the micro-level. *Empirica* 83. . [[Crossref](#)]
17. Eunsuk Hong, In Hyeock (Ian) Lee, Shige Makino. 2019. Outbound Foreign Direct Investment (FDI) Motivation and Domestic Employment by Multinational Enterprises (MNEs). *Journal of International Management* 25:2, 100657. [[Crossref](#)]
18. Yiming Zhou. 2019. Home market effect, land rent, and welfare. *Asia-Pacific Journal of Regional Science* 3:2, 561–580. [[Crossref](#)]
19. Pascal L. Ghazalian, Frederick Amponsem. 2019. The effects of economic freedom on FDI inflows: an empirical analysis. *Applied Economics* 51:11, 1111–1132. [[Crossref](#)]
20. Xiwei Zhu, Ye Liu, Ming He, Deming Luo, Yiyun Wu. 2019. Entrepreneurship and industrial clusters: evidence from China industrial census. *Small Business Economics* 52:3, 595–616. [[Crossref](#)]
21. Sinéad M. Monaghan, Patrick Gunnigle, Jonathan Lavelle. 2019. Subnational Location Capital: The Role of Subnational Institutional Actors and Socio-spatial Factors on Firm Location. *British Journal of Management* 87. . [[Crossref](#)]
22. Vanessa T. Tang. Export Sophistication and Bilateral Trade in Mauritius: An Extended Gravity Model Approach 141–170. [[Crossref](#)]
23. José Mata, Paulo Guimarães. 2019. Temporary investment incentives and divestment by foreign firms. *Oxford Economic Papers* 71:1, 166–186. [[Crossref](#)]
24. Paul Verstraten, Gerard Verweij, Peter J. Zwaneveld. 2019. Complexities in the spatial scope of agglomeration economies. *Journal of Regional Science* 59:1, 29–55. [[Crossref](#)]

25. Anil Rupasingha, Alexander W Marré. 2018. Moving to the hinterlands: agglomeration, search costs and urban to rural business migration. *Journal of Economic Geography* **30**. . [\[Crossref\]](#)
26. Jérôme Héricourt, Clément Nedoncelle. 2018. Multi-destination firms and the impact of exchange-rate risk on trade. *Journal of Comparative Economics* **46**:4, 1178-1193. [\[Crossref\]](#)
27. J. Francois Outreville. 2018. The largest financial groups from emerging economies. *International Journal of Emerging Markets* **13**:5, 1050-1069. [\[Crossref\]](#)
28. Philip Kostov, Julie Le Gallo. 2018. What role for human capital in the growth process: new evidence from endogenous latent factor panel quantile regressions. *Scottish Journal of Political Economy* **65**:5, 501-527. [\[Crossref\]](#)
29. Feng Han, Rui Xie, Mingyong Lai. 2018. Traffic density, congestion externalities, and urbanization in China. *Spatial Economic Analysis* **13**:4, 400-421. [\[Crossref\]](#)
30. José M. Gaspar. 2018. A prospective review on New Economic Geography. *The Annals of Regional Science* **61**:2, 237-272. [\[Crossref\]](#)
31. Aurélien Fichet de Clairfontaine, Christoph Hammer. 2018. Is the wage equation spatial enough? Evidence from a novel regional trade dataset. *Review of International Economics* **26**:3, 610-633. [\[Crossref\]](#)
32. Jafar Mirkatouli, Reza Samadi, Ali Hosseini. 2018. Evaluating and analysis of socio-economic variables on land and housing prices in Mashhad, Iran. *Sustainable Cities and Society* **41**, 695-705. [\[Crossref\]](#)
33. Michael Beenstock, Daniel Felsenstein, Dai Xieer. 2018. Spatial econometric analysis of spatial general equilibrium. *Spatial Economic Analysis* **13**:3, 356-378. [\[Crossref\]](#)
34. Maria Ikegawa, Suminori Tokunaga. 2018. Location choice for Japanese frozen food industry in East Asia using domestic market access with the penetration rate of refrigerators. *The Annals of Regional Science* **61**:1, 209-227. [\[Crossref\]](#)
35. Martina Lawless, Daire McCoy, Edgar L. W. Morgenroth, Conor M. O'Toole. 2018. Corporate tax and location choice for multinational firms. *Applied Economics* **50**:26, 2920-2931. [\[Crossref\]](#)
36. Adelheid Holl, Iliaria Mariotti. 2018. The Geography of Logistics Firm Location: The Role of Accessibility. *Networks and Spatial Economics* **18**:2, 337-361. [\[Crossref\]](#)
37. Nalin Kumar Ramaul, Pinki Ramaul. 2018. Regional Incentives and Location Choice of New Firms in India: A Nested Logit Model. *Journal of Quantitative Economics* **16**:2, 501-525. [\[Crossref\]](#)
38. Ronald B. Davies, Neill Killeen. 2018. Location decisions of non-bank financial foreign direct investment: Firm-level evidence from Europe. *Review of International Economics* **26**:2, 378-403. [\[Crossref\]](#)
39. Yonglei Jiang, Harry J.P. Timmermans, Bin Yu. 2018. Relocation of manufacturing industry from the perspective of transport accessibility – An application of percolation theory. *Transport Policy* **63**, 10-29. [\[Crossref\]](#)
40. . Bibliography 313-333. [\[Crossref\]](#)
41. Jonathan Jones, Ilona Serwicka, Colin Wren. 2018. Economic integration, border costs and FDI location: Evidence from the fifth European Union enlargement. *International Review of Economics & Finance* **54**, 193-205. [\[Crossref\]](#)
42. Filip De Beule, Dieter Somers, Haiyan Zhang. 2018. Who Follows Whom? A Location Study of Chinese Private and State-Owned Companies in the European Union. *Management International Review* **58**:1, 43-84. [\[Crossref\]](#)
43. Maite Alguacil, Josep Martí, Vicente Orts. 2018. What drives the localization of Spanish multinationals in developing and transition countries?. *Review of Development Economics* **22**:1, 242-262. [\[Crossref\]](#)
44. Vighneswara Swamy, Vijayakumar Narayanamurthy. 2018. What drives the capital flows into BRICS economies?. *The World Economy* **41**:2, 519-549. [\[Crossref\]](#)
45. Kurt A. Hafner, Jörn Kleinert. FDI Flows and Regional Development: Lessons for Transition Countries 47-59. [\[Crossref\]](#)
46. Hanna Makhavikova. Theoretical Model 81-132. [\[Crossref\]](#)
47. Hanna Makhavikova. Empirical Model 133-212. [\[Crossref\]](#)
48. Suminori Tokunaga, Maria Ikegawa. Global Supply Chain and Japanese Electronics Firms' Location in East Asia: A Case of Final Goods Production Sites 95-111. [\[Crossref\]](#)
49. Igor Anokhov. 2018. Stimulating the accumulation of deposits in banks to finance the construction industry of the European Union. *MATEC Web of Conferences* **212**, 08008. [\[Crossref\]](#)
50. Christos N. Pitelis. International Business 795-806. [\[Crossref\]](#)
51. Yao Yao, George Chen, Russell Smyth, Lin Zhang. 2018. Host-Location Financial Development and Foreign Direct Investment: City-Level Evidence from China. *SSRN Electronic Journal* . [\[Crossref\]](#)
52. Yiming Zhou. 2018. Home Market Effect, Land Rent, and Welfare. *SSRN Electronic Journal* . [\[Crossref\]](#)
53. Sarmistha Pal, Prabal Roy Chowdhury, Zoya Saher. 2018. Unintended Consequences of Land Ceiling Legislations - Theory and Evidence from the Indian States. *SSRN Electronic Journal* . [\[Crossref\]](#)

54. Matthew Panhans, Lucia Lavric, Nick Hanley. 2017. The Effects of Electricity Costs on Firm Re-location Decisions: Insights for the Pollution Havens Hypothesis?. *Environmental and Resource Economics* 68:4, 893-914. [[Crossref](#)]
55. Kendall Houghton, Helen Naughton. 2017. Trade and sustainability: the impact of the International Tropical Timber Agreements on exports. *International Environmental Agreements: Politics, Law and Economics* 17:6, 755-778. [[Crossref](#)]
56. Jonathan Jones. 2017. Agglomeration economies and the location of foreign direct investment: A meta-analysis. *Journal of Regional Science* 57:5, 731-757. [[Crossref](#)]
57. Matthew A. Cole, Robert J.R. Elliott, Liyun Zhang. 2017. Foreign Direct Investment and the Environment. *Annual Review of Environment and Resources* 42:1, 465-487. [[Crossref](#)]
58. Veronika Hecht. 2017. Location choice of German multinationals in the Czech Republic. *Economics of Transition* 25:4, 593-623. [[Crossref](#)]
