Appendix: The Globalization of Corporate Control

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Supplementary Online Appendix

The Appendix reports summary statistics, descriptive patterns, mappings, and additional gravity model estimates complementing the analysis in the main paper. The Appendix consists of two main Sections. Section A complements the descriptive analysis in the main paper (**Stylized Facts**, Section 3). Section B complements the cross-sectional empirical gravity analysis that explores the drivers of cross-border controlling ownership in 2012, when ORBIS coverage improves considerably, and in 2019, just before the coronavirus pandemic (**Cross-Sectional Gravity Results**, Section 4.3). Section C complements the results in the main paper running gravity specifications with source country and destination country fixed effects that isolate the role of country-pair features in the internationalization of corporate control (**Bilateral Features**, Section 4.4). Section D gives further evidence.

A International Corporate Control: Descriptives and Mappings

A.1 Foreign Ownership and Control in Listed Companies

Country Patterns Figures A.1, A.2, A.3, and A.4 show country-level statistics on domestic and foreign control in 2019 and 2012, the years with the richest information in ORBIS. The charts plot the share of the total market capitalization of controlled firms at destination, distinguishing by the nationality type of the *ultimate controlling entity*. The countries are split by income levels according to the World Bank classification, and ordered within-group by the size of their economies as measured by GNI. The left panel takes a destination country viewpoint, i.e. for firms located in the country, while the right panel takes a source country viewpoint, i.e. for firms worldwide that are controlled by entities from that country.

Regional Patterns Figure A.5 plots the share of the total market capitalization of controlled firms across regions in 2019, distinguishing by the three nationality types of the ultimate controlling shareholding entity in 2019: (i) domestic; (ii) foreign; and (iii) tax haven (foreign). The left panel takes a destination country viewpoint, while the right panel takes a source country viewpoint. The figure, therefore, aggregates the country-level information reported in Figures A.1-A.4. Figure A.5 plots the share of the total market capitalization of controlled firms across regions in 2012, aggregating the country-level information reported in Figures A.3-A.4.

Nationality Types of control chains in 2012 Figure A.7 gives the share of controlled firms by domestic, foreign, and tax-haven shareholder entities in 2012, complementing the analogous

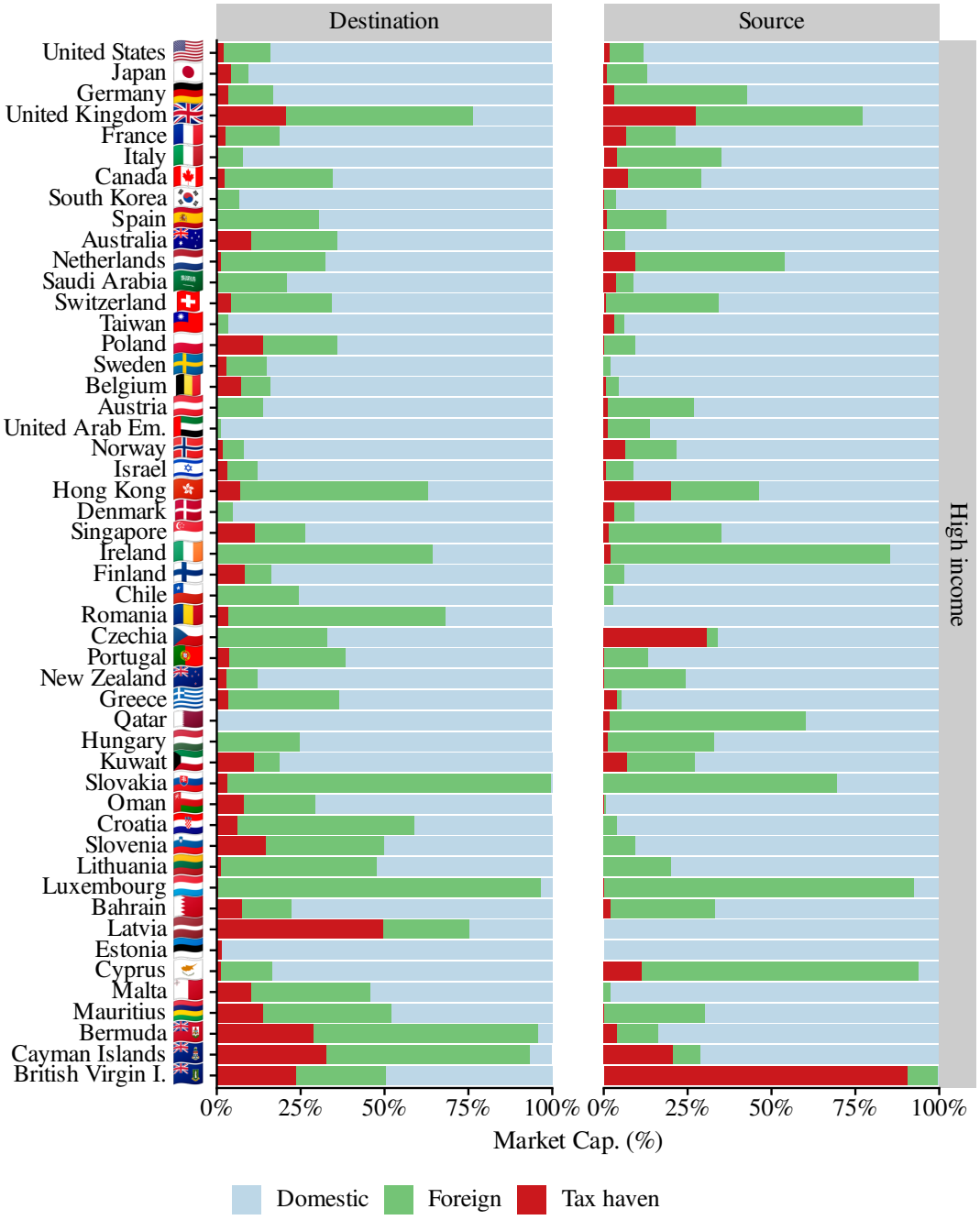
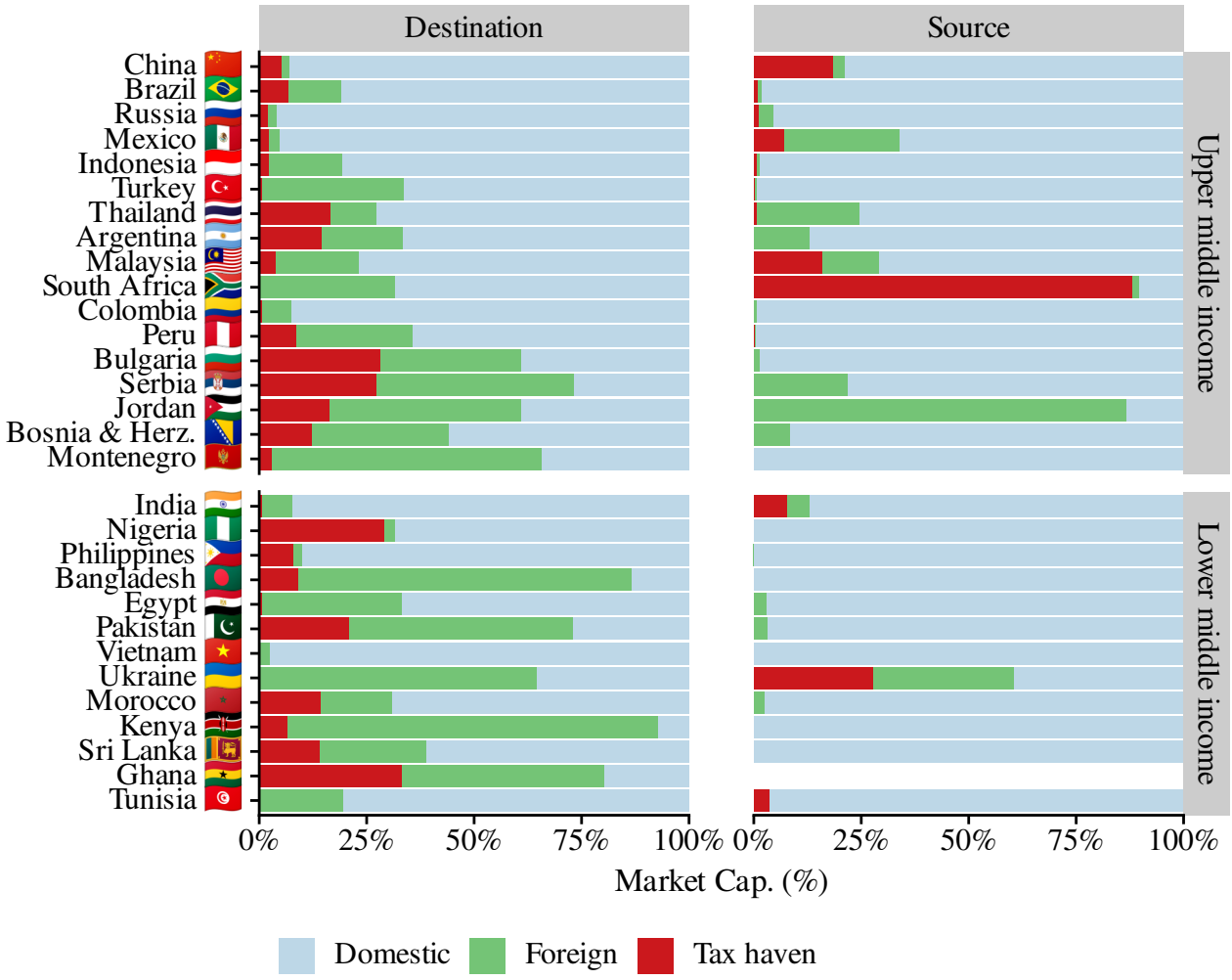


Figure A.1: Nationality of controllers in high-income countries in 2019. The charts plot the share of the total market capitalization of controlled firms at the country level, distinguishing by the nationality type of the *ultimate controlling entity*. The countries are split by income levels according to the World Bank classification, and ordered within-group by the size of their economies as measured by GNI. The left panel takes a destination country viewpoint, i.e. for firms located in the country, while the right panel takes a source country viewpoint, i.e. for firms worldwide that are controlled by entities from that country.



Only jurisdictions with at least 5 controlled companies are shown.

Figure A.2: Nationality of controllers in middle-income countries in 2019. The charts plot the share of the total market capitalization of controlled firms at the country level, distinguishing by the nationality type of the *ultimate controlling entity*. The countries are split by income levels according to the World Bank classification, and ordered within-group by the size of their economies as measured by GNI. The left panel takes a destination country viewpoint, i.e. for firms located in the country, while the right panel takes a source country viewpoint, i.e. for firms worldwide that are controlled by entities from that country.

