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Online Appendix for

Foreign Direct Investment, Structural Change, and Labor Allocation: Comparative Evidence from Asia and Latin America

By

Hugo Vaca Pereira Rocha

Appendix

Table A1: Description of Variables

Variable Name	Variable Description
Within sector	5-year mean of changes in value added with no reallocation of workers
Static reallocation	5-year mean of changes in value added with reallocation to high growth sectors
Dynamic reallocation	5-year mean of changes in value added with reallocation to higher growth sectors
FDIinflow 2010	5-year mean in FDI inflows as a % of GDP (2005-2010)
FDIinflow 2005	5-year mean in FDI inflows as a % of GDP (2000-2005)
FDIinflow 2000	5-year mean in FDI inflows as a % of GDP (1995-2000)
FDIinflow 1995	5-year mean in FDI inflows as a % of GDP (1990-1995)
FDIinflow 1990	5-year mean in FDI inflows as a % of GDP (1985-1990)
FDIinflow 1985	5-year mean in FDI inflows as a % of GDP (1980-1985)
FDIinflow 1980	5-year mean in FDI inflows as a % of GDP (1975-1980)
Gap agriculture	5-year mean in gap between optimal and actual share of agriculture employment
Gap manufacturing	5-year mean in gap between optimal and actual share of manufacturing employment
Gap services	5-year mean in gap between optimal and actual share of services employment

For the calculation of the three components of Equation (1) presented in section 3, I use gross value z and employment data at the sector level. The data preparation process is described as follows.

Gross value added at the sector level is taken from Groningen Growth and Development Center (GGDC) 10 -Sector Database (2014). The 10-Sector Database contains information about gross value added at constant 2005 prices in national currencies. In order to make relevant comparisons across countries in terms of real value added per worker (labor productivity), I convert value added to US dollars using 2005 Purchasing Power Parity (PPP) exchange rates.

The information regarding inward Foreign Direct Investments (FDI) as a percent of Gross Domestic Product (GDP) originates from the United Nations Conference on Trade and Development (UNCTAD).

The variables representing gaps in share of employment by sectors are constructed as explained in section 6.1, 6.2, and 7.1.

Table A2: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Observations
Within sector	-1.726563	2.429153	-25	2.5	154
Static reallocation	-1.873958	1.659471	-5	3	154
Dynamic reallocation	-3.519792	1.54426	-8	0	154
FDIinflow 2010	0.6935818	2.730416	-5	16.6667	154
FDIinflow 2005	0.6979167	2.738433	-5	16.6667	154
FDIinflow 2000	0.7148847	2.738635	-5	16.6667	154
FDIinflow 1995	0.7194093	2.746747	-5	16.6667	154
FDIinflow 1990	0.7112527	2.753616	-5	16.6667	154
FDIinflow 1985	0.715812	2.76189	-5	16.6667	154
FDIinflow 1980	0.7268817	2.767368	-5	16.6667	154
Gap agriculture	75.03219	3.310226	68.3	86.25	154
Gap manufacturing	62.66693	2.349795	56.25	70.9	154
Gap services	62.29036	2.938133	55.5	68.8	154

Table A3: Sectoral structure in the analysis (GGDC 10 - Sector Database 2014

Sector	Description
AGR	**Agriculture**
MAN	**Manufacturing**
SER	**Services**
WRT	Wholesale and retail trade, hotels and restaurants
TRA	Transportation,storage and communication services
FIRE	Finance and insurance services
GOV	Government services
OTH	Other services

Notes: The GGDC 10- Sector Database 2014 classifies sectors according to the ISIC rev. 3.1 code. For more specific details, please see "GGDC 10-Sector Database: Contents, Sources and Methods" in https://www.rug.nl/ggdc/structuralchange. It is important to emphasize that sectors such as construction, public utilities, and mining present in the GGDC 10 SectorDatabase were excluded. Hence, the sum of sectoral employment shares will not add up to 1. In fact, sectoral shares add up to approximately 85%.

Table A4: Fixed effects estimation for gaps in sectoral employment shares

	(1)	(2)	(3)
	Gap agriculture	Gap manufacturing	Gap services
FDIinflow 2010	0.315	1.582	-1.900
	(0.242)	(1.234)	(1.237)
FDIinflow 2005	0.0602	-0.101	0.0439
	(0.0694)	(0.324)	(0.347)
FDIinflow 2000	0.116	-0.158	0.0471
	(0.0947)	(0.329)	(0.399)
FDIinflow 1995	-0.0282	-0.538	0.571*
	(0.0940)	(0.321)	(0.316)
FDIinflow 1990	-0.172	-1.068*	1.232**
	(0.144)	(0.530)	(0.539)
FDIinflow 1985	-0.0693	-0.264	0.341
	(0.0566)	(0.482)	(0.461)
FDIinflow 1980	-0.0739	-0.420	0.490
	(0.0849)	(0.658)	(0.608)
cons	-98.24***	-61.21***	-40.61***
	(0.632)	(5.314)	(5.096)
Observations	154	154	154
Number of countries	18	18	18

Robust standard errors in parentheses. All regressions include year dummies not reported

* p<0.1, ** p<0.05, *** p< 0.01