59. Lurong Chen, Philippe De Lombaerde, Ludo Cuyvers. 2017. Markets Matter: The Potential of Intra-Regional Trade in ASEAN and Its Implications for Asian Regionalism. *Asian Economic Papers* 16:2, 1-19. [[Abstract](#)] [[Full Text](#)] [[PDF](#)] [[PDF Plus](#)]
60. BULENT ESIYOK, MEHMET UGUR. 2017. A SPATIAL REGRESSION APPROACH TO FDI IN VIETNAM: PROVINCE-LEVEL EVIDENCE. *The Singapore Economic Review* 62:02, 459-481. [[Crossref](#)]
61. LURONG CHEN, LUDO CUYVERS, PHILIPPE DE LOMBAERDE. 2017. ASEAN ECONOMIC INTEGRATION COMPARED: WHAT DO THE NUMBERS TELL US?. *The Singapore Economic Review* 62:03, 619-641. [[Crossref](#)]
62. Julia Merz, Michael Overesch, Georg Wamser. 2017. The location of financial sector FDI: Tax and regulation policy. *Journal of Banking & Finance* 78, 14-26. [[Crossref](#)]
63. Josep MARTÍ, Maite ALGUACIL, Vicente ORTS. 2017. LOCATION CHOICE OF SPANISH MULTINATIONAL FIRMS IN DEVELOPING AND TRANSITION ECONOMIES. *Journal of Business Economics and Management* 18:2, 319-339. [[Crossref](#)]
64. Bas Karreman, Martijn J. Burger, Frank G. van Oort. 2017. Location Choices of Chinese Multinationals in Europe: The Role of Overseas Communities. *Economic Geography* 93:2, 131-161. [[Crossref](#)]
65. Chih-Hai Yang, Chung-Yueh Chiu, Meng-Wen Tsou. 2017. Location Choice of Multinational and Local Firms in Vietnam: Birds of a Feather Flock Together?. *The Japanese Economic Review* 68:1, 95-114. [[Crossref](#)]
66. Felix Tintelnot. 2017. Global Production with Export Platforms*. *The Quarterly Journal of Economics* 132:1, 157-209. [[Crossref](#)]
67. Andrea Ascani, Riccardo Crescenzi, Simona Iammarino. 2017. The Geography of Foreign Investments in the EU Neighbourhood. *Tijdschrift voor economische en sociale geografie* 108:1, 76-91. [[Crossref](#)]
68. Laura Resmini. Patterns of Foreign Direct Investment in Southern European Periphery 129-149. [[Crossref](#)]
69. Suminori Tokunaga, Maria Ikegawa, Mitsuru Okiyama. Economic Analysis of Regional Renewal and Recovery from the Great East Japan Earthquake 13-63. [[Crossref](#)]
70. Bo Bernhard Nielsen, Christian Geisler Asmussen, Cecilie Dohmann Weatherall. 2017. The location choice of foreign direct investments: Empirical evidence and methodological challenges. *Journal of World Business* 52:1, 62-82. [[Crossref](#)]
71. Nelly Exbrayat. 2017. Does Trade Liberalisation Trigger Tax Competition? Theory and Evidence from OECD Countries. *The World Economy* 40:1, 88-115. [[Crossref](#)]
72. Meijuan Li. Construction of driving force index system for Yunnan Industrial uphill 207-210. [[Crossref](#)]
73. Ulrich Schetter. 2017. Quality Differentiation and Comparative Advantage. *SSRN Electronic Journal* . [[Crossref](#)]
74. Alain mname Pholo Bala, Michel mname Tenikuu, Baraka Leonard mname Nafari. 2017. Market Potential, Agglomeration Effects and the Location of French Firms in Africa. *SSRN Electronic Journal* . [[Crossref](#)]
75. Suminori TOKUNAGA, Yuko AKUNE, Maria IKEGAWA. 2017. Complex Industrial Agglomeration, Supplier Accesses and Location of Japanese FDI: Case of Japanese Electronics Firms in East Asia. *Studies in Regional Science* 47:2, 95-103. [[Crossref](#)]
76. João Ricardo Faria. 2016. Location Clusters, FDI and Local Entrepreneurs: Consistent Public Policy. *Journal of the Knowledge Economy* 7:4, 858-868. [[Crossref](#)]
77. Helen Naughton, Pehr-Johan Norbäck, Ayça Tekin-Koru. 2016. Aggregation Issues of Foreign Direct Investment Estimation in an Interdependent World. *The World Economy* 39:12, 2046-2073. [[Crossref](#)]
78. Sunny Bose, Sanjit Kumar Roy, Abhay Kumar Tiwari. 2016. Measuring customer-based place brand equity (CBPBE): an investment attractiveness perspective. *Journal of Strategic Marketing* 24:7, 617-634. [[Crossref](#)]
79. Sergey Lychagin. 2016. Spillovers, absorptive capacity and agglomeration. *Journal of Urban Economics* 96, 17-35. [[Crossref](#)]
80. Yanmin Shao, Yan Shang. 2016. Decisions of OFDI Engagement and Location for Heterogeneous Multinational firms: Evidence from Chinese firms. *Technological Forecasting and Social Change* 112, 178-187. [[Crossref](#)]
81. Andrea Ascani, Riccardo Crescenzi, Simona Iammarino. 2016. Economic Institutions and the Location Strategies of European Multinationals in their Geographic Neighborhood. *Economic Geography* 92:4, 401-429. [[Crossref](#)]

82. Sierk A. Horn, Adam R. Cross. 2016. Japanese production networks in India: spatial distribution, agglomeration and industry effects. *Asia Pacific Business Review* 22:4, 612-640. [[Crossref](#)]
83. Marie-Line Duboz, Nathalie Kroichvili, Julie Le Gallo. 2016. Do Foreign Investors' Location Determinants in Service Functions Differ According to Sectors? An Empirical Analysis of EU for 1997 to 2011. *International Regional Science Review* 39:4, 417-456. [[Crossref](#)]
84. Feng Han, Shanzi Ke. 2016. The effects of factor proximity and market potential on urban manufacturing output. *China Economic Review* 39, 31-45. [[Crossref](#)]
85. Jong-Il Choe, Ki-Dong Lee. 2016. Does Social Capital Matter in the Location Decision of Foreign Direct Investment? Evidence from Korea. *Asian Economic Papers* 15:2, 71-102. [[Abstract](#)] [[Full Text](#)] [[PDF](#)] [[PDF Plus](#)]
86. Ki-Dong Lee, Seok-Joon Hwang. 2016. Regional Characteristics, Industry Agglomeration and Location Choice: Evidence from Japanese Manufacturing Investments in Korea*. *Asian Economic Journal* 30:2, 123-145. [[Crossref](#)]
87. Christopher Nigel Preece, Che Maznah Mat Isa, Hamidah Mohd Saman, Che Khairil Che Ibrahim. 2016. Development of entry location, entry timing and entry mode decision model for construction firms in international markets. *Construction Management and Economics* 34:4-5, 236-257. [[Crossref](#)]
88. Sylvie Montout, Mina Sami. 2016. Determinants for locating research and development activity in Europe. *International Economics* 145, 7-20. [[Crossref](#)]
89. Anna Missiaia. 2016. Where do we go from here? Market access and regional development in Italy (1871-1911). *European Review of Economic History* 20:2, 215-241. [[Crossref](#)]
90. Zhaohui Chong, Chenglin Qin, Xinyue Ye. 2016. Environmental Regulation, Economic Network and Sustainable Growth of Urban Agglomerations in China. *Sustainability* 8:5, 467. [[Crossref](#)]
91. Davide Castellani, Valentina Meliciani, Loredana Mirra. 2016. The Determinants of Inward Foreign Direct Investment in Business Services across European Regions. *Regional Studies* 50:4, 671-691. [[Crossref](#)]
92. Inoussa Boubacar. 2016. Spatial determinants of U.S. FDI and exports in OECD countries. *Economic Systems* 40:1, 135-144. [[Crossref](#)]
93. Marta C. T. Rossi, Gervásio F. Santos, Felipe Andrade Souza Campos. 2016. Foreign Direct Investment and Spatial Linkages: Third-Country Effects for Brazilian Outward Investment. *Latin American Business Review* 17:1, 1-25. [[Crossref](#)]
94. Bernard Fingleton, Silvia Palombi. 2016. Bootstrap J -Test for Panel Data Models with Spatially Dependent Error Components, a Spatial Lag and Additional Endogenous Variables. *Spatial Economic Analysis* 11:1, 7-26. [[Crossref](#)]
95. Jonathan Jones, Colin Wren. What is the Effect of Agglomeration Economies on FDI Location? 199-236. [[Crossref](#)]
96. Christos N. Pitelis. International Business 1-11. [[Crossref](#)]
97. Hisamitsu Saito, JunJie Wu. 2016. AGGLOMERATION, CONGESTION, AND U.S. REGIONAL DISPARITIES IN EMPLOYMENT GROWTH. *Journal of Regional Science* 56:1, 53-71. [[Crossref](#)]
98. Alexander Eickelpasch, Georg Hirte, Andreas Stephan. 2016. Firms' Evaluation of Location Quality: Evidence from East Germany. *Jahrbücher für Nationalökonomie und Statistik* 236:2. . [[Crossref](#)]
99. Nelly Exbrayat. 2016. Does Trade Liberalization Trigger Tax Competition? Theory and Evidence from OECD Countries. *SSRN Electronic Journal* . [[Crossref](#)]
