

oping a reputation in new markets, one would expect that current export success in a given market would depend on past success. Evidence for this has been found in firm-level data in the work of authors such as Bernard and Jensen (2004). Nicita and Olarreaga also find this effect using aggregate trade data from four developing countries (Egypt, Korea, Malaysia and Tunisia). Second, they attempt to estimate the effects of information spillovers across countries; that is, the extent to which export success by Egyptians in, say, the US could enhance Egyptian success in other countries via information flows between the US and these other potential trading partners of Egypt. To measure information flows between two countries, they use trade in newspapers between the countries and telephone calls between the countries. They interact exports to a given country with a variable measuring information flows between the importing country and other countries. The coefficient on this interacted variable is positive and significant, which is interpreted as providing support for the notion that (1) information flows matter and (2) information spillovers across countries matter for export success.

If information flows matter for trade, then informal networks of friends, relatives, and other personal contacts should facilitate trade. One channel through which these networks could be developed is via immigrant flows. Gould (1994) finds that, all else being equal, an increase in the stock of immigrants from a country tends to lead to increased trade with that country. Immigrant tastes for goods from their country of origin may account for some the increased import flows, but they find positive effects for both exports and imports. Head and Ries (1998) perform a similar exercise for Canada, and find that a larger immigrant stock from a country tends to increase both imports from and exports to that country, although the elasticities are smaller than Gould found for the US. They speculate that the smaller effect may be due to Canada's resource-intensive export trade profile. Natural resource products are sold on organized markets so that information flows may not matter as much as for differentiated manufactured goods. Some support for this