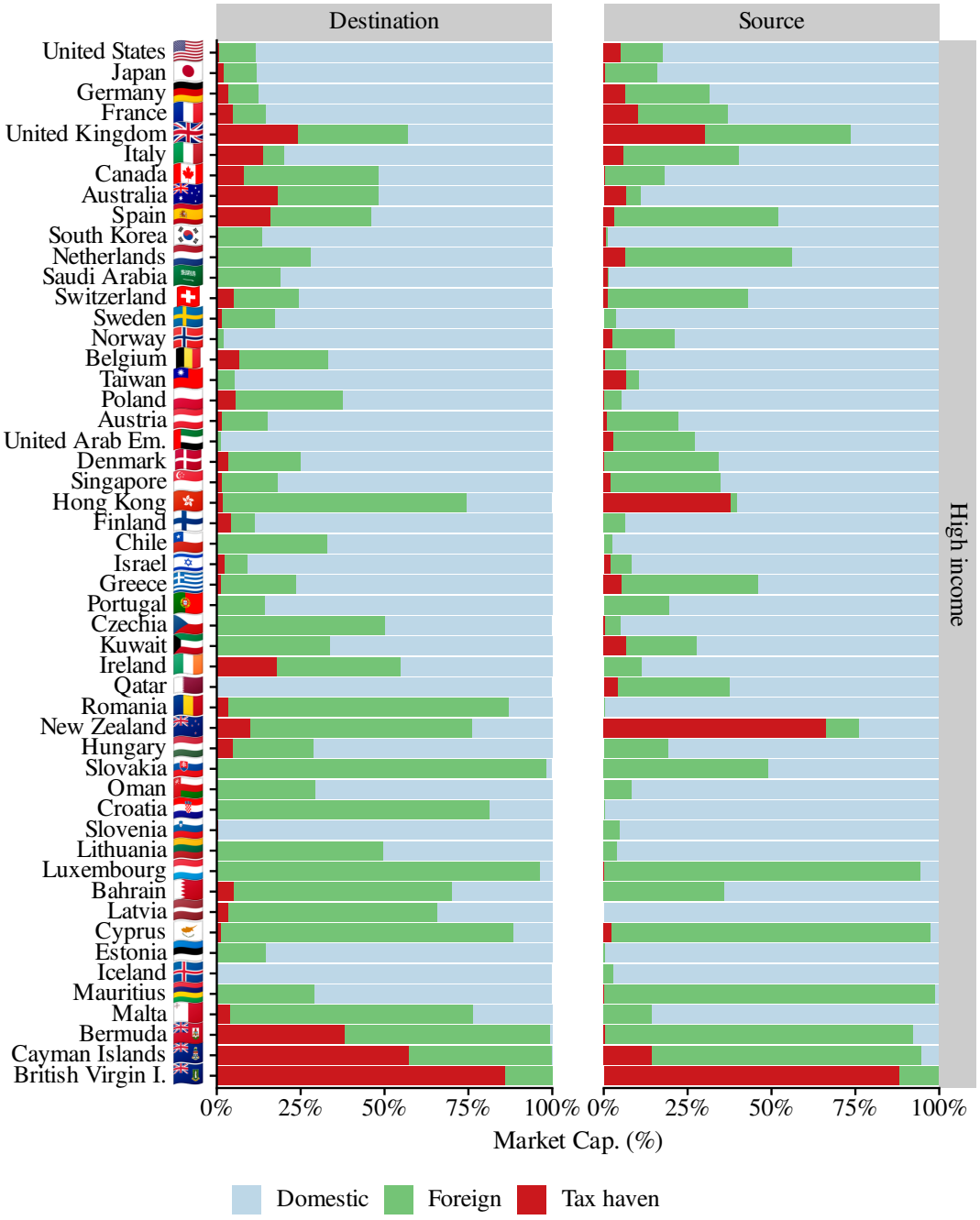
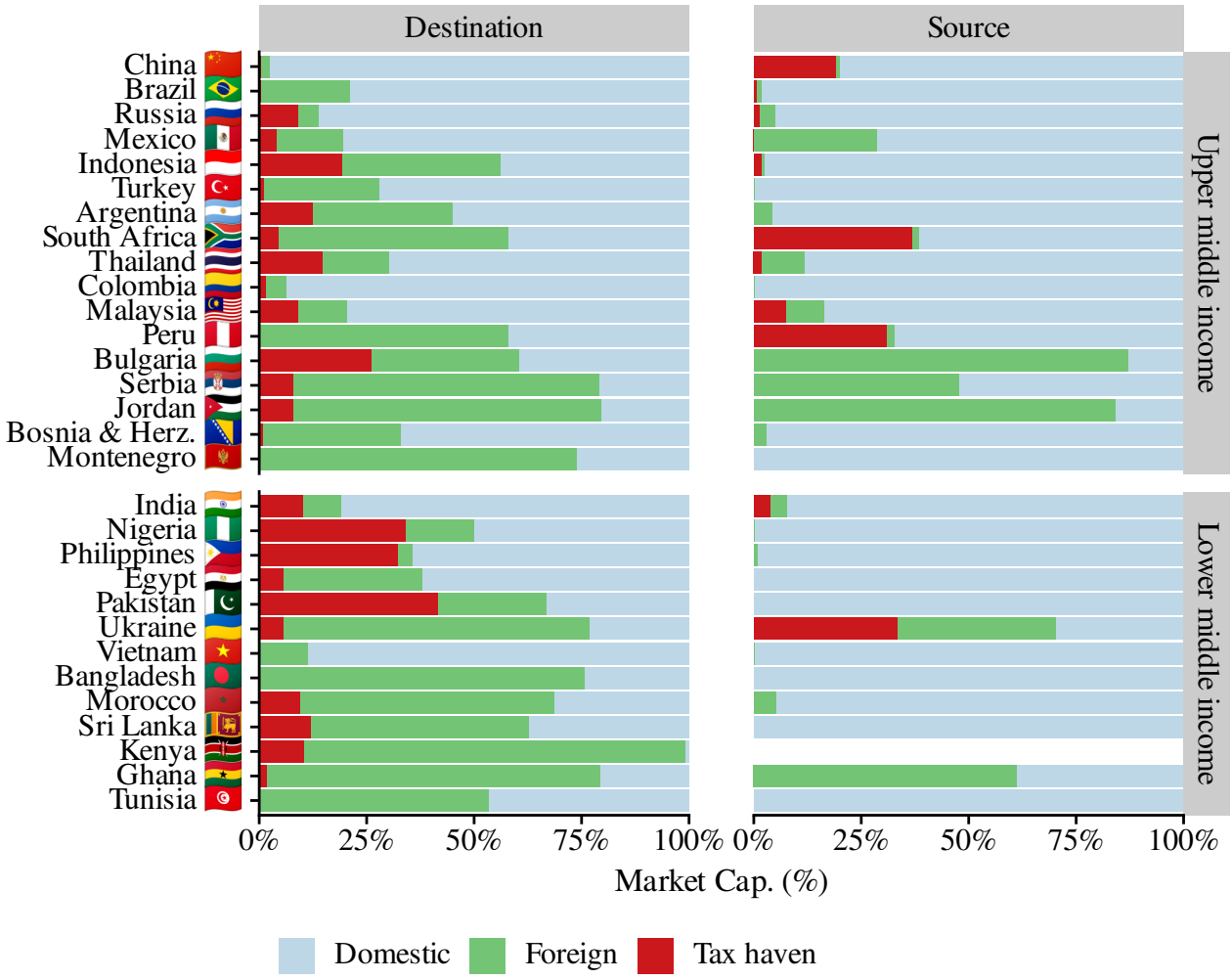


Figure A.3: Nationality of controllers in high-income countries in 2012. The charts plot the share of the total market capitalization of controlled firms at the country level, distinguishing by the nationality type of the *ultimate controlling entity*. The countries are split by income levels according to the World Bank classification, and ordered within-group by the size of their economies as measured by GNI. The left panel takes a destination country viewpoint, i.e. for firms located in the country, while the right panel takes a source country viewpoint, i.e. for firms worldwide that are controlled by entities from that country.



Only jurisdictions with at least 5 controlled companies are shown.

Figure A.4: Nationality of controllers in middle-income countries in 2012. The charts plot the share of the total market capitalization of controlled firms at the country level, distinguishing by the nationality type of the *ultimate controlling entity*. The countries are split by income levels according to the World Bank classification, and ordered within-group by the size of their economies as measured by GNI. The left panel takes a destination country viewpoint, i.e. for firms located in the country, while the right panel takes a source country viewpoint, i.e. for firms worldwide that are controlled by entities from that country.

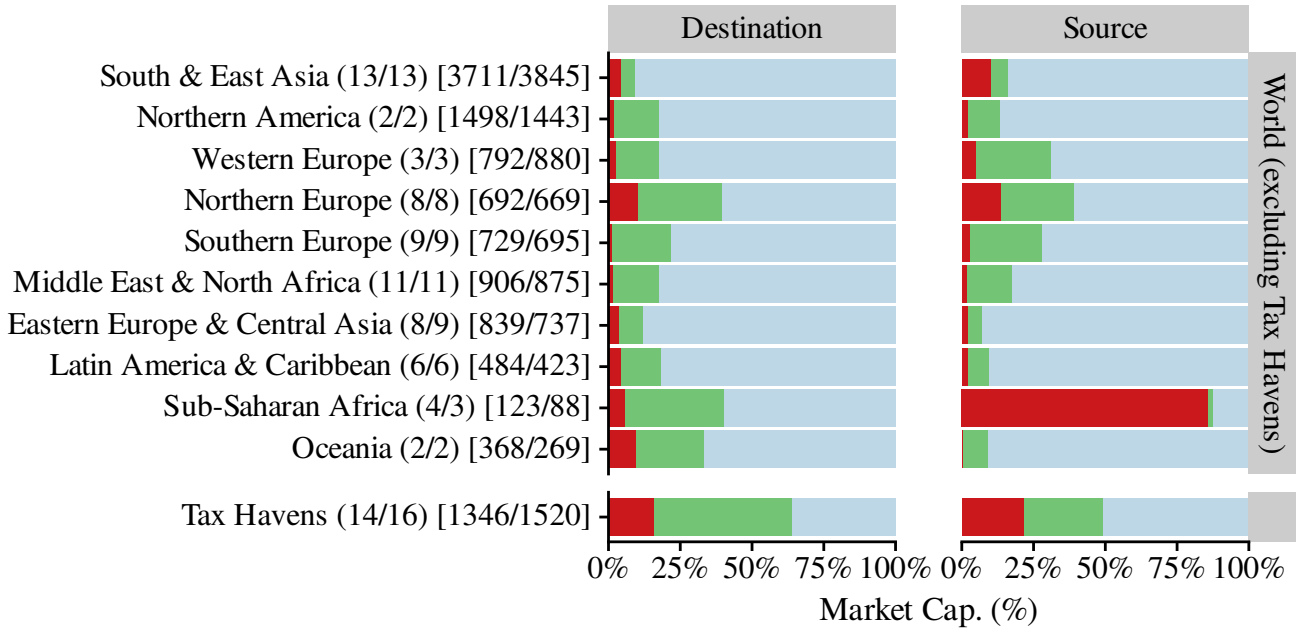


Figure A.5: Nationality of Controlling Shareholders across regions in 2019. The figures distinguish across three nationality types of the *ultimate controlling entity*: (i) domestic (blue), (ii) foreign (green), and tax haven (red). The left panel takes a destination country viewpoint. The right panel takes a source country viewpoint, the country of controlling shareholder entity. The figures report in parentheses the number of destination and source countries. The figure also reports in square brackets the number of public firms of each region at the destination and at the source country.

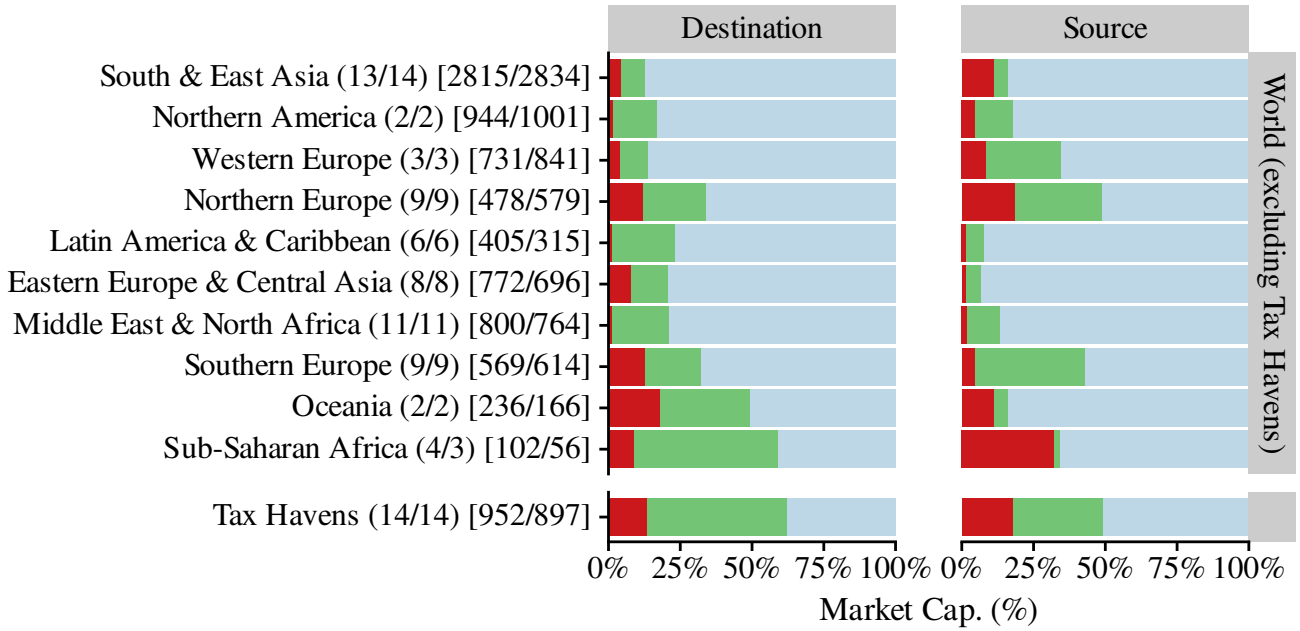


Figure A.6: Nationality of Controlling Shareholders across regions in 2012. The figures distinguish across three nationality types of the *ultimate controlling entity*: (i) domestic (blue), (ii) foreign (green), and tax haven (red). The left panel takes a destination country viewpoint. The right panel takes a source country viewpoint, the country of controlling shareholder entity. The figures report in parentheses the number of destination and source countries. The figure also reports in square brackets the number of public firms of each region at the destination and at the source country.

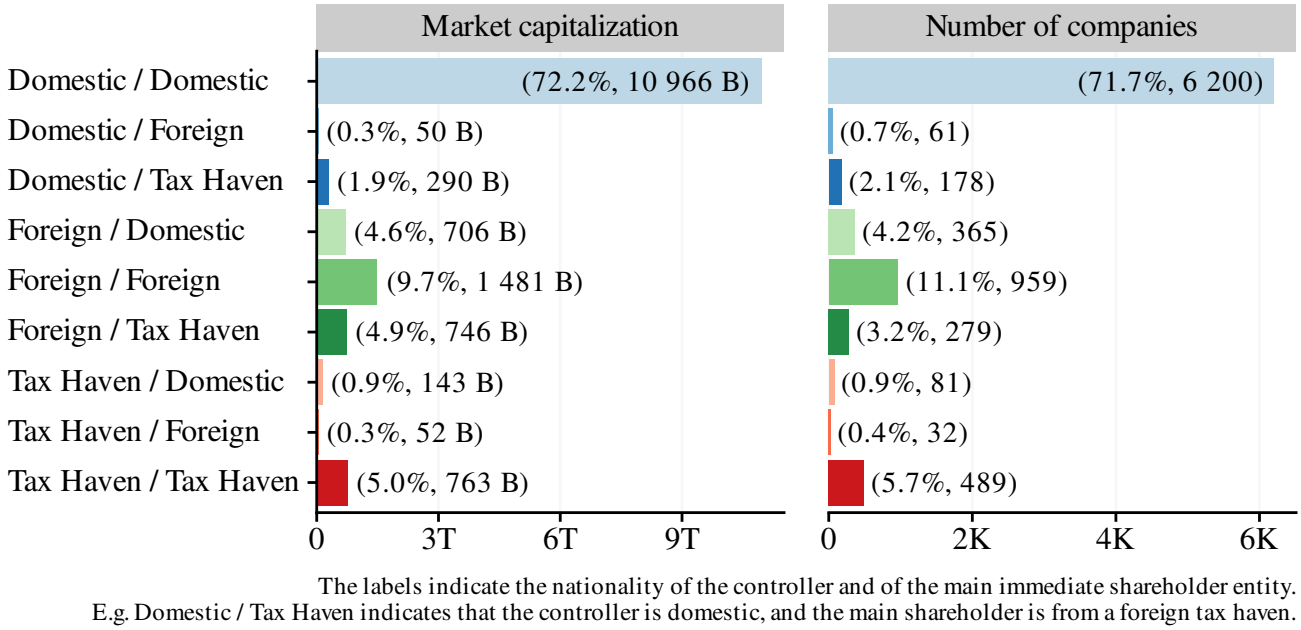


Figure A.7: Share of the different nationality types of control chains among controlled firms, worldwide, in 2012. Controlled companies are split according to the nationality type (domestic, foreign, and tax haven) of their *controlling* entity and of the *immediate* main shareholding entity. Market capitalization is measured in US dollars.

results for 2019 reported in the main paper (Section 3).[1]

A.2 Tax Havens Role

Table A.1 portrays the ten largest corporate ownership and control links between countries. The importance of financial off-shore jurisdictions is apparent. Three out of the ten largest ownership links are between two tax haven jurisdictions: the British Virgin Islands links with the Cayman Islands, Hong Kong, and Bermuda. In addition, three other pairs include one tax haven country.