100. Bas Karreman, Martijn J. Burger, Frank G. van Oort. 2016. Location Choices of Chinese Multinationals in Europe: The Role of Overseas Communities. *SSRN Electronic Journal* . [[Crossref](#)]
101. Xiwei Zhu, Ye Liu, Ming He, Deming Luo, Yiyun Wu. 2016. Entrepreneurship and Industrial Clusters: Evidence from China Industrial Census. *SSRN Electronic Journal* . [[Crossref](#)]
102. María Henar Salas-Olmedo, Patricia García, Javier Gutiérrez. 2015. Accessibility and transport infrastructure improvement assessment: The role of borders and multilateral resistance. *Transportation Research Part A: Policy and Practice* 82, 110-129. [[Crossref](#)]
103. Simona Rasciute, Sean Puckett, Eric J. Pentecost. 2015. THE ALLOCATION OF OECD DIRECT INVESTMENT BETWEEN CEECS: A DISCRETE CHOICE APPROACH. *Bulletin of Economic Research* 67:S1, S26-S39. [[Crossref](#)]
104. Thomas Klier, Daniel McMillen. 2015. Plant Location Patterns in the European Automobile Supplier Industry. *Growth and Change* 46:4, 558-573. [[Crossref](#)]
105. Philip Kostov, Julie Le Gallo. 2015. Convergence: A Story of Quantiles and Spillovers. *Kyklos* 68:4, 552-576. [[Crossref](#)]
106. Martijn J. Burger, Bas Karreman, Fred van Eenennaam. 2015. The competitive advantage of clusters: Cluster organisations and greenfield FDI in the European life sciences industry. *Geoforum* 65, 179-191. [[Crossref](#)]
107. Hisamitsu Saito. 2015. FIRM HETEROGENEITY, MULTIPLANT CHOICE, AND AGGLOMERATION. *Journal of Regional Science* 55:4, 540-559. [[Crossref](#)]
108. Yannis M. Ioannides. 2015. Neighborhoods to nations via social interactions. *Economic Modelling* 48, 5-15. [[Crossref](#)]

109. Alexandre Gazaniol. 2015. The Location Choices of Multinational Firms: The Role of Internationalisation Experience and Group Affiliation. *The World Economy* 38:8, 1246-1277. [[Crossref](#)]
110. Kiyoyasu Tanaka. 2015. Firm Heterogeneity and FDI in Distribution Services. *The World Economy* 38:8, 1295-1311. [[Crossref](#)]
111. Puman Ouyang, Teng Zhang, Yan Dong. 2015. Market potential, firm exports and profit: Which market do the Chinese firms profit from?. *China Economic Review* 34, 94-108. [[Crossref](#)]
112. Silvia Angilella, Sebastiano Mazzù. 2015. The financing of innovative SMEs: A multicriteria credit rating model. *European Journal of Operational Research* 244:2, 540-554. [[Crossref](#)]
113. Johann Peter Murmann, Salih Zeki Ozdemir, Deepak Sardana. 2015. The role of home country demand in the internationalization of new ventures. *Research Policy* 44:6, 1207-1225. [[Crossref](#)]
114. Lurong Chen. 2015. Germany–China Trade: Potential and Implications. *China Economic Policy Review* 04:01, 1550002. [[Crossref](#)]
115. Agnieszka Chidlow, Christine Holmström-Lind, Ulf Holm, Steve Tallman. 2015. Do I stay or do I go? Sub-national drivers for post-entry subsidiary development. *International Business Review* 24:2, 266-275. [[Crossref](#)]
116. Anna Matas, José-Luis Raymond, José-Luis Roig. 2015. How market access shapes human capital accumulation in a peripheral country: the case of Spain. *Applied Economics* 47:11, 1118-1132. [[Crossref](#)]
117. Yanjing Chen, Yu Gao, Ying Ge, Juan Li. 2015. Regional financial development and foreign direct investment. *Urban Studies* 52:2, 358-373. [[Crossref](#)]
118. Pierre-Philippe Combes, Laurent Gobillon. The Empirics of Agglomeration Economies 247-348. [[Crossref](#)]
119. Takahiro Endo, Rick Delbridge, Jonathan Morris. 2015. Does Japan Still Matter? Past Tendencies and Future Opportunities in the Study of Japanese Firms. *International Journal of Management Reviews* 17:1, 101-123. [[Crossref](#)]
120. Johann Peter Murmann, Salih Zeki Ozdemir, Deepak Sardana. 2015. The Role of Home Country Demand in the Internationalization of New Ventures. *SSRN Electronic Journal* . [[Crossref](#)]
121. Riccardo Crescenzi, Carlo Pietrobelli, Roberta Rabelotti. 2015. Location Strategies of Multinationals from Emerging Countries in the EU Regions. *SSRN Electronic Journal* . [[Crossref](#)]
122. Andrea Ascani, Riccardo Crescenzi, Simona Iammarino. 2015. Economic Institutions and the Location Strategies of European Multinationals in Their Geographical Neighbourhood. *SSRN Electronic Journal* . [[Crossref](#)]
123. Alexander Friedrich Eickelpasch, Georg Hirte, Andreas Stephan. 2015. Firm's Evaluation of Location Quality: Evidence from East Germany. *SSRN Electronic Journal* . [[Crossref](#)]
124. Simone Moriconi, Pierre M. Picard, Skerdilajda Zanaj. 2015. Commodity Taxation and Regulatory Competition. *SSRN Electronic Journal* . [[Crossref](#)]
125. Nicholas Crafts, Nikolaus Wolf. 2014. The Location of the UK Cotton Textiles Industry in 1838: A Quantitative Analysis. *The Journal of Economic History* 74:04, 1103-1139. [[Crossref](#)]
126. Ronald B. Davies, Amélie Guillin. 2014. How Far Away is an Intangible? Services FDI and Distance. *The World Economy* 37:12, 1731-1750. [[Crossref](#)]
127. Yong Yang. 2014. Market Potential, Industrial Density and Revenue of Tourism Firms in China. *Tourism Economics* 20:6, 1253-1275. [[Crossref](#)]
128. Laura Alfaro, Maggie Xiaoyang Chen. 2014. The global agglomeration of multinational firms. *Journal of International Economics* 94:2, 263-276. [[Crossref](#)]
129. M.W. Luke Chan, Keqiang Hou, Xing Li, Dean C. Mountain. 2014. Foreign direct investment and its determinants: A regional panel causality analysis. *The Quarterly Review of Economics and Finance* 54:4, 579-589. [[Crossref](#)]
130. Laura Casi, Laura Resmini. 2014. Spatial complexity and interactions in the FDI attractiveness of regions. *Papers in Regional Science* 93, S51-S78. [[Crossref](#)]
131. 2014. Heterogeneity and distance. some propositions on how differences across regions, firms and functions affect the role of distance in fdi location decisions. *ECONOMIA E POLITICA INDUSTRIALE* :4, 81-104. [[Crossref](#)]
132. Ksenia Gonchar, Philipp Marek. 2014. The regional distribution of foreign investment in Russia. *Economics of Transition* 22:4, 605-634. [[Crossref](#)]
133. Sean M. Dougherty. 2014. Legal Reform, Contract Enforcement and Firm Size in Mexico. *Review of International Economics* 22:4, 825-844. [[Crossref](#)]
134. Zachary Neal. 2014. Validity in World City Network Measurements. *Tijdschrift voor economische en sociale geografie* 105:4, 427-443. [[Crossref](#)]
135. Uwaoma G. Nwaogu, Michael Ryan. 2014. Spatial Interdependence in US Outward FDI into Africa, Latin America and the Caribbean. *The World Economy* 37:9, 1267-1289. [[Crossref](#)]

136. Stefano Bresciani, Alberto Ferraris. 2014. The Localization Choice of Multinational Firms' R&D Centers: A Survey in the Piedmont Area. *Journal of Promotion Management* 20:4, 481-499. [[Crossref](#)]
137. Kazunobu Hayakawa, Kenmei Tsubota. 2014. Location choice in low-income countries: Evidence from Japanese investments in East Asia. *Journal of Asian Economics* 33, 30-43. [[Crossref](#)]
138. Frédéric Blanc-Brude, Graham Cookson, Jenifer Piesse, Roger Strange. 2014. The FDI location decision: Distance and the effects of spatial dependence. *International Business Review* 23:4, 797-810. [[Crossref](#)]
139. Kuo-I Chang, Kazunobu Hayakawa, Toshiyuki Matsuura. 2014. Location choice of multinational enterprises in China: Comparison between Japan and Taiwan. *Papers in Regional Science* 93:3, 521-537. [[Crossref](#)]
140. Shun-Chiao Chang. 2014. The Determinants and Motivations of China's Outward Foreign Direct Investment: A Spatial Gravity Model Approach. *Global Economic Review* 43:3, 244-268. [[Crossref](#)]
141. Ki-Dong Lee, Seok-Joon Hwang. 2014. Regional heterogeneity and location choice of FDI in Korea via agglomeration and linkage relationships. *Journal of the Asia Pacific Economy* 19:3, 464-487. [[Crossref](#)]
