

Abstract

This thesis aims to estimate determinants of Services Export from Ireland and United Kingdom. The main contribution of the research lies in the multiple aggregations and categories at which the determinants are examined. Also, this thesis is up to date, to the best knowledge of the author, one of the most exhaustive and deep studies applying gravity model of trade to the exports of services. The core of this thesis consists of the evaluation of determinants for Travel and Business Travel for both, Ireland and United Kingdom; and subsequent analysis of the differences. Furthermore, other categories are discussed. Gravity Model with additional explanatory variables is estimated using the Poisson Pseudo-Maximum Likelihood estimator and robust inference is based on large sample properties. We find that the impact of distance largely depends on category for which the model is estimated. Moreover, we have found substantial impact of both trading partners' GDP and perhaps surprisingly, relatively large and statistically significant impact of common legal origins, regardless of category and aggregation. On the other hand, we have found no evidence of significant impact of trade agreements.

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