[1]The possibilities [and examples] are: (i) Control of domestically listed firm by a national of the same country directly or via a domestic entity. [Walton family controlling Wal-Mart through Walton Enterprises.] (ii) Control of a domestic firm by a local via a foreign company. [Paul Singer, an American, controls Barnes & Noble, a US-listed firm, via a British firm, Elliott Advisors]. (iii) Control of a domestic company by a local via a tax-haven incorporated company. [The Lee Hyson family of Hong Kong controls Hysan Development Company in Hong Kong via Jersey shell.] (iv) Control of a listed firm by a foreign shareholder directly or via a foreign intermediary. [Unilever Plc (UK) controlling Hindustan Unilever Lt in India]. (v) Control by a foreign shareholder via a domestic entity. [The Ontario Teachers Pension Fund controls the Copenhagen Airport via Copenhagen Airports Denmark ApS (Denmark)]. (vi) Foreign control via a tax-haven incorporated company. [ChemChina, ultimately controlled by the Chinese State, controls Syngenta AG, a large Swiss agriculture company via a Dutch company, Cnac Saturn.] (vii) Control of a listed firm by a tax-haven entity directly or via a company in another tax-haven. [Hongkonger Lawrence Ho controls Cayman-Islands incorporated Melco Resorts & Entertainment Ltd through a BVI vehicle.] (viii) Control of a listed firm by tax-haven entity via a foreign company [Singapore citizen Goh Cheng Liang controls Australian paint maker DuluxGroup Ltd through Japanese firm Nippon Paint]. (ix) Control by a tax-haven entity via a domestic entity. [The State of Singapore, through Singtel Global Investment Pte Ltd, controls Thai telecommunications company Advanced Info Service Pcl through Thai entity Intouch Holdings PCL.]

Ownership			Control		
Destination	Source		Destination	Source	
Cayman Islands	British Virgin I.	397B	Cayman Islands	South Africa	460B
Hong Kong	British Virgin I.	340B	Hong Kong	China	453B
China	Hong Kong	286B	Cayman Islands	British Virgin I.	249B
United States	United Kingdom	188B	United States	Germany	217B
United Kingdom	United States	138B	United Kingdom	United States	187B
Switzerland	United States	135B	China	Hong Kong	146B
Bermuda	British Virgin I.	125B	Cayman Islands	China	135B
Japan	United States	120B	United States	Japan	134B
Germany	United States	109B	United States	United Kingdom	112B
Netherlands	United States	88B	Bermuda	United Kingdom	97B

Table A.1: Largest bilateral links. The table reports the ten largest bilateral links for corporate ownership (left panel) and corporate control (right panel) of listed companies across the world in 2019, measured in US Dollars.

For control, at least 6 links involve one tax haven jurisdiction. For comparison, tax haven jurisdictions appear once in the ten most extensive international trade links (Germany-Netherlands) and three of the largest service trade links in 2019 (Ireland-Netherlands, Ireland-US, and Hong Kong-China).

A.3 Network Structure and Statistics

Appendix Figure A.8 illustrates the network structure of corporate ownership in 2012, rather than in 2019 reported in the main paper (Fact 3). In the horizontal axis, the figure gives listed firms' jurisdictions (destination) and on the vertical axis, the figure plots the nationality of shareholding entities (controlling or passive) from source countries. Dark(er) squares indicate large(r) equity stakes held by entities from the source country in public firms at the destination in 2012. The chart orders countries according to the similarity of their international ownership links (both in widely-held and controlled listed corporations). Countries closer to each other, especially at the extremes, have similar bilateral ownership linkages.

Appendix Figure A.9 performs the exercise by looking at country-pair links on listed corporations at destination countries controlled by ultimate controlling shareholders from source jurisdictions in 2012. As revealed in the analogous plot in the main paper that zoomed in 2019, the network of cross-border corporate control is very sparse, with fewer linkages than ownership.

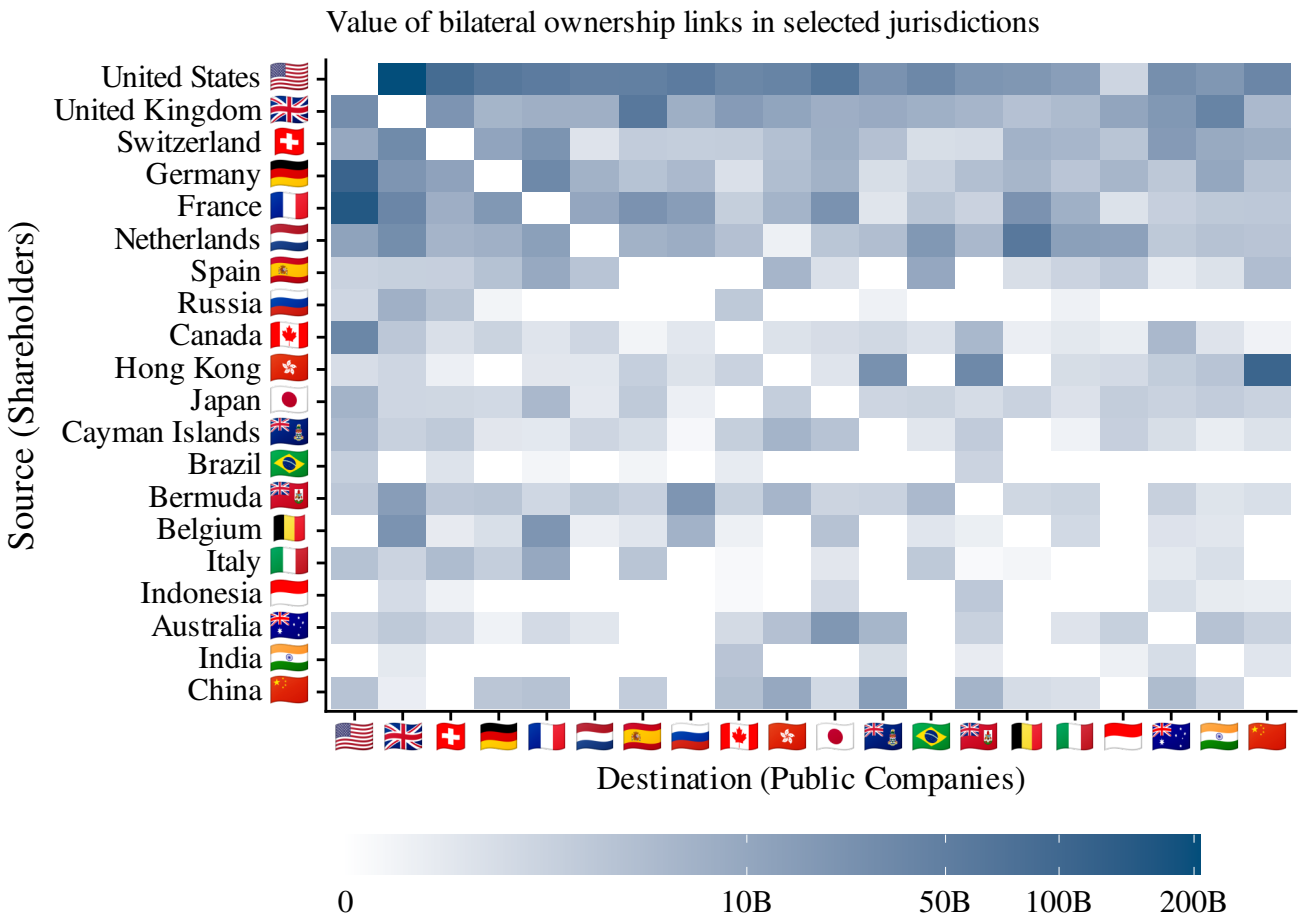


Figure A.8: Heat map of the value of bilateral ownership stakes, measured by the market value of equity stakes, held by entities from source countries (y-axis) in public firms from destination countries (x-axis) in 2012. The ordering of the countries was obtained from the loading of each (source) country on the first principal component of the matrix shown in the chart, with the addition of own-country links (diagonal).

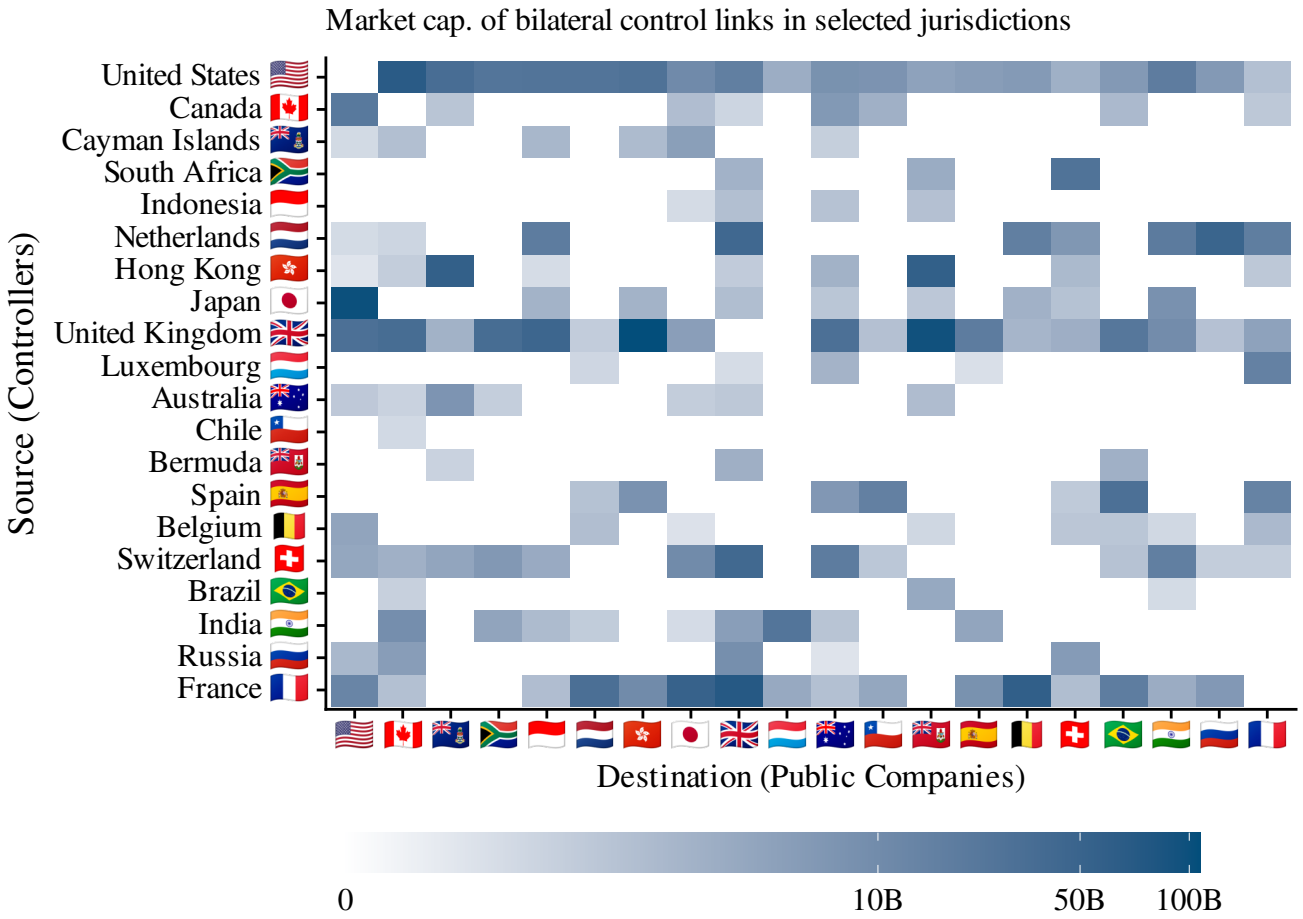


Figure A.9: Heat map of the value of bilateral control stakes, measured by total market capitalization, held by entities from source countries (y-axis) in public firms from destination countries (x-axis) in 2012. The ordering of the countries was obtained from the loading of each (source) country on the first principal component of the matrix shown in the chart, with the addition of own-country links (diagonal).

B Cross-Sectional Gravity Analysis

Below we report additional results that complement the cross-sectional gravity specifications in the main paper.