142. Nelly Exbrayat, Benny Geys. 2014. Trade integration and corporate income tax differentials. *International Tax and Public Finance* 21:2, 298-323. [[Crossref](#)]
143. Natalia Vechiu, Farid Makhoulouf. 2014. Economic integration and specialization in production in the EU27: does FDI influence countries' specialization?. *Empirical Economics* 46:2, 543-572. [[Crossref](#)]
144. Martijn J. Burger, Frank G. van Oort. 2014. International Handbook of Globalization and World Cities, edited by BenDerudder, MichaelHoyler, Peter J.Taylor, and FrankWitlox. 2012. Cheltenham, U.K. and Northampton, Massachusetts: Edward Elgar. 569 + xii. ISBN 978-1-84844-647-2, \$280. The Connected Cit. *Journal of Regional Science* 54:2, 348-351. [[Crossref](#)]
145. Vincent Delbecque, Isabelle Méjean, Lise Patureau. 2014. Labor market institutions and firms' location choices. *Review of World Economics* 150:1, 115-148. [[Crossref](#)]
146. Hong Hiep Hoang, Michaël Goujon. 2014. Determinants of foreign direct investment in Vietnamese provinces: a spatial econometric analysis. *Post-Communist Economies* 26:1, 103-121. [[Crossref](#)]
147. Toshiyuki Matsuura, Hitoshi Sato. Entry into Foreign Markets Through Foreign Direct Investment 95-117. [[Crossref](#)]
148. Keith Head, Thierry Mayer. Gravity Equations: Workhorse, Toolkit, and Cookbook 131-195. [[Crossref](#)]
149. Ilja Arefjevs, Marija Lindemane. 2014. The Market Potential Assessment Model for Private Pension Savings. *Procedia - Social and Behavioral Sciences* 110, 755-766. [[Crossref](#)]
150. Peter J. Buckley, Sierk A. Horn, Adam R. Cross, John Stillwell. The Spatial Redistribution of Japanese Direct Investment in the United Kingdom between 1991 and 2010 326-359. [[Crossref](#)]
151. Maria IKEGAWA, Yuko AKUNE, Suminori TOKUNAGA. 2014. Empirical Analysis of Investment Promotion and Location Choice for Japanese Frozen Food Industry FDI Using the NEG Model: Focus on Foreign Investment Incentives. *Studies in Regional Science* 44:3, 371-387. [[Crossref](#)]
152. Éric Toulemonde. 2014. Revenus des facteurs et agglomération. *Revue d'Économie Régionale & Urbaine* septembre:2, 219. [[Crossref](#)]
153. Catherine Laffineur. 2014. Ouverture commerciale et marché du travail : une revue de la littérature. *Revue d'économie politique* 124:3, 361. [[Crossref](#)]
154. Paul Chiambaretto, André De Palma, Stef Proost. 2013. A normative analysis of transport policies in a footloose capital model with interregional and intraregional transportation costs. *The Annals of Regional Science* 51:3, 811-831. [[Crossref](#)]
155. Dennis Sánchez Navarro. 2013. Determinantes de los flujos de inversión extranjera directa estadounidense a través de un modelo gravitacional con componente espacial: evidencia para algunos países latinoamericanos. *Ensayos sobre Política Económica* 31:72, 35-50. [[Crossref](#)]
156. Alessia A. Amighini, Chiara Franco. 2013. A sector perspective on Chinese outward FDI: The automotive case. *China Economic Review* 27, 148-161. [[Crossref](#)]
157. Alan M. Rugman, Chang Hoon Oh. 2013. Why the Home Region Matters: Location and Regional Multinationals. *British Journal of Management* 24:4, 463-479. [[Crossref](#)]
158. NAVINA LUCKE, ALEXANDER KARMANN, STEFAN EICHLER. 2013. THE IMPACT OF INSTITUTIONAL AND SOCIAL CHARACTERISTICS ON FOREIGN DIRECT INVESTMENT: EVIDENCE FROM JAPAN. *Annals of Financial Economics* 08:02, 1350010. [[Crossref](#)]
159. Iulia Siedschlag, Donal Smith, Camelia Turcu, Xiaoheng Zhang. 2013. What determines the location choice of R&D activities by multinational firms?. *Research Policy* 42:8, 1420-1430. [[Crossref](#)]
160. Iulia Siedschlag, Xiaoheng Zhang, Donal Smith. 2013. What determines the location choice of multinational firms in the information and communication technologies sector?. *Economics of Innovation and New Technology* 22:6, 581-600. [[Crossref](#)]

161. Stephen Ross Yeaple. 2013. The Multinational Firm. *Annual Review of Economics* 5:1, 193-217. [[Crossref](#)]
162. Peter Egger, Doina Radulescu, Nora Strecker. 2013. Effective labor taxation and the international location of headquarters. *International Tax and Public Finance* 20:4, 631-652. [[Crossref](#)]
163. Chloé Duvivier, Hang Xiong. 2013. Transboundary pollution in China: a study of polluting firms' location choices in Hebei province. *Environment and Development Economics* 18:4, 459-483. [[Crossref](#)]
164. Ronald B. Davies, Krishna Chaitanya Vadlamannati. 2013. A race to the bottom in labor standards? An empirical investigation. *Journal of Development Economics* 103, 1-14. [[Crossref](#)]
165. Martijn J. Burger, Bert van der Knaap, Ronald S. Wall. 2013. Revealed competition for greenfield investments between European regions. *Journal of Economic Geography* 13:4, 619-648. [[Crossref](#)]
166. Xuepeng Liu, Mary E. Lovely, Jan Ondrich. 2013. Does Final Market Demand Elasticity Influence the Location of Export Processing? Evidence from Multinational Decisions in China. *The World Economy* 36:5, 509-536. [[Crossref](#)]
167. Tadashi Ito. 2013. Export-Platform Foreign Direct Investment: Theory and Evidence. *The World Economy* 36:5, 563-581. [[Crossref](#)]
168. Saime Suna Kayam, Alexandr Yabrukov, Mehtap Hisarciklilar. 2013. What Causes the Regional Disparity of FDI in Russia? A Spatial Analysis. *Transition Studies Review* 20:1, 63-78. [[Crossref](#)]
169. Peter J. Buckley, Sierk A. Horn, Adam R. Cross, John Stillwell. 2013. The spatial redistribution of Japanese direct investment in the United Kingdom between 1991 and 2010. *Business History* 55:3, 405-430. [[Crossref](#)]
170. René Belderbos, Kyoji Fukao, Keiko Ito, Wilko Letterie. 2013. Global Fixed Capital Investment by Multinational Firms. *Economica* 80:318, 274-299. [[Crossref](#)]
171. Hyun-Hoon Lee, Hyeon-Seung Huh, Donghyun Park. 2013. Financial Integration in East Asia: An Empirical Investigation. *The World Economy* 36:4, 396-418. [[Crossref](#)]
172. Desislava Dikova, Roger Smeets, Harry Garretsen, Hans Van Ees. 2013. Immediate responses to financial crises: A focus on US MNE subsidiaries. *International Business Review* 22:1, 202-215. [[Crossref](#)]
173. Giordano Mion. Input-Output Linkages, Proximity to Final Demand and the Location of Manufacturing Industries 237-262. [[Crossref](#)]
174. Laura Resmini. FDI in Services in European Regions: An Overview 159-176. [[Crossref](#)]
175. Michael Pflüger, Uwe Blien, Joachim Möller, Michael Moritz. 2013. Labor Market Effects of Trade and FDI – Recent Advances and Research Gaps. *Jahrbücher für Nationalökonomie und Statistik* 233:1. . [[Crossref](#)]
176. Ragnhild Balsvik, Line Tondel. 2013. Guided Through the 'Red Tape'? Information Sharing and Foreign Direct Investment. *SSRN Electronic Journal* . [[Crossref](#)]
177. Gonchar Ksenia, Philipp Marek. 2013. Natural-Resource or Market-Seeking FDI in Russia? An Empirical Study of Locational Factors Affecting the Regional Distribution of FDI Entries. *SSRN Electronic Journal* . [[Crossref](#)]
178. Stephan Brunow, Peter Nijkamp. 2013. Firm Formation and Agglomeration Under Monopolistic Competition. *SSRN Electronic Journal* . [[Crossref](#)]
179. Anna Matas, Josep Lluís Raymond, Josep-Lluís Roig. 2013. How Market Access Shapes Human Capital Investment in a Peripheral Country. *SSRN Electronic Journal* . [[Crossref](#)]
180. Maria Bas, Vanessa StraussKahn. 2013. Does Importing More Inputs Raise Exports? Firm-Level Evidence from France. *SSRN Electronic Journal* . [[Crossref](#)]
181. Syeda Asiya Zenab Kazmi, Marja Naaranoja, Josu Takala. 2013. What to Know before Entering the Great China?—A Foreign Investors' Perspective!. *American Journal of Industrial and Business Management* 03:06, 549-556. [[Crossref](#)]