B.1 Summary Statistics and Correlation Structure

Appendix Table B.2 gives summary statistics of the main country-level variables, distinguishing by source (controlling investor) country (Panels A) and destination country (Panel B). The table reports summary statistics for log GNI per capita, log population, effective tax rates on capital and labor (in %), and World Bank indicators on the rule of law from a source and destination country viewpoint, respectively. Appendix Table B.3 Panel A and Panel B show the correlation structure of the cross-country variables for the destination country and the source country, respectively.

Table B.2: Summary Statistics.
Main Country-Level Variables at Source & Destination

	Mean	50^{th} perc.	St. Dev.	Min	50^{th} perc.	90^{th} perc.	Max
S. Log GNI per cap.	19760	8554	27115	355	1064	52513	189506
S. Log Pop.	43.83	8.50	155.25	0.01	0.20	83.43	1433.78
S. Eff. tax rate on K	19.70	16.07	12.96	0.10	6.85	36.01	67.02
S. Eff. tax rate on L	17.07	12.40	13.90	0.34	2.65	37.65	52.03
S. Rule of law	0.13	-0.02	0.98	-2.32	-1.02	1.68	2.06
S. Stock mkt cap.	72.39	46.75	139.99	0.08	11.32	117.67	1349.46
S. Mean Yrs of School.	9.40	9.90	2.94	1.88	4.84	12.78	13.64
WVS Trust	24.88	22.26	15.74	2.83	7.81	49.43	73.73
	Mean	50^{th} perc.	St. Dev.	Min	50^{th} perc.	90^{th} perc.	Max
D. Log GNI per cap.	27142	19269	24320	925	3046	59622	118179
D. Log Pop.	74.83	11.62	214.27	0.03	1.25	145.87	1433.78
D. Eff. tax rate on K	22.43	20.45	13.13	0.10	7.80	39.83	60.81
D. Eff. tax rate on L	22.31	24.53	15.01	0.34	2.56	42.25	52.03
D. Rule of law	0.62	0.57	0.87	-1.15	-0.55	1.81	2.06
D. Stock mkt cap.	79.19	48.33	150.52	5.73	14.58	121.05	1349.46
D. Mean Yrs of School.	10.74	11.40	2.15	5.11	7.54	12.98	13.64
WVS Trust	28.46	23.81	16.62	2.83	8.54	54.43	73.73
Observations	25920						

The table reports summary statistics for the main explanatory variables in the source country (Panel A) and the destination country (Panel B) in the sample without missing values for any of the variables [number of observations in Table 2 of the main paper, namely 25,920].

Table B.3: Correlation Matrix.

Panel A. Destination country

	D. Log GNI p.c.	D. Log Pop.	D. Eff. K tax	D. Eff. L tax rate	D. Rule of law	D. Stock mkt cap.	D. Schooling	WVS Trust
D. Log GNI p.c.	1							
D. Log Pop.	-0.206***	1						
D. Eff. K tax	0.538***	-0.0191**	1					
D. Eff. L tax	0.482***	-0.243***	0.505***	1				
D. Rule of law	0.771***	-0.258***	0.537***	0.576***	1			
D. Stock mkt cap.	0.178***	-0.0318***	0.278***	-0.196***	0.243***	1		
Schooling.	0.562***	-0.331***	0.408***	0.602***	0.679***	0.153***	1	
WVS Trust	0.608***	0.183***	0.343***	0.246***	0.545***	0.243***	0.298***	1

Panel B. Source country

	S. Log GNI p.c.	S. Log Pop.	S. Eff. K tax	S. Eff. L tax	S. Rule of law	S. Stock mkt cap.	S. Schooling.	WVS Trust
S. Log GNI p.c.	1							
S. Log Pop.	-0.0872***	1						
S. Eff. K tax	0.504***	0.0221**	1					
S. Eff. L tax	0.585***	-0.122***	0.499***	1				
S. Rule of law	0.707***	-0.0813***	0.502***	0.670***	1			
S. Stock mkt cap.	0.203***	-0.0179*	0.296***	-0.140***	0.261***	1		
Schooling	0.591***	-0.0966***	0.392***	0.643***	0.662***	0.181***	1	
WVS Trust	0.609***	0.216***	0.356***	0.303***	0.515***	0.250***	0.320***	1
Observations	25920							

Notes: Table reports the correlations between the variables used for the specification on cross-country features and institutions in Table B.8 for the source country for the destination country on Panel A and the source country for Panel B.

B.2 Cross-sectional Gravity Results. Further Evidence

Extensive Margin Analysis Appendix Table B.4 reports linear probability model estimates (LPM) exploring the role of geodesic distance, source and destination countries population and income per capita on the extensive margin of cross-border corporate control, ownership, and trade in goods and services. The dependent variable takes the value of one if there is a link between source and destination country in any of the four aspects of globalization and zero otherwise. Looking at the extensive margin is particularly useful, as the matrix of cross-border corporate control is very sparse with many zeros. The likelihood that source and destination country have at least on control link is increasing in the countries' size and proximity. While the gravity model terms are highly significant the estimates are smaller and model fit worse for corporate control, as compared to international goods trade, a similar to the Poisson ML estimates in the main paper.

Table B.4: Linear Probability Model Cross-Sectional Estimates

	2012			2019			Pooled		
	Control	Ownership	Trade	Control	Ownership	Trade	Control	Ownership	Trade
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	For. Ctrl.	All	Goods	For. Ctrl.	All	Goods	For. Ctrl.	All	Goods
Log Pop-Wght dist.	-0.032***	-0.054***	-0.051***	-0.037***	-0.048***	-0.046***	-0.034***	-0.051***	-0.049***
	(0.007)	(0.010)	(0.016)	(0.008)	(0.011)	(0.016)	(0.007)	(0.011)	(0.016)
D. Log GNI per cap.	0.016***	0.041***	0.048***	0.026***	0.048***	0.043***	0.020***	0.044***	0.046***
	(0.005)	(0.008)	(0.014)	(0.007)	(0.010)	(0.015)	(0.005)	(0.009)	(0.014)
D. Log Pop.	0.013***	0.023***	0.056***	0.016***	0.028***	0.054***	0.014***	0.025***	0.055***
	(0.004)	(0.006)	(0.015)	(0.005)	(0.007)	(0.016)	(0.004)	(0.007)	(0.016)
S. Log GNI per cap.	0.047***	0.089***	0.021**	0.058***	0.098***	0.017	0.052***	0.093***	0.019*
	(0.007)	(0.011)	(0.010)	(0.008)	(0.011)	(0.010)	(0.007)	(0.011)	(0.010)
S. Log Pop.	0.025***	0.031***	0.074***	0.027***	0.031***	0.066***	0.026***	0.031***	0.070***
	(0.004)	(0.007)	(0.009)	(0.005)	(0.007)	(0.009)	(0.005)	(0.007)	(0.009)
Observations	12960	12960	12960	12960	12960	12960	25920	25920	25920
Num. countries (D/S)	81/161	81/161	81/161	81/161	81/161	81/161	81/161	81/161	81/161
RMSE	0.227	0.303	0.334	0.244	0.315	0.330	0.236	0.309	0.332
R^2	0.124	0.196	0.255	0.139	0.195	0.219	0.131	0.195	0.237
Fixed Effects	None	None	None	None	None	None	Year FE	Year FE	Year FE

Notes: The table reports Linear Probability Model (LPM) estimates. The outcomes are various forms of international integration across pairs of countries in 2012 (columns (1)-(3)), in 2019 (in columns (4)-(6)), and pooling 2012 and 2019 (in columns (7)-(9)). In columns (1), (4), and (7), the dependent variable denotes the logarithm of controlled listed firms' market capitalization in destination by shareholder entities in the source country. In (2), (5), and (8), the dependent variable is the market value of ownership (voting rights) from shareholding entities in source to firms in the destination country in both widely held and controlled firms, irrespective of whether the shareholder controls the company. In (3), (6), and (9), the dependent variable denotes international goods exports and imports from source to destination. The explanatory variables are the logarithm of the population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita and log population at source and destination. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

Stock Market Capitalization Theoretical explorations of gravity in international finance stress the role of market size, often proxied by the share of equity market capitalization to domestic output (GDP). For example, in Martin and Rey (2004), market size captures diversification opportunities, larger in countries with more developed equity markets, while in Head and Ries (2008), stock market size captures potential bidders for international investment and more opportunities for foreign investors. We, thus, explored the role of stock market capitalization at the source and destination of the globalization corporate control, using data from the World Bank

(which is however not available for all countries). Appendix Table B.5 reproduces the baseline cross-sectional gravity specification using stock market capitalization rather than GNI p.c. as size proxy (besides population). Appendix Table B.6 uses both GNI per capita and stock market capitalization (besides population). In all specifications, stock market capitalization at source and destination enters with significantly positive estimates, telling of the positive role of financial development on the globalization of control markets.

Table B.5: Cross Sectional Gravity Estimates. Population, Stock Market Capitalization, and Distance

	2012				2019				Pooled			
	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services
Log Pop-Wght dist.	-0.723***	-0.706***	-1.004***	-0.891***	-0.559**	-0.815***	-1.032***	-0.888***	-0.631***	-0.767***	-1.018***	-0.889***
	(0.191)	(0.156)	(0.113)	(0.122)	(0.232)	(0.158)	(0.125)	(0.122)	(0.194)	(0.155)	(0.118)	(0.122)
D. Stock mkt cap.	0.845***	0.700***	0.629***	0.644***	0.514**	0.654***	0.604***	0.629***	0.635***	0.671***	0.615***	0.634***
	(0.088)	(0.155)	(0.131)	(0.145)	(0.252)	(0.179)	(0.132)	(0.131)	(0.187)	(0.163)	(0.128)	(0.134)
S. Stock mkt cap.	0.908***	0.871***	0.419***	0.696***	1.025***	0.890***	0.451***	0.634***	0.984***	0.883***	0.436***	0.657***
	(0.146)	(0.216)	(0.127)	(0.155)	(0.167)	(0.167)	(0.123)	(0.140)	(0.150)	(0.179)	(0.122)	(0.143)
D. Log Pop.	0.140	0.376***	0.569***	0.420***	-0.070	0.398***	0.551***	0.393***	0.008	0.388***	0.560***	0.405***
	(0.198)	(0.114)	(0.092)	(0.092)	(0.287)	(0.117)	(0.089)	(0.089)	(0.250)	(0.114)	(0.090)	(0.089)
S. Log Pop.	0.530***	0.365*	0.570***	0.425***	0.574***	0.261	0.581***	0.366***	0.557***	0.308*	0.576***	0.391***
	(0.122)	(0.189)	(0.083)	(0.106)	(0.141)	(0.185)	(0.086)	(0.101)	(0.132)	(0.183)	(0.084)	(0.103)
Observations	5226	5226	5226	5226	5226	5226	5226	5226	10452	10452	10452	10452
Obs. total	5226	5226	5226	5226	5226	5226	5226	5226	10452	10452	10452	10452
Num. countries (D/S)	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79
RMSE	6.622	7.659	1.689	2.926	9.560	6.927	1.551	3.773	9.850	7.132	1.622	3.556
Pseudo-R^2	0.330	0.302	0.613	0.522	0.271	0.340	0.640	0.496	0.288	0.323	0.627	0.509
Deviance-R^2	0.330	0.302	0.613	0.524	0.271	0.340	0.640	0.497	0.288	0.323	0.627	0.510
Fixed Effects	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in 2012 (columns (1)-(4)), in 2019 (in columns (5)-(8)), and pooling 2012 and 2019 (in columns (9)-(12)). In columns (1), (5), and (9), the dependent variable denotes the logarithm of controlled listed firms' market capitalization in destination by shareholder entities in the source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in source to firms in the destination country in both widely held and controlled firms, irrespective of whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination. In columns (4), (8), and (12), the dependent variable denotes international services trade between origin and destination. The explanatory variables are the logarithm of the population-weighted distance between origin and destination, stock market capitalization at source and destination (in % of GDP), and log population at source and destination. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

Table B.6: Cross Sectional Gravity Estimates. GNI p.c., Population, Stock Market Capitalization, and Distance

	2012				2019				Pooled			
	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services
Log Pop-Wght dist.	-0.665***	-0.532***	-0.884***	-0.708***	-0.445*	-0.586***	-0.879***	-0.658***	-0.527**	-0.565***	-0.882***	-0.682***
	(0.220)	(0.103)	(0.060)	(0.064)	(0.234)	(0.118)	(0.061)	(0.060)	(0.221)	(0.106)	(0.060)	(0.060)
D. Log GNI per cap.	0.243*	0.695***	0.704***	0.847***	1.118***	0.881***	0.753***	0.920***	0.616***	0.786***	0.723***	0.884***
	(0.134)	(0.107)	(0.045)	(0.045)	(0.331)	(0.190)	(0.073)	(0.063)	(0.204)	(0.129)	(0.057)	(0.049)
S. Log GNI per cap.	0.862***	1.541***	0.729***	0.871***	0.607*	1.763***	0.779***	1.047***	0.713***	1.638***	0.753***	0.961***
	(0.126)	(0.220)	(0.058)	(0.101)	(0.338)	(0.262)	(0.080)	(0.130)	(0.240)	(0.214)	(0.066)	(0.113)
D. Stock mkt cap.	0.845***	0.542***	0.410***	0.404***	0.191	0.316*	0.276***	0.273***	0.490*	0.418***	0.336***	0.323***
	(0.125)	(0.121)	(0.107)	(0.056)	(0.396)	(0.185)	(0.106)	(0.068)	(0.258)	(0.139)	(0.101)	(0.057)
S. Stock mkt cap.	0.678***	0.550**	0.097	0.431***	0.806***	0.486***	0.055	0.224***	0.753***	0.508***	0.075	0.308***
	(0.117)	(0.217)	(0.075)	(0.078)	(0.271)	(0.166)	(0.070)	(0.087)	(0.201)	(0.168)	(0.067)	(0.074)
D. Log Pop.	0.215	0.582***	0.825***	0.661***	0.162	0.629***	0.786***	0.617***	0.145	0.605***	0.801***	0.632***
	(0.209)	(0.104)	(0.039)	(0.045)	(0.243)	(0.082)	(0.045)	(0.048)	(0.250)	(0.091)	(0.042)	(0.045)
S. Log Pop.	0.776***	0.634***	0.831***	0.643***	0.716***	0.494***	0.831***	0.589***	0.738***	0.550***	0.830***	0.607***
	(0.130)	(0.146)	(0.054)	(0.079)	(0.121)	(0.097)	(0.047)	(0.064)	(0.120)	(0.111)	(0.050)	(0.071)
Observations	5226	5226	5226	5226	5226	5226	5226	5226	10452	10452	10452	10452
Obs. total	5226	5226	5226	5226	5226	5226	5226	5226	10452	10452	10452	10452
Num. countries (D/S)	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79	67/79
RMSE	7.493	8.296	1.024	1.821	9.224	7.068	0.961	2.081	12.938	7.383	0.993	2.089
Pseudo-R^2	0.427	0.557	0.838	0.826	0.383	0.593	0.849	0.805	0.379	0.574	0.843	0.811
Deviance-R^2	0.427	0.557	0.838	0.827	0.383	0.594	0.849	0.807	0.379	0.574	0.843	0.813
Fixed Effects	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE	Year FE

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in 2012 (columns (1)-(4)), in 2019 (in columns (5)-(8)), and pooling 2012 and 2019 (in columns (9)-(12)). In columns (1), (5), and (9), the dependent variable denotes the logarithm of controlled listed firms' market capitalization in destination by shareholder entities in the source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in source to firms in the destination country in both widely held and controlled firms, irrespective of whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination. In columns (4), (8), and (12), the dependent variable denotes international services trade between origin and destination. The explanatory variables are the logarithm of the population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita and log population at source and destination, stock market capitalization (in % of GDP), and log population at source and destination. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

B.3 Source and Destination Country Features

The results below complement the discussion in Section 4.3.2 of the main paper, exploring the role of various source and destination country features on cross-border corporate control.

Figures B.1 and B.2 complement Figure 8, plotting for each variable proxying taxation, human capital, trust, and institutions coefficients (alongside two standard error bands) from three specifications with corporate control as the dependent variable in 2012 and 2019: (i) An unconditional specification including only the relevant variable (in *green*). (ii) Adding the relevant variable to the baseline gravity terms (distance, population, and GNI per capita) (in *red*). (iii) A rich specification including all variables in the RHS (in *blue*).

The two panels on Figure B.3 are otherwise similar to Figure 10, zooming on 2012 and 2019 respectively. The figures plot the evolution of the PPML $pseudo - R^2$, across three cross-sectional gravity specifications: (i) Only with size (log GNI p.c. and log population at source and destination); (ii) Adding to the size proxies the log of geodesic distance; (iii) Adding to the core gravity terms (size and distance), proxies of taxation, human capital, and institutions on the RHS. We omit trust, which is not a robust correlate of cross-border corporate control, as the sample drops. For comparability, besides results with cross-border corporate control and ownership, the figures give the patterns with international trade in goods and services.

Table B.7 report cross-sectional gravity specifications that associate cross-border corporate control, ownership, and international goods and service trade with taxation at source and destination countries. The explanatory variables are:

- Bilateral geodesic distance between the two countries, weighted by population.
- The logarithm of Gross National Income per capita (GNI p.c.).
- The logarithm of population.
- Indicators that take on the value of one when the country is classified as a tax-haven jurisdiction (OECD (2000) and Tørsløv et al. (2022)).
- Proxies of effective tax rates on capital and labor, retrieved from Bachas et al. (2022).

There is a good fit of the gravity model for cross-border corporate control, as distance and size appear significant correlates. Besides, cross-border controlling equity holdings in listed companies is larger for tax haven jurisdictions, telling of their chief role. Higher effective labor taxes are associated with lower cross-border controlling investment.

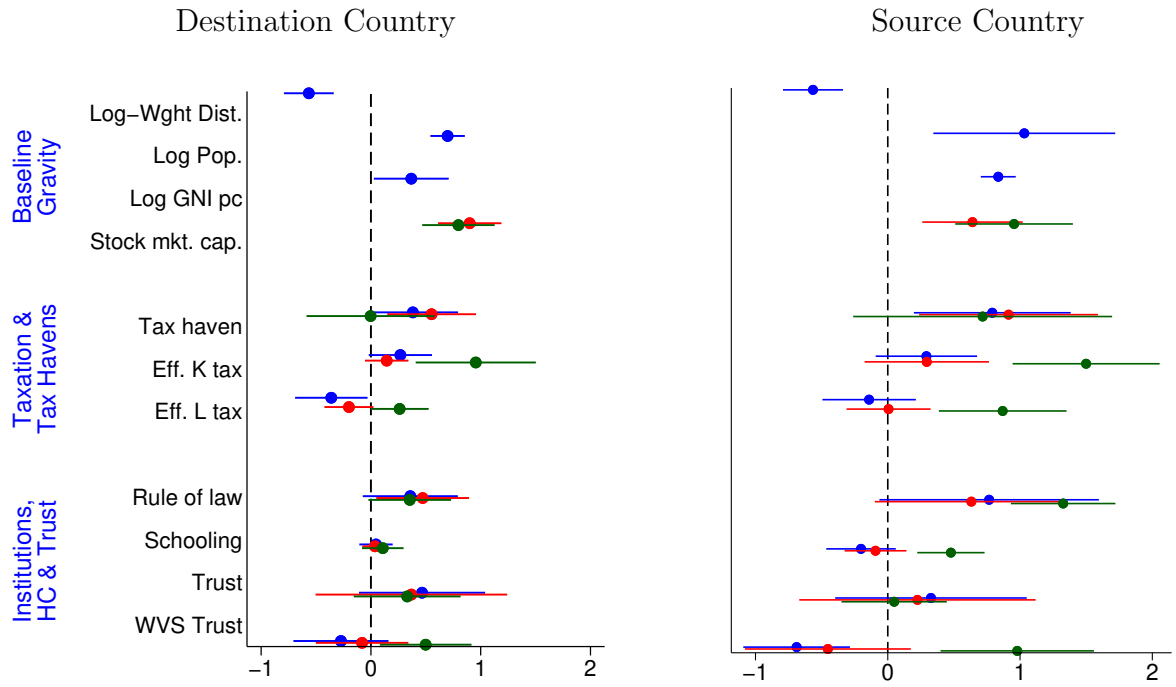
Table B.8 reports cross-sectional gravity specifications that associate cross-border corporate control, ownership, and international trade with institutions, general trust, and human capital at

source and destination countries, conditional on size and distance. The explanatory variables are:

- Bilateral geodesic distance between the two countries, weighted by population.
- The logarithm of Gross National Income per capita (GNI p.c.).
- The logarithm of population.
- Mean years of schooling attained by individuals aged 15 to 64 from Barro-Lee Educational Attainment Dataset (Barro and Lee (2013))
- A composite Rule of law index from the World Bank's Governance Matters Database, ranging from -2.5 to +2.5, with a global mean of zero.
- Self-reported general trust measures from various rounds of World Value Survey.

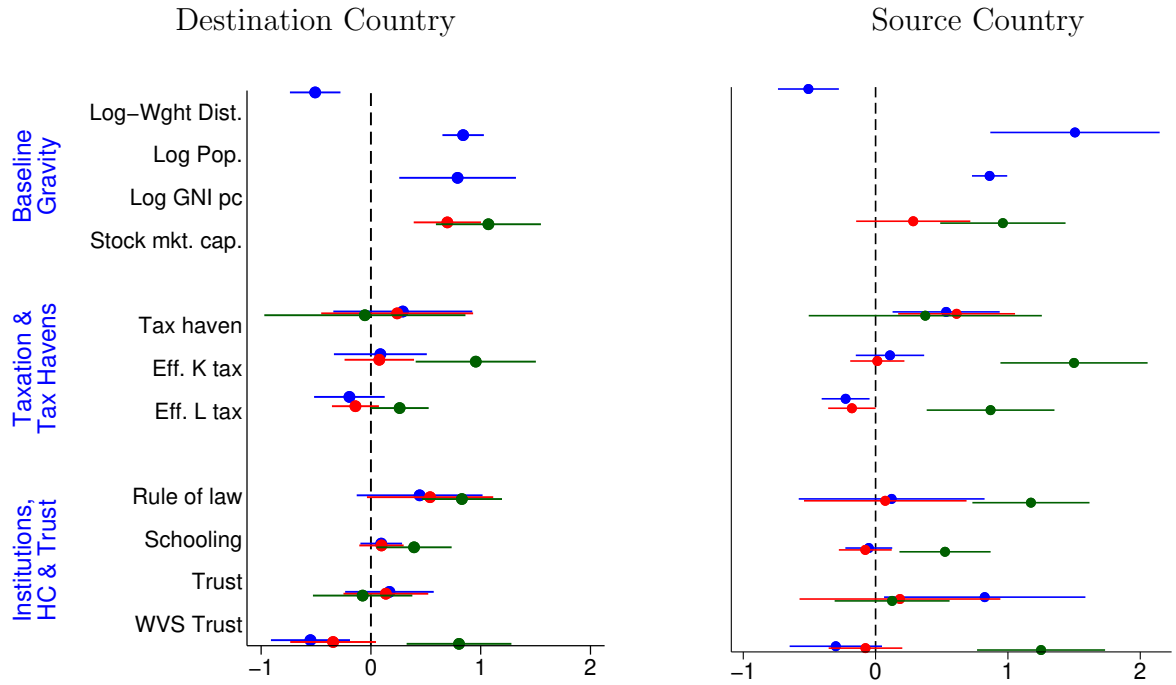
The human capital and the social capital capital proxies, education and trust, do not correlate with cross-border control and ownership. In contrast, sound institutions at destination appear to attract foreign controlling investment (column (5)), a pattern that retains significance even conditional on taxation, as shown on the main paper results.

Figure B.1: Cross-Sectional Gravity Specification PPML Estimates: Corporate Control in 2012



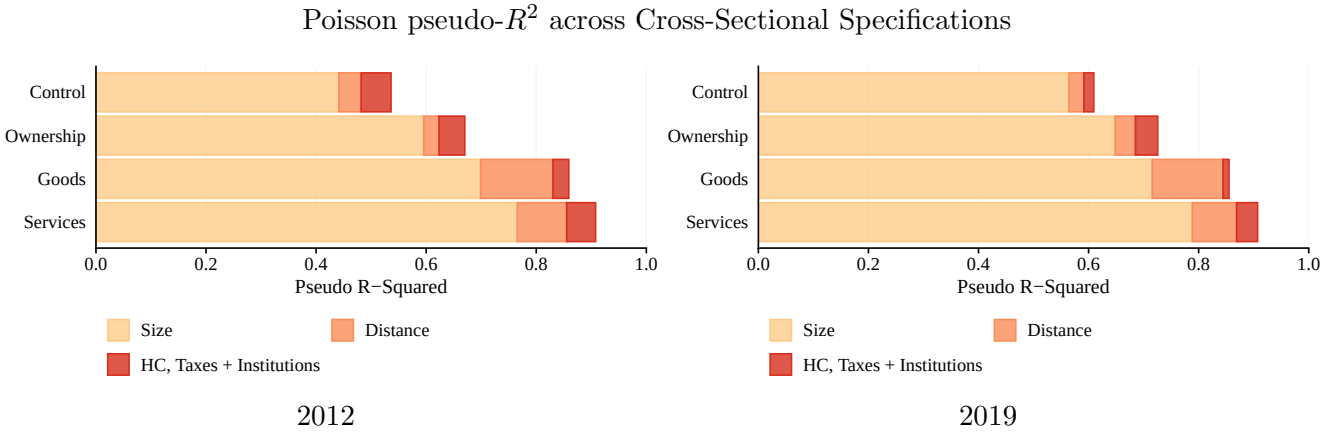
The coefficient plots report Poisson Pseudo Maximum Likelihood (PPML) estimates from the specification on Table B.8, but looking at the 2012 sample. The dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. The explanatory variables are the logarithm of population-weighted distance between origin and destination, the logarithm of Gross National Income (GNI) per capita, the logarithm of population at source and destination, stock market capitalization (as % of GDP) the mean years of schooling at source and destination, the level of the rule of law World Bank indicator, dummies whether the source or destination country is a tax heaven, the level of the effective tax rates on capital and labor at source and destination countries. Coefficients from the specification including all reported variables are denoted in *blue*. Coefficients from the specification including only the relevant variable (on top of the distance, national population and national GNI per capita variables) are reported in *red*. Coefficients from the specification including only the relevant variable are reported in *green*.

Figure B.2: Cross-Sectional Gravity Specification PPML Estimates: Corporate Control in 2019



The coefficient plots report Poisson Pseudo Maximum Likelihood (PPML) estimates from the specification on Table B.8, but looking at the 2019 sample. The dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. The explanatory variables are the logarithm of population-weighted distance between origin and destination, the logarithm of Gross National Income (GNI) per capita, the logarithm of population at source and destination, stock market capitalization (as % of GDP), the mean years of schooling at source and destination, the level of the rule of law World Bank indicator, dummies whether the source or destination country is a tax heaven, the level of the effective tax rates on capital and labor at source and destination countries. Coefficients from the specification including all reported variables are denoted in *blue*. Coefficients from the specification including only the relevant variable (on top of the distance, national population and national GNI per capita variables) are reported in *red*. Coefficients from the specification including only the relevant variable are reported in *green*.