182. Maximiliano Sosa Andrés, Peter Nunnenkamp, Matthias Busse. 2013. What Drives FDI from Non-traditional Sources? A Comparative Analysis of the Determinants of Bilateral FDI Flows. *Economics: The Open-Access, Open-Assessment E-Journal* 7:2013-1, 1. [[Crossref](#)]
183. Jae-Joon Han, Hongshik Lee, Insu Lee. 2012. Firm Heterogeneity and Location Choice: The Case of South Korean Manufacturing Multinationals. *East Asian Economic Review* 16:4, 315-331. [[Crossref](#)]
184. Salvador Barrios, Harry Huizinga, Luc Laeven, Gaëtan Nicodème. 2012. International taxation and multinational firm location decisions. *Journal of Public Economics* 96:11-12, 946-958. [[Crossref](#)]
185. Peter Egger, Valeria Merlo. 2012. BITs Bite: An Anatomy of the Impact of Bilateral Investment Treaties on Multinational Firms*. *The Scandinavian Journal of Economics* 114:4, 1240-1266. [[Crossref](#)]
186. Andrea Gausemann, Philipp Marek. 2012. Regional determinants of MNE's location choice in post-transition economies. *Empirica* 39:4, 487-511. [[Crossref](#)]
187. Ana P. Fernandes, Heiwai Tang. 2012. Determinants of vertical integration in export processing: Theory and evidence from China. *Journal of Development Economics* 99:2, 396-414. [[Crossref](#)]

188. A. Holl. 2012. Market potential and firm-level productivity in Spain. *Journal of Economic Geography* 12:6, 1191-1215. [[Crossref](#)]
189. Malini Natarajarathinam, Bimal Nepal. 2012. A holistic approach to market assessment for a manufacturing company in an emerging economy. *Industrial Marketing Management* 41:7, 1142-1151. [[Crossref](#)]
190. Sascha O. Becker, Peter H. Egger, Valeria Merlo. 2012. How low business tax rates attract MNE activity: Municipality-level evidence from Germany. *Journal of Public Economics* 96:9-10, 698-711. [[Crossref](#)]
191. Shih-Ying Wu, Mei-Jane Teng. 2012. Fiscal decentralization and multinational firms' ownership: evidence from China. *Economics of Governance* 13:3, 237-262. [[Crossref](#)]
192. Oleksandr Shepotylo. 2012. Spatial complementarity of FDI: the example of transition countries. *Post-Communist Economies* 24:3, 327-349. [[Crossref](#)]
193. Marius Brühlhart, Mario Jametti, Kurt Schmidheiny. 2012. Do Agglomeration Economies Reduce the Sensitivity of Firm Location to Tax Differentials?. *The Economic Journal* 122:563, 1069-1093. [[Crossref](#)]
194. Yener Kandogan. 2012. Regional foreign direct investment potential of the states within the US. *Journal of Economics and Business* 64:4, 306-322. [[Crossref](#)]
195. Cynthia L. Rogers, Chen Wu. 2012. Employment by foreign firms in the U.S.: Do state incentives matter?. *Regional Science and Urban Economics* 42:4, 664-680. [[Crossref](#)]
196. Danielle Galliano, Nicolas Soulié. 2012. Organizational and Spatial Determinants of the Multi-unit Firm: Evidence from French Industry. *Regional Studies* 46:7, 907-926. [[Crossref](#)]
197. Alexander Klein, Nicholas Crafts. 2012. Making sense of the manufacturing belt: determinants of U.S. industrial location, 1880-1920. *Journal of Economic Geography* 12:4, 775-807. [[Crossref](#)]
198. Megha Mukim, Peter Nunnenkamp. 2012. The Location Choices of Foreign Investors: A District-level Analysis in India. *The World Economy* 35:7, 886-918. [[Crossref](#)]
199. Hyejoon Im. 2012. The Effects of Trading Blocs on U.S. Outward FDI Activity: The Role of Extended Market Size. *East Asian Economic Review* 16:2, 205-225. [[Crossref](#)]
200. Puman Ouyang, Shihe Fu. 2012. Economic growth, local industrial development and inter-regional spillovers from foreign direct investment: Evidence from China. *China Economic Review* 23:2, 445-460. [[Crossref](#)]
201. Gregory Corcos, Massimo Del Gatto, Giordano Mion, Gianmarco I.P. Ottaviano. 2012. Productivity and Firm Selection: Quantifying the 'New' Gains from Trade. *The Economic Journal* 122:561, 754-798. [[Crossref](#)]
202. Sonia Ben Kheder, Natalia Zugravu. 2012. Environmental regulation and French firms location abroad: An economic geography model in an international comparative study. *Ecological Economics* 77, 48-61. [[Crossref](#)]
203. Rikard Forslid, Toshihiro Okubo. 2012. On the development strategy of countries of intermediate size—An analysis of heterogeneous firms in a multi-region framework. *European Economic Review* 56:4, 747-756. [[Crossref](#)]
204. Holger Görg, Philipp Labonte. 2012. Trade Protection During the Crisis: Does it Deter Foreign Direct Investment?. *The World Economy* 35:5, 525-544. [[Crossref](#)]
205. Fabrice Defever. 2012. The spatial organization of multinational firms. *Canadian Journal of Economics/Revue canadienne d'économie* 45:2, 672-697. [[Crossref](#)]
206. Kazunobu Hayakawa, Tomohiro Machikita, Fukunari Kimura. 2012. GLOBALIZATION AND PRODUCTIVITY: A SURVEY OF FIRM-LEVEL ANALYSIS. *Journal of Economic Surveys* 26:2, 332-350. [[Crossref](#)]
207. John Francis, Yuqing Zheng. 2012. Trade, Geography, and Industry Growth in U.S. Manufacturing. *Southern Economic Journal* 78:4, 1222-1241. [[Crossref](#)]
208. Alan M. Rugman, Chang Hoon Oh, Dominic S. K. Lim. 2012. The regional and global competitiveness of multinational firms. *Journal of the Academy of Marketing Science* 40:2, 218-235. [[Crossref](#)]
209. Tomi Laamanen, Tatu Simula, Sami Torstila. 2012. Cross-border relocations of headquarters in Europe. *Journal of International Business Studies* 43:2, 187-210. [[Crossref](#)]
210. Kazunobu Hayakawa, Souknilanh Keola, Kiyoyasu Tanaka. Location Choice of Multinational Firms in CLMV Countries 175-199. [[Crossref](#)]
211. Maximiliano Sosa Andrés, Peter Nunnenkamp, Matthias Busse. 2012. What Drives FDI from Non-Traditional Sources? A Comparative Analysis of the Determinants of Bilateral FDI Flows. *SSRN Electronic Journal* . [[Crossref](#)]
212. Christos Pitelis. 2012. International Business Innovations and (a New) Learning. *SSRN Electronic Journal* . [[Crossref](#)]
213. Riccardo Crescenzi, Carlo Pietrobelli, Roberta Rabellotti. 2012. Innovation Drivers, Value Chains and the Geography of Multinational Firms in European Regions. *SSRN Electronic Journal* . [[Crossref](#)]

214. Agnieszka Chidlow, Christine Holmstrom-Lind, Ulf Holm, Heinz Tuselmann. 2012. Regional Motives for Post-Entry Subsidiary Development: The Case of Poland. *SSRN Electronic Journal* . [[Crossref](#)]
215. Audrė Bičiūnaitė, Povilas Lastauskas. 2012. Strategies for Deeper Integration: Case Study of the Baltics. *SSRN Electronic Journal* . [[Crossref](#)]
216. Rene Belderbos, Kyoji Fukao, Keiko Ito, Wilko H. Letterie. 2012. Global Fixed Capital Investment by Multinational Firms. *SSRN Electronic Journal* . [[Crossref](#)]
217. Jae Joon Han, Hongshik Lee, Insu Lee. 2012. Firm Heterogeneity and Location Choice: The Case of South Korean Manufacturing Multinationals. *SSRN Electronic Journal* . [[Crossref](#)]
218. Yuko AKUNE, Suminori TOKUNAGA. 2012. Market Access, Supplier Access and Final Processed Food Location for Japanese Food Industry FDI in East Asia. *Studies in Regional Science* **42**:2, 287-304. [[Crossref](#)]
219. Lee Hongshik, Kim Hyuk-Hwang. 2011. The Determinants of Korea's Terms of Trade: The Real-Side Approach. *East Asian Economic Review* **15**:4, 21-48. [[Crossref](#)]
220. Corinne Bagoulla, Nicolas Péridy. 2011. Market access and the other determinants of North-South manufacturing location choice: An application to the Euro-Mediterranean area. *Economic Systems* **35**:4, 537-561. [[Crossref](#)]
221. KAZUNOBU HAYAKAWA, ZHENG JI, AYAKO OBASHI. 2011. SPATIAL DISTRIBUTION OF INDUSTRIAL PRODUCTION: A COMPARISON OF EAST ASIA AND EUROPE. *The Developing Economies* **49**:4, 363-381. [[Crossref](#)]
222. Isabel Mota, António Brandão. 2011. The determinants of location choice: Single plants versus multi-plants*. *Papers in Regional Science* **84**, no-no. [[Crossref](#)]