Figure B.3: Corporate Control, Augmented Gravity, and Country Features



The Figure plots the cumulative pseudo-R^2 (McFadden's) in Poisson Pseudo Maximum Likelihood (PPML) specifications in the 2012 sample on the left-hand-side and the 2019 sample on the right-hand-side. The dependent variable in the three specifications in bar (1) is the market capitalization of controlled firms in destination country from shareholding entities in source. The dependent variable in bar (2) is the market value of all ownership links from shareholding entities in source country in listed companies in destination country. The dependent variable in columns (3) and (4) is the level of exports and imports (in USD million) from source to destination in goods and services, respectively. Each bar gives the R^2 for three specifications: A cross-sectional specification with the log of Gross National Income (GNI) per capita and log population at source and destination (*beige*)). (b) A cross-sectional specification with the log of population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita and the log of population at source and destination (*coral*). (c) A cross-sectional specification that add indicators for tax haven status, measures of statutory corporate income tax rate, and rule of law proxies, at source and destination country (*red*).

Table B.7: Cross-Sectional Gravity Specifications
Taxation (2012 and 2019 pooled sample)

	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1) For. Ctrl.	(2) All	(3) Goods	(4) Services	(5) For. Ctrl.	(6) All	(7) Goods	(8) Services	(9) For. Ctrl.	(10) All	(11) Goods	(12) Services
Log Pop-Wght dist.	-0.490***	-0.481***	-0.846***	-0.587***	-0.595***	-0.601***	-0.913***	-0.695***	-0.546***	-0.509***	-0.882***	-0.615***
	(0.106)	(0.074)	(0.065)	(0.054)	(0.111)	(0.092)	(0.066)	(0.045)	(0.104)	(0.081)	(0.070)	(0.045)
D. Log GNI per cap.	0.886***	1.027***	0.840***	0.985***	0.968***	1.043***	0.907***	1.091***	0.956***	1.011***	0.890***	1.047***
	(0.140)	(0.167)	(0.070)	(0.037)	(0.153)	(0.144)	(0.092)	(0.057)	(0.155)	(0.137)	(0.092)	(0.047)
D. Log Pop.	0.773***	0.855***	0.913***	0.762***	0.726***	0.781***	0.882***	0.700***	0.745***	0.826***	0.909***	0.759***
	(0.095)	(0.087)	(0.040)	(0.022)	(0.101)	(0.075)	(0.049)	(0.040)	(0.104)	(0.088)	(0.046)	(0.022)
S. Log GNI per cap.	1.343***	1.829***	0.794***	1.031***	1.410***	1.966***	0.918***	1.091***	1.366***	1.847***	0.906***	1.037***
	(0.149)	(0.201)	(0.049)	(0.094)	(0.148)	(0.205)	(0.055)	(0.119)	(0.155)	(0.205)	(0.058)	(0.116)
S. Log Pop.	0.838***	0.828***	0.863***	0.765***	0.755***	0.713***	0.847***	0.703***	0.820***	0.824***	0.863***	0.764***
	(0.055)	(0.105)	(0.042)	(0.059)	(0.055)	(0.117)	(0.039)	(0.066)	(0.055)	(0.108)	(0.043)	(0.063)
S. is tax haven	0.766***	1.007***	0.305**	0.735***					0.702**	0.983***	0.266*	0.724***
	(0.268)	(0.300)	(0.147)	(0.215)					(0.273)	(0.302)	(0.151)	(0.205)
D. is tax haven	0.405	0.706***	0.418**	0.763***					0.302	0.636***	0.393**	0.727***
	(0.278)	(0.266)	(0.202)	(0.220)					(0.241)	(0.243)	(0.191)	(0.212)
D. Eff. tax rate on K					0.305**	0.344**	0.024	0.104	0.284**	0.294**	-0.003	0.052
					(0.145)	(0.135)	(0.103)	(0.077)	(0.142)	(0.125)	(0.096)	(0.072)
S. Eff. tax rate on K					0.271*	0.134	0.012	0.058	0.230	0.091	-0.003	0.008
					(0.143)	(0.137)	(0.060)	(0.114)	(0.141)	(0.141)	(0.061)	(0.103)
D. Eff. tax rate on L					-0.327**	-0.205	-0.095	-0.207*	-0.310**	-0.147	-0.069	-0.163*
					(0.151)	(0.135)	(0.133)	(0.106)	(0.150)	(0.123)	(0.127)	(0.086)
S. Eff. tax rate on L					-0.222**	-0.176	-0.214***	-0.065	-0.192	-0.150	-0.201**	-0.010
					(0.105)	(0.143)	(0.078)	(0.123)	(0.117)	(0.139)	(0.082)	(0.110)
Observations	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478
Obs. total	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478	15478
Pseudo-R^2	0.539	0.661	0.861	0.871	0.539	0.646	0.862	0.851	0.546	0.664	0.865	0.873
Deviance-R^2	0.539	0.661	0.861	0.873	0.540	0.646	0.862	0.853	0.546	0.664	0.865	0.875
Fixed Effects	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in the pooled sample for 2012 and 2019 based on various specifications. In columns (1), (5), and (9), the dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in destination country in both widely-held and controlled firms, irrespective on whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination, while in columns (4), (8), and (12) the dependent variable denotes international services trade between origin and destination. The explanatory variables are the log of population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita, the log of population at source and destination and, depending on each column, dummies whether the source or destination country is a tax heaven, and the level of the effective tax rates on capital and labor at source and destination countries. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

Table B.8: Cross-Sectional Gravity Specifications
Human Capital, Institutions and Trust (2012 and 2019 pooled sample)

	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1) For. Ctrl.	(2) All	(3) Goods	(4) Services	(5) For. Ctrl.	(6) All	(7) Goods	(8) Services	(9) For. Ctrl.	(10) All	(11) Goods	(12) Services
Log Pop-Wght dist.	-0.539***	-0.568***	-0.878***	-0.659***	-0.511***	-0.523***	-0.881***	-0.633***	-0.542***	-0.538***	-0.822***	-0.636***
	(0.112)	(0.090)	(0.062)	(0.051)	(0.117)	(0.094)	(0.060)	(0.056)	(0.120)	(0.073)	(0.070)	(0.053)
D. Log GNI per cap.	0.752***	0.902***	0.780***	0.996***	0.516***	0.629**	0.791***	0.854***	0.989***	1.102***	0.830***	0.988***
	(0.151)	(0.206)	(0.076)	(0.062)	(0.147)	(0.264)	(0.100)	(0.089)	(0.167)	(0.204)	(0.081)	(0.044)
D. Log Pop.	0.754***	0.809***	0.892***	0.703***	0.774***	0.829***	0.894***	0.710***	0.778***	0.800***	0.865***	0.732***
	(0.086)	(0.070)	(0.043)	(0.042)	(0.086)	(0.064)	(0.044)	(0.044)	(0.083)	(0.063)	(0.059)	(0.042)
S. Log GNI per cap.	1.566***	1.850***	0.818***	0.969***	1.120***	1.381***	0.930***	0.713***	1.550***	2.299***	0.731***	1.091***
	(0.216)	(0.264)	(0.086)	(0.085)	(0.265)	(0.351)	(0.095)	(0.109)	(0.182)	(0.202)	(0.055)	(0.113)
S. Log Pop.	0.784***	0.701***	0.846***	0.707***	0.780***	0.736***	0.837***	0.727***	0.757***	0.786***	0.792***	0.764***
	(0.058)	(0.117)	(0.039)	(0.057)	(0.058)	(0.127)	(0.036)	(0.061)	(0.070)	(0.099)	(0.040)	(0.065)
D. Mean Yrs of School.	0.086	0.083	0.041	0.022								
	(0.082)	(0.078)	(0.036)	(0.024)								
S. Mean Yrs of School.	-0.089	0.070	-0.006	0.064								
	(0.090)	(0.096)	(0.038)	(0.043)								
D. Rule of law					0.528**	0.550	0.083	0.225**				
					(0.232)	(0.377)	(0.106)	(0.097)				
S. Rule of law					0.335	0.705**	-0.171*	0.477***				
					(0.299)	(0.340)	(0.099)	(0.110)				
WVS Trust									-0.184	-0.130	0.072	0.103
									(0.207)	(0.197)	(0.096)	(0.064)
WVS Trust									-0.231	-0.554	0.221**	-0.050
									(0.210)	(0.358)	(0.096)	(0.119)
Observations	15478	15478	15478	15478	15478	15478	15478	15478	8640	8640	8640	8640
Obs. total	15478	15478	15478	15478	15478	15478	15478	15478	8640	8640	8640	8640
Pseudo-R^2	0.533	0.642	0.857	0.848	0.538	0.652	0.858	0.856	0.535	0.660	0.840	0.863
Deviance-R^2	0.533	0.642	0.857	0.850	0.538	0.652	0.858	0.857	0.527	0.588	0.802	0.715
Fixed Effects	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in the pooled sample for 2012 and 2019 based on various specifications. In columns (1), (5), and (9), the dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in destination country in both widely-held and controlled firms, irrespective on whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination, while in columns (4), (8), and (12) the dependent variable denotes international services trade between origin and destination. The explanatory variables are the log of population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita and the log of population at source and destination and, depending on each column, mean years of schooling at source and destination countries, World Bank governance indicators on the rule of law for the source and destination country, and self-reported trust measures from World Values Survey at source and destination countries. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

C Bilateral Features

This section complements Section 4.4, where we examine the role of bilateral features on the globalization of corporate control. We do so estimating gravity specifications with source country fixed effects and destination country fixed effects (both interacted with a year indicator in the specifications pooling 2012 and 2019). Building on Coeurdacier and Rey (2013), we distinguish between three broad categories of bilateral features, besides geodesic distance (see also Pellegrino et al. (2021)). (i) Diversification-related motives, related to economic similarities between the two countries in industrial production and business cycle movement. (ii) Costs in international market for corporate control, stemming from differences in taxation, incomplete convergence of regulation, and differences in the legal system and tradition. (iii) Informational frictions and behavioral biases related to historical, linguistic, religious, and cultural differences between origin and destination.

C.1 Summary Statistics and Correlation Structure

Appendix Table C.9 reports summary statistics for the bilateral variables, we consider in the analysis log population-weighted geodesic distance, standardized geodesic distance, standardized linguistic distance, standardized religious distance, standardized genetic distance, and standardized cultural distance.

Appendix Table C.10 reports the pairwise correlations of the country-pair features, related to international economic policy coordination (Panel A) and historical, linguistic, and cultural distances between source and destination (Panel B).

Table C.9: Summary statistics: Bilateral variables

	Mean	50^{th} **perc.**	**St. Dev.**	**Min**	10^{th} **perc.**	90^{th} **perc.**	**Max**
Log Pop-Wght dist.	8.63	8.87	0.84	4.20	7.40	9.52	9.89
Std. Geodesic. dist.	0.37	0.36	0.23	0.00	0.08	0.69	1.00
FTA	0.21	0.00	0.41	0.00	0.00	1.00	1.00
Econ. int. agreem.	0.10	0.00	0.30	0.00	0.00	0.00	1.00
FTA	0.21	0.00	0.41	0.00	0.00	1.00	1.00
Common legal systems	0.31	0.00	0.46	0.00	0.00	1.00	1.00
Both EU	0.06	0.00	0.23	0.00	0.00	0.00	1.00
Both Euro Area	0.03	0.00	0.16	0.00	0.00	0.00	1.00
Colonial ties	0.09	0.00	0.29	0.00	0.00	0.00	1.00
Linguistic. Dist.	0.68	0.75	0.34	0.00	0.00	1.00	1.00
Religious. Dist.	0.49	0.50	0.37	0.00	0.00	1.00	1.00
Genetic. dist.	0.36	0.41	0.21	0.00	0.09	0.61	1.00
Cultural dist.	0.42	0.41	0.17	0.00	0.21	0.66	1.00
Observations	25920						

The table reports summary statistics for the bilateral variables in the sample of Table 2, namely 25,920. The observations for cultural distance are 6,996. All distance terms are standardized.

Table C.10: Panel C. Bilateral Features

	Log Pop-Wght dist.	FTA	Econ.int.agreem.	Common law	Both EU	Both EA
Log Pop-Wght dist.	1					
FTA	-0.187***	1	0.632***			
Econ.int.agreem.	-0.0856***	0.632***	1			
Common law	0.0235***	-0.0291***	-0.0440***	1		
Both EU	-0.440***	-0.125***	-0.0802***	-0.0782***	1	
Both EA	-0.281***	-0.0842***	-0.0542***	-0.00342	0.600***	1
Observations	25920					

	Log Pop-Wght dist.	Linguistic. dist.	Religious. dist.	Genetic. dist.	Cultural dist.
Log Pop-Wght dist.	1				
Linguistic. dist.	0.0992***	1			
Religious. dist.	0.134***	0.343***	1		
Genetic. dist.	0.614***	0.0667***	0.0619***	1	
Cultural dist.	0.248***	0.344***	0.398***	0.258***	1
Observations	25920				

Notes: The table reports the correlations between the variables proxying frictions in the cross-border market for corporate control (Panel A) and informational frictions (Panel B).