223. Jaime Martínez-Martín. 2011. General equilibrium long-run determinants for Spanish FDI: a spatial panel data approach. *SERIEs* **2**:3, 305-333. [[Crossref](#)]
224. Pamina Koenig, Megan MacGarvie. 2011. Regulatory policy and the location of bio-pharmaceutical foreign direct investment in Europe. *Journal of Health Economics* **30**:5, 950-965. [[Crossref](#)]
225. Kazunobu Hayakawa, Toshiyuki Matsuura. 2011. Complex vertical FDI and firm heterogeneity: Evidence from East Asia. *Journal of the Japanese and International Economies* **25**:3, 273-289. [[Crossref](#)]
226. Jordi Jofre-Monseny, Raquel Marín-López, Elisabet Viladecans-Marsal. 2011. The mechanisms of agglomeration: Evidence from the effect of inter-industry relations on the location of new firms. *Journal of Urban Economics* **70**:2-3, 61-74. [[Crossref](#)]
227. Jia Lu, Ji-wang Chen. Empirical analysis of location choice of foreign direct investment 507-509. [[Crossref](#)]
228. Gilles Duranton, Laurent Gobillon, Henry G. Overman. 2011. Assessing the Effects of Local Taxation using Microgeographic Data. *The Economic Journal* **121**:555, 1017-1046. [[Crossref](#)]
229. Salvador Barrios, Holger Görg, Eric Strobl. 2011. Spillovers through backward linkages from multinationals: Measurement matters!. *European Economic Review* **55**:6, 862-875. [[Crossref](#)]
230. Eric D. Ramstetter. 2011. Ranking Locations for Japan's Manufacturing Multinationals in Asia: A Literature Survey Illustrated with Indexes*. *Asian Economic Journal* **25**:2, 197-226. [[Crossref](#)]
231. G. DOUG DAVIS. 2011. Regional Trade Agreements and Foreign Direct Investment. *Politics & Policy* **39**:3, 401-419. [[Crossref](#)]
232. Valter Di Giacinto, Marcello Pagnini. 2011. Local and global agglomeration patterns: Two econometrics-based indicators. *Regional Science and Urban Economics* **41**:3, 266-280. [[Crossref](#)]
233. Matthieu Bussière, Emilia Pérez-Barreiro, Roland Straub, Daria Taglioni. 2011. Protectionist Responses to the Crisis: Global Trends and Implications. *The World Economy* **34**:5, 826-852. [[Crossref](#)]
234. Pierre-Philippe Combes, Miren Lafourcade, Jacques-François Thisse, Jean-Claude Toutain. 2011. The rise and fall of spatial inequalities in France: A long-run perspective. *Explorations in Economic History* **48**:2, 243-271. [[Crossref](#)]
235. Miren Lafourcade, Elisenda Paluzie. 2011. European Integration, Foreign Direct Investment (FDI), and the Geography of French Trade. *Regional Studies* **45**:4, 419-439. [[Crossref](#)]
236. Suminori Tokunaga, Shaosheng Jin. 2011. Market potential, agglomeration and location of Japanese manufacturers in China. *Letters in Spatial and Resource Sciences* **4**:1, 9-19. [[Crossref](#)]
237. Kurt Schmidheiny, Marius Brühlhart. 2011. On the equivalence of location choice models: Conditional logit, nested logit and Poisson. *Journal of Urban Economics* **69**:2, 214-222. [[Crossref](#)]
238. K. Head, T. Mayer. 2011. Gravity, market potential and economic development. *Journal of Economic Geography* **11**:2, 281-294. [[Crossref](#)]
239. Luca De Benedictis, Daria Taglioni. The Gravity Model in International Trade 55-89. [[Crossref](#)]
240. Roberta Capello, Ugo Fratesi, Laura Resmini. Regional Attractiveness and Its Determinants 191-213. [[Crossref](#)]

241. Kurt Geppert, Rolf-Dieter Postlep. Entwicklung und Determinanten des Produktivitätsgefälles zwischen den Ballungsräumen der USA 1969 - 2005 87-109. [[Crossref](#)]
242. Ki-Dong Lee, Seok-Joon Hwang, Min-hwan Lee. 2011. Agglomeration economies and location choice of Korean manufacturers within the United States. *Applied Economics* 44:2, 189-200. [[Crossref](#)]
243. Matthieu Bussi re, Emilia P rez-Barreiro, Roland Straub, Daria Taglioni. 2011. Protectionist Responses to the Crisis: Global Trends and Implications. *SSRN Electronic Journal* . [[Crossref](#)]
244. Etienne Wasmer, Cornelia Woll. 2011. Interdisciplinary Research Center for the Evaluation of Public Policies (Laboratoire Interdisciplinaire D'evaluation des Politiques Publiques). *SSRN Electronic Journal* . [[Crossref](#)]
245. Hyun-Hoon Lee, H.S. Huh, Donghyun Park. 2011. Financial Integration in East Asia: An Empirical Investigation. *SSRN Electronic Journal* . [[Crossref](#)]
246. Am lie Guillin, Ronald B. Davies. 2011. How Far Away is an Intangible? Services FDI and Distance. *SSRN Electronic Journal* . [[Crossref](#)]
247. Gregory Corcos, Massimo Del Gatto, Giordano Mion, Gianmarco I.P. Ottaviano. 2011. Productivity and Firm Selection: Quantifying the 'New' Gains from Trade. *SSRN Electronic Journal* . [[Crossref](#)]
248. Marc-Andreas Muendler, Sascha O Becker. 2010. Margins of Multinational Labor Substitution. *American Economic Review* 100:5, 1999-2030. [[Crossref](#)]
249. R. Borck, M. Pfluger, M. Wrede. 2010. A simple theory of industry location and residence choice. *Journal of Economic Geography* 10:6, 913-940. [[Crossref](#)]
250. Octavio R. Escobar Gamboa. 2010. The (un)lucky neighbour: Differences in export performance across Mexico's states. *Papers in Regional Science* 89:4, 777-799. [[Crossref](#)]
251. T. Mayer, I. Mejean, B. Nefussi. 2010. The location of domestic and foreign production affiliates by French multinational firms. *Journal of Urban Economics* 68:2, 115-128. [[Crossref](#)]
252. Holger G rg, Henning M hlen, Peter Nunnenkamp. 2010. FDI Liberalisation, Firm Heterogeneity and Foreign Ownership: German Firm Decisions in Reforming India. *Journal of Development Studies* 46:8, 1367-1384. [[Crossref](#)]
253. T.-Y. Kim, A. Delios, D. Xu. 2010. Organizational geography, experiential learning and subsidiary exit: Japanese foreign expansions in China, 1979-2001. *Journal of Economic Geography* 10:4, 579-597. [[Crossref](#)]
254. C line Az mar, Rodolphe Desbordes. 2010. Short-run Strategies for Attracting Foreign Direct Investment. *World Economy* 33:7, 928-957. [[Crossref](#)]
255. Salvador Barrios, Juan Miguel Benito. 2010. The Location Decisions of Multinationals and the Cultural Link: Evidence from Spanish Direct Investment Abroad*. *Economic Papers: A journal of applied economics and policy* 29:2, 181-196. [[Crossref](#)]
256. Pamina Koenig, Florian Mayneris, Sandra Poncet. 2010. Local export spillovers in France. *European Economic Review* 54:4, 622-641. [[Crossref](#)]
257. Peter Debaere, Joonhyung Lee, Myungho Paik. 2010. Agglomeration, backward and forward linkages: evidence from South Korean investment in China. *Canadian Journal of Economics/Revue canadienne d' conomie* 43:2, 520-546. [[Crossref](#)]
258. Christian A. L. Hilber, Ioan Voicu. 2010. Agglomeration Economies and the Location of Foreign Direct Investment: Empirical Evidence from Romania. *Regional Studies* 44:3, 355-371. [[Crossref](#)]
259. Maggie Xiaoyang Chen, Michael O. Moore. 2010. Location decision of heterogeneous multinational firms. *Journal of International Economics* 80:2, 188-199. [[Crossref](#)]
260. Matthias J. Brienen, Martijn J. Burger, Frank G. van Oort. 2010. The Geography of Chinese and Indian Greenfield Investments in Europe. *Eurasian Geography and Economics* 51:2, 254-273. [[Crossref](#)]
261. Lionel Artige, Rosella Nicolini. 2010. Market Potential, Productivity and Foreign Direct Investment: Some Evidence from Three Case Studies. *European Planning Studies* 18:2, 147-168. [[Crossref](#)]
262. Benjamin Nefussi, Cyrille Schweltnus. 2010. Does FDI in manufacturing cause FDI in business services? Evidence from French firm-level data. *Canadian Journal of Economics/Revue canadienne d' conomie* 43:1, 180-203. [[Crossref](#)]
263. Julia Spies. 2010. Network and border effects: Where do foreign multinationals locate in Germany?. *Regional Science and Urban Economics* 40:1, 20-32. [[Crossref](#)]