C.2 Diversification

Table C.11 reports gravity equation regression estimates with source and destination country fixed-effects, interacted with a year constant, exploring the role of international diversification on cross-border corporate control and ownership and, for comparability, international trade in goods and services, conditional on (log) geodesic distance. The explanatory variables are:

- An index of dissimilarities in industrial production. The index is the sum of the differences in the share of sectoral value added to the total value added between the source and destination in all industrial sectors (Imbs, 2006). The data are sourced from UNIDO INDSTAT2 Industrial Statistics Database, which includes time series of the manufacturing sector at the 2-digit level of ISIC. The granular industrial detail needed for the construction of this index is not available for the entire universe of our country pairs.
- A proxy of the synchronization of output growth using a window of annualized GDP growth correlation during the last twenty years of our sample (2000-2019) across each source and destination country pair.
- A measure of equity returns correlations, using S&P Global Equity Indices, which cover approximately 11,000 securities from over 80 countries. It includes the S&P Global Broad Market Index (BMI), S&P Global 1200, S&P/IFCI, and S&P Frontier BMI. All indices are float-adjusted, market capitalization-weighted indices expressed as % of GDP in US Dollars. For the specifications using this measure, the sample is significantly reduced as this index does not cover the entire universe of our countries.

C.3 Asset Trade Frictions. International Policy Coordination and Legal System Similarities

Appendix Table C.12 reports source and destination country fixed-effects gravity specifications that associate cross-border corporate control, ownership, and for comparison international goods and service trade with proxies of frictions in corporate control markets, conditional on (log) distance. The explanatory variables that capture legal system similarities and international economic policy coordination are:

- An indicator on common legal systems, taking the value of one when a pair of source country and destination country share legal origins, sourced from La Porta et al. (2008).
- An indicator on customs unions, taking the value of one when the source and destination countries have entered a customs union, sourced from Version 2.1 of the Dynamic Gravity Dataset (DGD) made available on the US International Trade Commission (USITC) website.

- An indicator on free trade agreements, taking the value of one when the source and destination countries have signed a free trade agreement, sourced from Version 2.1 of the Dynamic Gravity Dataset (DGD) made available on the US International Trade Commission (USITC) website.

- An indicator on economic integration agreements, taking the value of one when the source and destination countries have signed any form of such an agreement, sourced from Version 2.1 of the Dynamic Gravity Dataset (DGD) made available on the US International Trade Commission (USITC) website.

- An indicator on mutual EU membership, taking the value of one when both source and destination countries are members of the European Union.

- An indicator on mutual Euro Area membership, taking the value of one when both source and destination countries are members of the Euro Area.

C.4 Informational Frictions and Behavioral/Cultural Barriers

Appendix Table C.13 examines the role of informational frictions and deeper bilateral flows in cross-border corporate control and ownership, conditional on distance. We augment the baseline fixed effects gravity specification with the following variables:

- An indicator on colonial ties, taking the value of one if the source country and destination country (i) are engaged in a colonial relationship currently, or (ii) have been in a colonial relationship post-1945, sourced from the CEPII Gravity Database (Conte et al., 2021).

- A (standardized) measure of linguistic distance, which quantifies the difference between the dominant languages of each source and destination country pair on a five-point scale, source from *The Research page for Douglas Dow: Distance and Diversity Scales for International Business Research* (Dow (2015)), which provides wider coverage of the linguistic distance sourced from (Spolaore and Wacziarg, 2018), for our given sample. The measure refers to the latest 2015 estimates.

- A (standardized) measure of religious distance, which quantifies the difference between the dominant religions of each source and destination country pair on a five-point scale, source from *The Research page for Douglas Dow: Distance and Diversity Scales for International Business Research* (Dow (2015)). Similarly to linguistic distance, this source provides better coverage than alternatives. The measure refers to the latest 2015 estimates.

- A (standardized) measure of weighted genetic distance reflecting the allele frequency differences for about 120 gene loci, sourced from (Spolaore and Wacziarg, 2018). The heterozygosity index (FST) measures the probability that two genes at a given locus, selected randomly from the populations of source and destination, will be different. We employ the (weighted) FST measure based on heterozygosity indices.

- Last, a (standardized) measure of cultural distance, sourced from Spolaore and Wacziarg (2016), who use answers to the World Values Survey to construct broader metrics of distance in values, norms and attitudes. Differences across populations in the answer shares to a specific question were used to calculate the cultural distance between source and destination countries on that specific question, the aggregation of which gives the cultural distance index employed here. As discussed on Spolaore and Wacziarg (2016), data availability is patchy, due to the low number of country pairs for which a representative set of questions is available from the World Values Survey.

C.5 All Bilateral Features

Figures C.4, C.5, and C.6 complement the results reported in Figure 11. All figures give PPML estimates looking at cross border ownership (Figure C.4) and corporate control (Figures C.5-C.6), examining the role of geodesic distance, proxies of international diversification, corporate control market frictions (weak economic policy coordination and legal system dissimilarities), and information frictions related to deep cultural and historical differences. For all variables, reported on the right of the vertical axis, each figure reports coefficients and two standard error bands, across three specifications: (i) With only the source country and the destination country constants (in *green*); (ii) Only controlling on log distance, besides the destination country and the source country constants (in *red*); and (iii) Including all variables of the three categories in the specification (in *blue*).

Two results. First, we obtain similar patterns to the ones reported in the main paper from the pooled specification when we look separately at the drivers of cross-border corporate control in 2012 and in 2019. For example legal system similarities, having an economic policy agreement, being members of the euro, and being linguistically and culturally close go together with cross-border control. Second, the patterns with ownership are similar to control but less clear.

Table C.11: Source and Destination Country Fixed-Effects Gravity Specifications

Panel A: International Diversification

	2012				2019				Pooled			
	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services
Log Pop-Wght dist.	-1.028***	-0.699***	-0.961***	-0.811***	-0.715***	-0.714***	-0.914***	-0.774***	-0.844***	-0.709***	-0.937***	-0.789***
	(0.212)	(0.188)	(0.070)	(0.053)	(0.169)	(0.180)	(0.067)	(0.057)	(0.180)	(0.181)	(0.068)	(0.055)
Ind. Dissimilarity	0.076	0.046	0.050	-0.002	0.055	0.176	0.056	-0.019	0.073	0.118	0.053	-0.012
	(0.244)	(0.144)	(0.093)	(0.033)	(0.180)	(0.120)	(0.067)	(0.029)	(0.193)	(0.120)	(0.078)	(0.029)
Growth corr.	-0.749	-0.133	0.176	0.215	1.261**	0.808	0.431	0.247	0.429	0.422	0.309	0.234
	(0.565)	(0.571)	(0.254)	(0.159)	(0.528)	(0.721)	(0.283)	(0.171)	(0.525)	(0.623)	(0.268)	(0.164)
Return corr.	2.944***	2.644***	0.078	0.578**	2.684***	3.468***	0.366	0.430*	2.862***	3.072***	0.216	0.488**
	(1.047)	(0.868)	(0.258)	(0.225)	(0.948)	(1.073)	(0.248)	(0.235)	(0.936)	(0.911)	(0.247)	(0.228)
Observations	3600	4032	4222	4222	3597	4158	4222	4222	7197	8190	8444	8444
Obs. total	4222	4222	4222	4222	4222	4222	4222	4222	8444	8444	8444	8444
Pseudo-R^2	0.709	0.787	0.908	0.933	0.732	0.818	0.923	0.931	0.719	0.804	0.915	0.932
Fixed Effects	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y

Panel B: International Diversification

	2012				2019				Pooled			
	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services
Log Pop-Wght dist.	-0.945***	-0.603***	-0.963***	-0.805***	-0.681***	-0.651***	-0.920***	-0.754***	-0.788***	-0.631***	-0.941***	-0.775***
	(0.225)	(0.177)	(0.069)	(0.053)	(0.175)	(0.175)	(0.067)	(0.060)	(0.185)	(0.173)	(0.068)	(0.056)
Ind. Dissimilarity	-0.122	-0.136	0.047	-0.022	-0.088	-0.007	0.038	-0.049	-0.091	-0.061	0.042	-0.038
	(0.213)	(0.100)	(0.088)	(0.037)	(0.151)	(0.050)	(0.067)	(0.033)	(0.170)	(0.065)	(0.076)	(0.033)
Growth corr.	-0.132	0.568	0.193	0.440**	1.995***	1.775***	0.517**	0.497**	1.121	1.272**	0.361	0.471**
	(0.744)	(0.588)	(0.211)	(0.185)	(0.765)	(0.644)	(0.250)	(0.209)	(0.750)	(0.605)	(0.230)	(0.197)
Observations	4426	5313	6001	6070	4697	5794	6001	6070	9123	11107	12002	12140
Obs. total	6070	6070	6070	6070	6070	6070	6070	6070	12140	12140	12140	12140
Pseudo-R^2	0.689	0.778	0.916	0.932	0.734	0.813	0.929	0.926	0.711	0.797	0.922	0.929
Fixed Effects	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y

Notes: Both panels on the table report Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in the 2012 sample based on various specifications. In columns (1), (5), and (9), the dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in destination country in both widely-held and controlled firms, irrespective on whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination, while in columns (4), (8), and (12) the dependent variable denotes international services trade between origin and destination. The explanatory variables refer to the sum of absolute differences of the manufacturing sectors between destination and source country as a share of GVA (Imbs, 2006), the correlation of GDP growth, and, only on Panel B, of equity returns (S& Global Equity Returns) between source and destination country. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

Table C.12: Source and Destination Country Fixed Effects Gravity Specifications

International Economic Policy Coordination & Legal Similarities

	Control	Ownership	Trade		Control	Ownership	Trade		Control	Ownership	Trade	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services	For. Ctrl.	All	Goods	Services
Log Pop-Wght dist.	-0.679***	-0.583***	-0.921***	-0.743***	-0.821***	-0.721***	-0.879***	-0.775***	-0.710***	-0.695***	-0.829***	-0.723***
	(0.104)	(0.122)	(0.063)	(0.042)	(0.138)	(0.131)	(0.078)	(0.044)	(0.134)	(0.126)	(0.076)	(0.037)
Customs union	0.618	0.677	-0.069	-0.006					0.508	0.437	0.079	0.043
	(0.810)	(0.783)	(0.233)	(0.080)					(0.797)	(0.873)	(0.261)	(0.096)
Econ. int. agreem.	1.458**	1.029***	0.362*	0.236					1.520**	1.238***	0.252	0.201
	(0.615)	(0.347)	(0.198)	(0.198)					(0.647)	(0.393)	(0.171)	(0.183)
FTA	-0.306	-0.129	-0.158	0.109					-0.380	-0.370***	0.004	0.156
	(0.395)	(0.081)	(0.189)	(0.217)					(0.438)	(0.139)	(0.157)	(0.196)
Common legal systems	0.881***	0.463**	0.277***	0.265***					0.702***	0.365	0.285***	0.237***
	(0.253)	(0.227)	(0.076)	(0.052)					(0.257)	(0.278)	(0.074)	(0.044)
Both EU					-0.733	-0.849**	0.451*	-0.166	-0.560	-0.864*	0.571**	-0.008
					(0.534)	(0.424)	(0.254)	(0.173)	(0.437)	(0.486)	(0.231)	(0.132)
Both Euro Area					1.679***	0.813***	0.056	0.378***	1.085**	0.465	-0.009	0.291**
					(0.430)	(0.192)	(0.226)	(0.144)	(0.450)	(0.308)	(0.197)	(0.122)
Observations	15344	22196	23712	24320	15344	22196	23712	24320	15344	22196	23712	24320
Obs. total	25920	25920	25920	25920	25920	25920	25920	25920	25920	25920	25920	25920
Pseudo-R^2	0.723	0.784	0.925	0.939	0.708	0.778	0.924	0.936	0.726	0.786	0.926	0.939
Deviance-R^2	0.755	0.792	0.927	0.942	0.741	0.786	0.926	0.940	0.757	0.794	0.929	0.943
Fixed Effects	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates. The outcomes are various forms of international integration across pairs of countries in the pooled sample for 2012 and 2019 based on various specifications. In columns (1), (5), and (9), the dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. In (2), (6), and (10), the dependent variable is the market value of ownership (voting rights) from shareholding entities in destination country in both widely-held and controlled firms, irrespective on whether the shareholder controls the company. In (3), (7), and (11), the dependent variable denotes international goods exports and imports from source to destination, while in columns (4), (8), and (12) the dependent variable denotes international services trade between origin and destination. The explanatory variables are the log of population-weighted distance between origin and destination, and dummies taking the value of one if the two countries are in a customs union, if they form part of an economic integration agreement or a free trade agreement, if they share the same legal systems, and if they are both members of the European Union and Euro Area. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