264. Laura Alfaro, Maggie Xiaoyang Chen. 2010. The Global Agglomeration of Multinational Firms. *SSRN Electronic Journal* . [[Crossref](#)]
265. Maggie Xiaoyang Chen. 2010. Interdependence in Multinational Production Networks. *SSRN Electronic Journal* . [[Crossref](#)]
266. Oleksandr Shepotylo. 2010. Spatial Complementarity of FDI: Example of Transition Countries. *SSRN Electronic Journal* . [[Crossref](#)]
267. Fabrice Defever. 2010. The Spatial Organization of Multinational Firms. *SSRN Electronic Journal* . [[Crossref](#)]

268. Isabelle Méjean, Thierry Mayer, Benjamin Nefussi. 2010. The Location of Domestic and Foreign Production Affiliates by French Multinational Firms. *IMF Working Papers* 10:22, 1. [[Crossref](#)]
269. Edward L. Glaeser, Joshua D. Gottlieb. 2009. The Wealth of Cities: Agglomeration Economies and Spatial Equilibrium in the United States. *Journal of Economic Literature* 47:4, 983-1028. [[Crossref](#)]
270. Roberto Basile, Davide Castellani, Antonello Zanfei. 2009. National boundaries and the location of multinational firms in Europe. *Papers in Regional Science* 88:4, 733-748. [[Crossref](#)]
271. Dayton M. Lambert, Kevin T. McNamara. 2009. Location determinants of food manufacturers in the United States, 2000-2004: are nonmetropolitan counties competitive?. *Agricultural Economics* 40:6, 617-630. [[Crossref](#)]
272. Steven Poelhekke, Frederick van der Ploeg. 2009. FOREIGN DIRECT INVESTMENT AND URBAN CONCENTRATIONS: UNBUNDLING SPATIAL LAGS. *Journal of Regional Science* 49:4, 749-775. [[Crossref](#)]
273. Judith M. Dean, Mary E. Lovely, Hua Wang. 2009. Are foreign investors attracted to weak environmental regulations? Evaluating the evidence from China. *Journal of Development Economics* 90:1, 1-13. [[Crossref](#)]
274. Junjie Hong. 2009. Firm Heterogeneity and Location Choices: Evidence from Foreign Manufacturing Investments in China. *Urban Studies* 46:10, 2143-2157. [[Crossref](#)]
275. Harry Garretsen, Jolanda Peeters. 2009. FDI and the relevance of spatial linkages: do third-country effects matter for Dutch FDI?. *Review of World Economics* 145:2, 319-338. [[Crossref](#)]
276. Derek K. Kellenberg. 2009. An empirical investigation of the pollution haven effect with strategic environment and trade policy. *Journal of International Economics* 78:2, 242-255. [[Crossref](#)]
277. H. Saito, M. Gopinath. 2009. Plants' self-selection, agglomeration economies and regional productivity in Chile. *Journal of Economic Geography* 9:4, 539-558. [[Crossref](#)]
278. Ulrich J. Wagner, Christopher D. Timmins. 2009. Agglomeration Effects in Foreign Direct Investment and the Pollution Haven Hypothesis. *Environmental and Resource Economics* 43:2, 231-256. [[Crossref](#)]
279. Mark D. Partridge, Dan S. Rickman, Kamar Ali, M. Rose Olfert. 2009. Agglomeration spillovers and wage and housing cost gradients across the urban hierarchy. *Journal of International Economics* 78:1, 126-140. [[Crossref](#)]
280. Nicolas Coeurdacier, Philippe Martin. 2009. The geography of asset trade and the euro: Insiders and outsiders. *Journal of the Japanese and International Economics* 23:2, 90-113. [[Crossref](#)]
281. Norifumi Kawai. 2009. Location Strategies of Foreign Investors in China: Evidence from Japanese Manufacturing Multinationals. *Global Economic Review* 38:2, 117-141. [[Crossref](#)]
282. Jia Lu, Suminori Tokunaga. 2009. Supplier access and the location of Japanese food industry FDI in East Asia. *Letters in Spatial and Resource Sciences* 2:1, 1-10. [[Crossref](#)]
283. Maggie X. Chen. 2009. Regional economic integration and geographic concentration of multinational firms. *European Economic Review* 53:3, 355-375. [[Crossref](#)]
284. J. Peter Neary. 2009. Trade costs and foreign direct investment. *International Review of Economics & Finance* 18:2, 207-218. [[Crossref](#)]
285. Vanessa Strauss-Kahn, Xavier Vives. 2009. Why and where do headquarters move?. *Regional Science and Urban Economics* 39:2, 168-186. [[Crossref](#)]
286. Daniel J Graham. 2009. Identifying urbanisation and localisation externalities in manufacturing and service industries*. *Papers in Regional Science* 88:1, 63-84. [[Crossref](#)]
287. Ronald B. Davies, Pehr-Johan Norbäck, Ayça Tekin-Koru. 2009. The Effect of Tax Treaties on Multinational Firms: New Evidence from Microdata. *World Economy* 32:1, 77-110. [[Crossref](#)]
288. Gianmarco I.P. Ottaviano, Daria Taglioni, Filippo di Mauro. 2009. The euro and the competitiveness of European firms. *Economic Policy* 24:57, 5-53. [[Crossref](#)]
289. Shiro Patrick Armstrong. 2009. Japanese FDI in China: Determinants and Performance. *SSRN Electronic Journal* . [[Crossref](#)]
290. Christos N. Pitelis, Jean J. Boddewyn. 2009. Where Is the 'I' in 'IB' Research?. *SSRN Electronic Journal* . [[Crossref](#)]
291. Dominique M. Gross, Michael Ryan. 2008. FDI location and size: Does employment protection legislation matter?. *Regional Science and Urban Economics* 38:6, 590-605. [[Crossref](#)]
292. Stephen J Redding, Daniel M Sturm. 2008. The Costs of Remoteness: Evidence from German Division and Reunification. *American Economic Review* 98:5, 1766-1797. [[Crossref](#)]
293. Carlo Altomonte, Enrico Pennings. 2008. Learning from foreign investment by rival firms: Theory and evidence. *International Journal of Industrial Organization* 26:5, 1203-1217. [[Crossref](#)]
294. C. Dembour. 2008. Competition for Business Location: A Survey. *Journal of Industry, Competition and Trade* 8:2, 89-111. [[Crossref](#)]

295. Aviad Pe'er, Ilan Vertinsky. 2008. Firm exits as a determinant of new entry: Is there evidence of local creative destruction?. *Journal of Business Venturing* 23:3, 280-306. [[Crossref](#)]
296. Aviad Pe'er, Ilan Vertinsky, Andrew King. 2008. Who enters, where and why? The influence of capabilities and initial resource endowments on the location choices of de novo enterprises. *Strategic Organization* 6:2, 119-149. [[Crossref](#)]
297. PIERRE-GUILLAUME MÉON, KHALID SEKKAT. 2008. INSTITUTIONAL QUALITY AND TRADE: WHICH INSTITUTIONS? WHICH TRADE?. *Economic Inquiry* 46:2, 227-240. [[Crossref](#)]
298. Roberto Basile, Davide Castellani, Antonello Zanfei. 2008. Location choices of multinational firms in Europe: The role of EU cohesion policy. *Journal of International Economics* 74:2, 328-340. [[Crossref](#)]
299. Laijun Luo, Louis Brennan, Chang Liu, Yuze Luo. 2008. Factors Influencing FDI Location Choice in China's Inland Areas. *China & World Economy* 16:2, 93-108. [[Crossref](#)]
300. Mary Amiti, Beata Smarzynska Javorcik. 2008. Trade costs and location of foreign firms in China. *Journal of Development Economics* 85:1-2, 129-149. [[Crossref](#)]
301. Gilles Duranton, Henry G. Overman. 2008. EXPLORING THE DETAILED LOCATION PATTERNS OF U.K. MANUFACTURING INDUSTRIES USING MICROGEOGRAPHIC DATA*. *Journal of Regional Science* 48:1, 213-243. [[Crossref](#)]
302. Massimo Del Gatto, Gianmarco I. P. Ottaviano, Marcello Pagnini. 2008. OPENNESS TO TRADE AND INDUSTRY COST DISPERSION: EVIDENCE FROM A PANEL OF ITALIAN FIRMS*. *Journal of Regional Science* 48:1, 97-129. [[Crossref](#)]
303. Valter Di Giacinto, Marcello Pagnini. 2008. Agglomeration within and between Regions: Two Econometric Based Indicators. *SSRN Electronic Journal* . [[Crossref](#)]
304. Sonia Ben Kheder, Natalia Zugravu. 2008. The Pollution Haven Hypothesis: A Geographic Economy Model in a Comparative Study. *SSRN Electronic Journal* . [[Crossref](#)]
305. Madina Kukenova, Jose-Antonio Monteiro. 2008. Does Lax Environmental Regulation Attract FDI When Accounting for 'Third-Country' Effects?. *SSRN Electronic Journal* . [[Crossref](#)]
306. Oleksandr Shepotylo. 2008. Spatial HAC Estimator: Analysis of Convergence of European Regions. *SSRN Electronic Journal* . [[Crossref](#)]
307. Holger Gorg, Peter Nunnenkamp, Verena Lauber, Birgit Meyer. 2008. Firm Heterogeneity and Choice of Ownership Structure: An Empirical Analysis of German FDI in India. *SSRN Electronic Journal* . [[Crossref](#)]
308. Jean-Marie Grether, Nicole A. Mathys. 2008. Is the World's Economic Center of Gravity Already in Asia?. *SSRN Electronic Journal* . [[Crossref](#)]
309. Jia LU, Suminori TOKUNAGA. 2008. Market Potential and Location Choice for the Japanese Food Industry in East Asia : An Approach of New Economic Geography. *Studies in Regional Science* 38:1, 109-119. [[Crossref](#)]
310. Sung Jin Kang, Hong Shik Lee. 2007. The determinants of location choice of South Korean FDI in China. *Japan and the World Economy* 19:4, 441-460. [[Crossref](#)]
311. Olena Havrylchyk, Sandra Poncet. 2007. Foreign Direct Investment in China: Reward or Remedy?. *The World Economy* 30:11, 1662-1681. [[Crossref](#)]
312. Fazia Pusterla, Laura Resmini. 2007. Where do foreign firms locate in transition countries? An empirical investigation. *The Annals of Regional Science* 41:4, 835-856. [[Crossref](#)]
313. Bruce A. Blonigen, Ronald B. Davies, Glen R. Waddell, Helen T. Naughton. 2007. FDI in space: Spatial autoregressive relationships in foreign direct investment. *European Economic Review* 51:5, 1303-1325. [[Crossref](#)]
314. Adelheid Holl. 2007. Twenty years of accessibility improvements. The case of the Spanish motorway building programme. *Journal of Transport Geography* 15:4, 286-297. [[Crossref](#)]
315. Michael P. Devereux, Rachel Griffith, Helen Simpson. 2007. Firm location decisions, regional grants and agglomeration externalities. *Journal of Public Economics* 91:3-4, 413-435. [[Crossref](#)]
316. A. Benassy-Quere, N. Goyalraja, A. Trannoy. 2007. Tax and public input competition. *Economic Policy* 22:50, 386-430. [[Crossref](#)]
317. Gianmarco I.P. Ottaviano, Marcello Pagnini, Massimo Del Gatto. 2007. Openness to Trade and Industry Cost Dispersion: Evidence from a Panel of Italian Firms. *SSRN Electronic Journal* . [[Crossref](#)]
318. Gregory Corcos, Massimo Del Gatto, Giordano Mion, Gianmarco I.P. Ottaviano. 2007. Productivity and Firm Selection: Intra- vs International Trade. *SSRN Electronic Journal* . [[Crossref](#)]
319. Nicolas Coeurdacier, Philippe Martin. 2007. The Geography of Asset Holdings: Evidence from Sweden. *SSRN Electronic Journal* . [[Crossref](#)]
320. Massimo Del Gatto, Gianmarco I.P. Ottaviano, Marcello Pagnini. 2007. Openness to Trade and Industry Cost Dispersion: Evidence from a Panel of Italian Firms. *SSRN Electronic Journal* . [[Crossref](#)]

321. Marius Brühlhart, Mario Jametti, Kurt Schmidheiny. 2007. Do Agglomeration Economies Reduce the Sensitivity of Firm Location to Tax Differentials?. *SSRN Electronic Journal* . [[Crossref](#)]
322. J. Peter Neary. 2007. Trade Costs and Foreign Direct Investment. *SSRN Electronic Journal* . [[Crossref](#)]
323. Aviad Pe'er, Ilan Vertinsky. 2007. Firm Exits as a Determinant of New Entry: Is There Evidence of Local Creative Destruction?. *SSRN Electronic Journal* . [[Crossref](#)]
324. Suminori TOKUNAGA, Shaosheng JIN. 2007. An Empirical Analysis of Agglomeration Effects on the Location Choice of Japanese Electronics Firms in China Using Provincial Data. *Chiikigaku Kenkyu (Studies in Regional Science)* 37:1, 175-185. [[Crossref](#)]
325. Hideki Yamawaki. 2006. The location of American and Japanese multinationals in Europe. *International Economics and Economic Policy* 3:2, 157-173. [[Crossref](#)]
326. Claudia M. Buch, Jörn Kleinert, Farid Toubal. 2006. Where enterprises lead, people follow? Links between migration and FDI in Germany. *European Economic Review* 50:8, 2017-2036. [[Crossref](#)]
327. Corinne Autant-Bernard. 2006. Where Do Firms Choose to Locate Their R&D? A Spatial Conditional Logit Analysis on French Data. *European Planning Studies* 14:9, 1187-1208. [[Crossref](#)]
328. Keith Head, Thierry Mayer. 2006. Regional wage and employment responses to market potential in the EU. *Regional Science and Urban Economics* 36:5, 573-594. [[Crossref](#)]
329. Fabrice Defever. 2006. Functional fragmentation and the location of multinational firms in the enlarged Europe. *Regional Science and Urban Economics* 36:5, 658-677. [[Crossref](#)]
330. Kentaro Nakajima. 2006. THE EFFECT OF KNOWLEDGE ACCESSIBILITY ON INTERNATIONAL INCOME INEQUALITY. *Review of Urban & Regional Development Studies* 18:2, 102-117. [[Crossref](#)]
331. Olivier Bertrand, Habib Zitouna. 2006. Trade Liberalization and Industrial Restructuring: The Role of Cross-Border Mergers and Acquisitions. *Journal of Economics & Management Strategy* 15:2, 479-515. [[Crossref](#)]
332. Christian Mugele, Monika Schnitzer. 2006. Organization of Multinational Activities and Ownership Structure. *SSRN Electronic Journal* . [[Crossref](#)]
333. Gianmarco I.P. Ottaviano, Massimo Del Gatto, Giordano Mion. 2006. Trade Integration, Firm Selection and the Costs of Non-Europe. *SSRN Electronic Journal* . [[Crossref](#)]
334. Paul Conway, Donato De Rosa, Giuseppe Nicoletti, Faye Steiner. 2006. Regulation, Competition and Productivity Convergence. *SSRN Electronic Journal* . [[Crossref](#)]
335. Giordano Mion, Paolo Naticchioni. 2006. The Spatial Sorting and Matching of Skills and Firms. *SSRN Electronic Journal* . [[Crossref](#)]
336. Sascha O. Becker, Karolina Ekholm, Robert Jäckle, Marc-Andreas Muendler. 2005. Location Choice and Employment Decisions: A Comparison of German and Swedish Multinationals. *Review of World Economics* 141:4, 693-731. [[Crossref](#)]
337. Bruce A. Blonigen. 2005. A Review of the Empirical Literature on FDI Determinants. *Atlantic Economic Journal* 33:4, 383-403. [[Crossref](#)]
338. Gordon H. Hanson. 2005. Market potential, increasing returns and geographic concentration. *Journal of International Economics* 67:1, 1-24. [[Crossref](#)]
339. Bruce A. Blonigen, Ronald B. Davies, Glen R. Waddell, Helen Tammela Naughton. 2005. FDI in Space: Spatial Autoregressive Relationships in Foreign Direct Investment. *SSRN Electronic Journal* . [[Crossref](#)]
340. Oleksandr Shepotylo. 2005. Regional Governance Infrastructure: The Positive Externality on the Inflow of Foreign Direct Investment. *SSRN Electronic Journal* . [[Crossref](#)]
341. Jean Hindriks, Susana Peralta, Shlomo Weber. 2005. Fiscal Competition, Revenue Sharing, and Policy-Induced Agglomeration. *SSRN Electronic Journal* . [[Crossref](#)]
342. Fabrice Defever, Jean-Louis Mucchielli. 2005. Décomposition internationale de la chaîne de valeur. *Revue économique* 56:6, 1185. [[Crossref](#)]
343. International Monetary Fund. 2005. Trade Costs and Location of Foreign Firms in China. *IMF Working Papers* 05:55, 1. [[Crossref](#)]
344. Anne-Célia Disdier, Thierry Mayer. 2004. How different is Eastern Europe? Structure and determinants of location choices by French firms in Eastern and Western Europe. *Journal of Comparative Economics* 32:2, 280-296. [[Crossref](#)]
345. Claudia M. Buch, Alexander Lipponer. 2004. Clustering or Competition? The Foreign Investment Behaviour of German Banks. *SSRN Electronic Journal* . [[Crossref](#)]
346. Giordano Mion. 2004. Input-Output Linkages, Proximity to Final Demand and the Location of Manufacturing Industries. *SSRN Electronic Journal* . [[Crossref](#)]
347. Roberto Basile, Davide Castellani, Antonello Zanfei. 2003. Location Choices of Multinational Firms in Europe: The Role of National Boundaries and EU Policy. *SSRN Electronic Journal* . [[Crossref](#)]

348. Giuseppe De Arcangelis, Giordano Mion. 2002. Spatial Externalities and Empirical Analysis: The Case of Italy. *SSRN Electronic Journal*. [[Crossref](#)]