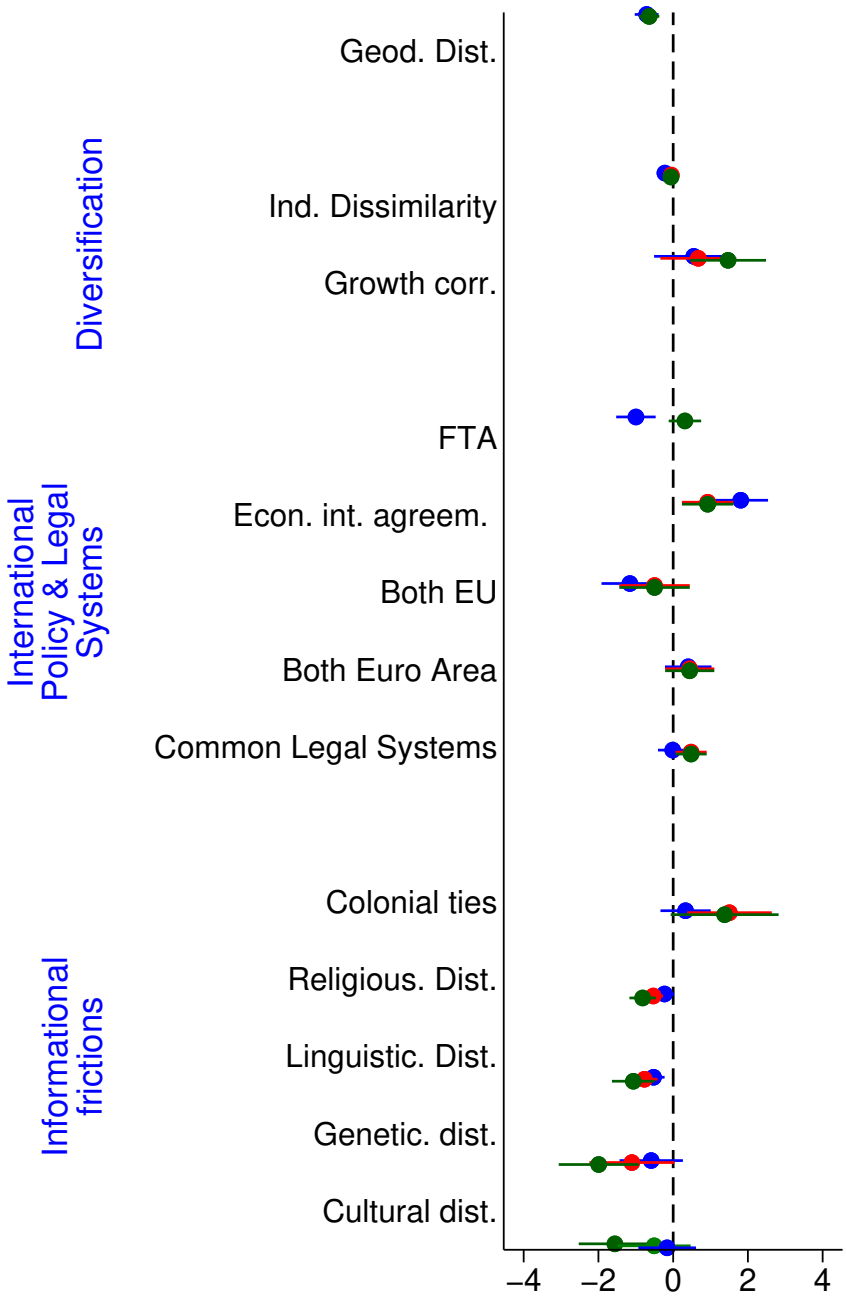
Table C.13: Source and Destination Country Fixed Effects Gravity Specifications

Informational Frictions. Religious, Linguistic, Genetic Differences, and Historical Ties

	Control						Ownership					
	(1) For. Ctrl.	(2) For. Ctrl.	(3) For. Ctrl.	(4) For. Ctrl.	(5) For. Ctrl.	(6) For. Ctrl.	(7) All	(8) All	(9) All	(10) All	(11) All	(12) All
Log Pop-Wght dist.	-0.930***	-0.839***	-0.683***	-0.681***	-0.170	-0.594***	-0.736***	-0.639***	-0.595***	-0.524***	-0.616***	-0.429***
	(0.192)	(0.157)	(0.117)	(0.190)	(0.197)	(0.178)	(0.192)	(0.170)	(0.142)	(0.166)	(0.160)	(0.134)
Colonial ties	0.516*					0.298	0.478					0.275
	(0.311)					(0.267)	(0.389)					(0.406)
Religious. Dist.		-0.733*				-0.227		-1.062***				-0.660**
		(0.377)				(0.333)		(0.270)				(0.271)
Linguistic. Dist.			-1.828***			-1.671***			-1.534***			-1.256***
			(0.312)			(0.267)			(0.357)			(0.265)
Genetic. dist.				-1.784*		-0.639				-2.218*		-1.352
				(1.080)		(0.908)				(1.167)		(1.023)
Cultural dist.					-0.990						-1.013	
					(1.204)						(0.995)	
Observations	11262	11262	11262	11262	4858	11262	15902	15902	15902	15902	6414	15902
Obs. total	18300	18300	18300	18300	6572	18300	18300	18300	18300	18300	6572	18300
Num. countries (D/S)	75/123	75/123	75/123	75/123	75/123	75/123	75/123	75/123	75/123	75/123	75/123	75/123
Pseudo-R^2	0.701	0.704	0.726	0.704	0.628	0.727	0.802	0.808	0.816	0.807	0.771	0.822
Deviance-R^2	0.735	0.737	0.757	0.738	0.249	0.758	0.810	0.815	0.823	0.814	0.284	0.828
Fixed Effects	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y	S&D-Y

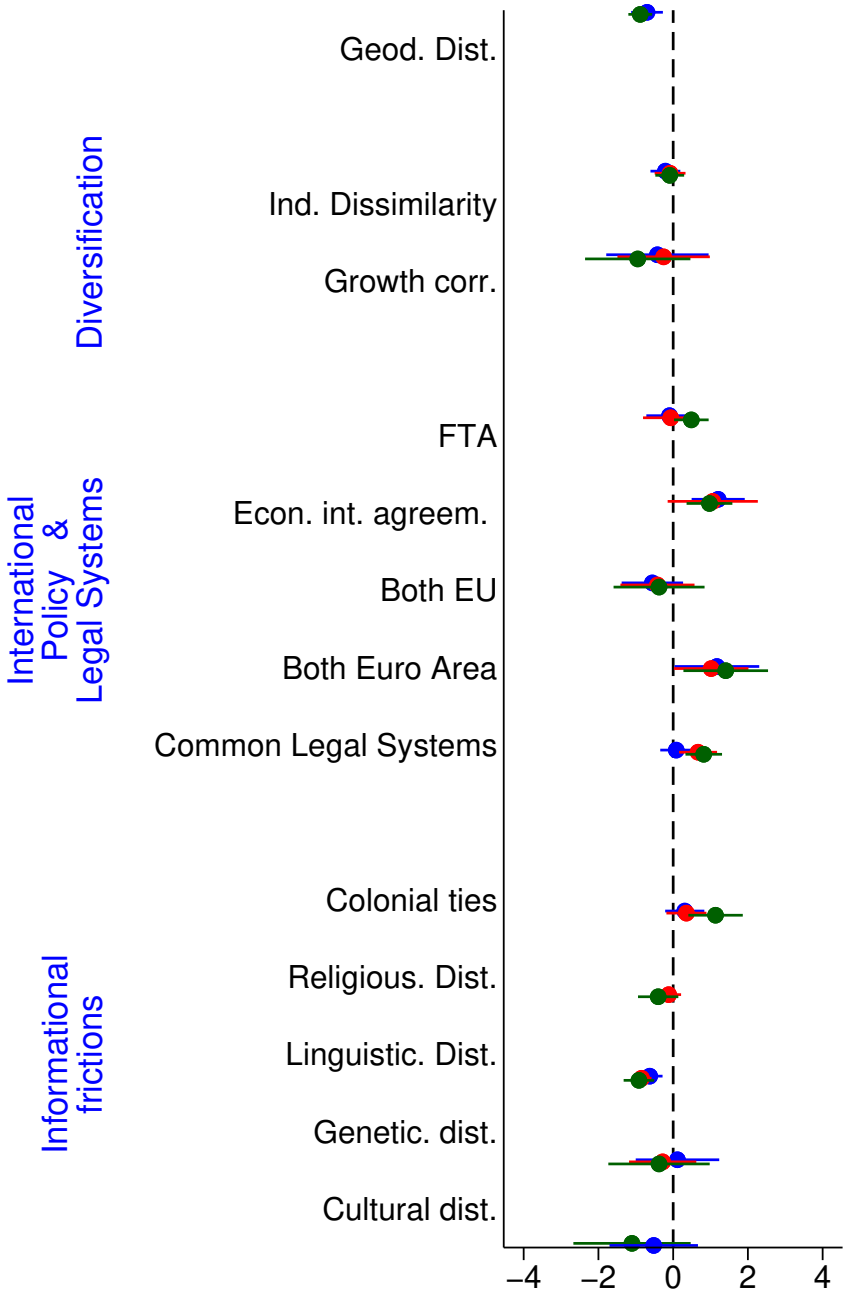
Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates in the pooled across 2012 and 2019 sample. The outcomes are two forms of international integration across pairs of countries in the pooled sample across 2012 and 2019 based on various specifications. In columns (1)-(6), the dependent variable denotes the share of controlled listed firms' market capitalization in destination by shareholder entities in source country. In columns (7)-(12), the dependent variable is the market value of ownership (voting rights) from shareholding entities in destination country in both widely-held and controlled firms, irrespective on whether the shareholder controls the company. The explanatory variables in the various specification are the logarithm of population-weighted distance between origin and destination, a dummy whether source country and destination country have engaged in a colonial relationship, a measure of religious and linguistic distance, a (weighted) measure of genetic distance and last, a measure of cultural distance. All distances are standardized measures. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively.

Figure C.4: Source and Destination Country FE Gravity: Corporate Ownership



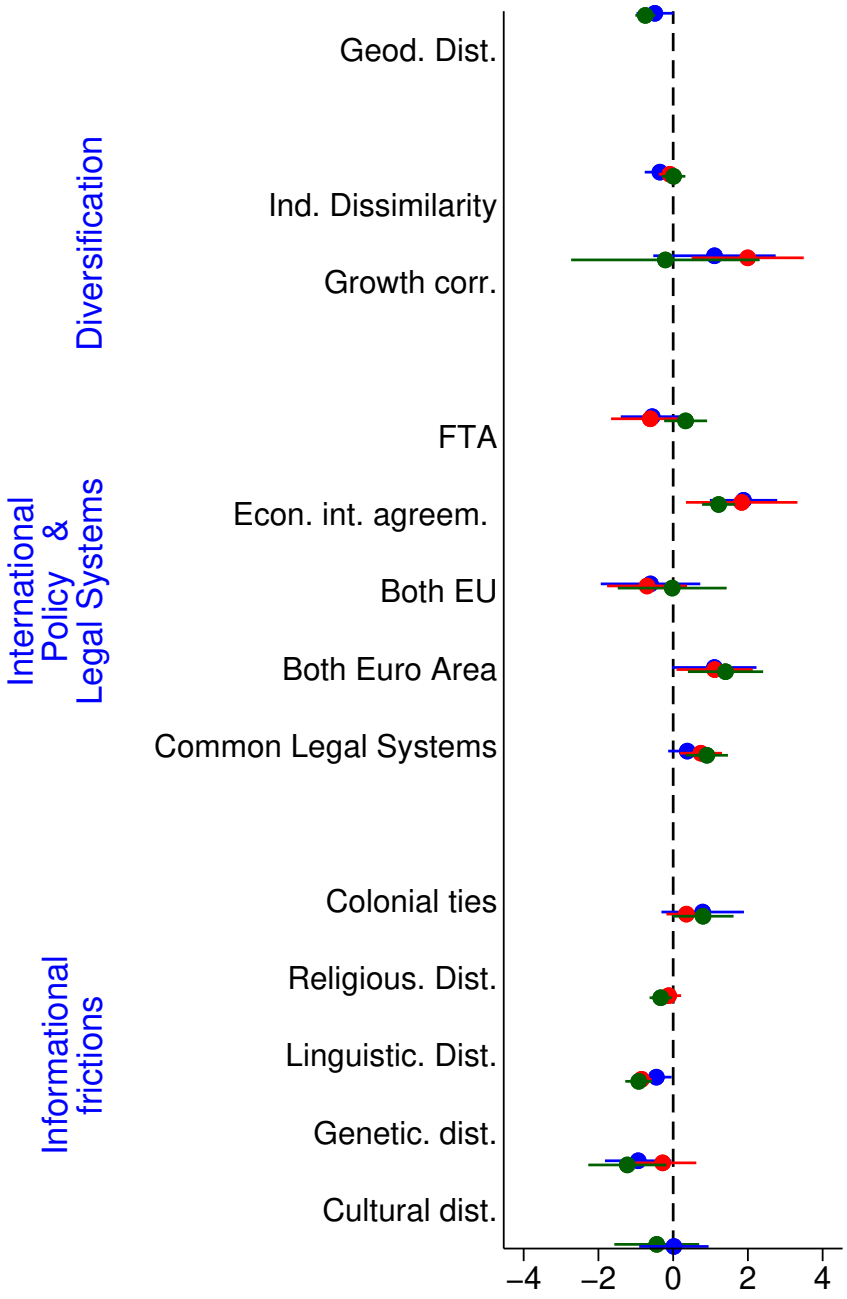
The figure plots Poisson Pseudo Maximum Likelihood (PPML) estimates from the specification where the dependent variable denotes the market value of all ownership links from shareholding entities in the source country in listed companies in the destination country. The three reported specifications are: (i) Unconditional with only the source country and the destination country constants (in *green*); (ii) Simply conditioning on log geodesic distance (in *red*); and (iii) Entering all variables of the three categories in the RHS (in *blue*).

Figure C.5: Source and Destination Country FE Gravity: Corporate Control in 2012



The figure plots Poisson Pseudo Maximum Likelihood (PPML) estimates from the specification where the dependent variable denotes the market value of all control links from shareholding entities in the source country in listed companies in the destination country. The three reported specifications are: (i) Unconditional with only the source country and the destination country constants (in *green*); (ii) Simply conditioning on log geodesic distance (in *red*); and (iii) Entering all variables of the last two categories in the RHS (in *blue*). For presentation reasons, the last four distance terms have been scaled by a factor of 2.

Figure C.6: Source and Destination Country FE Gravity: Corporate Control in 2019



The figure plots Poisson Pseudo Maximum Likelihood (PPML) estimates from the specification where the dependent variable denotes the market value of all ownership links from shareholding entities in the source country in listed companies in the destination country. The three reported specifications are: (i) Unconditional with only the source country and the destination country constants (in *green*); (ii) Simply conditioning on log geodesic distance (in *red*); and (iii) Entering all variables of the last two categories in the RHS (in *blue*). For presentation reasons, the last four distance terms have been scaled by a factor of 2.

D Further Evidence

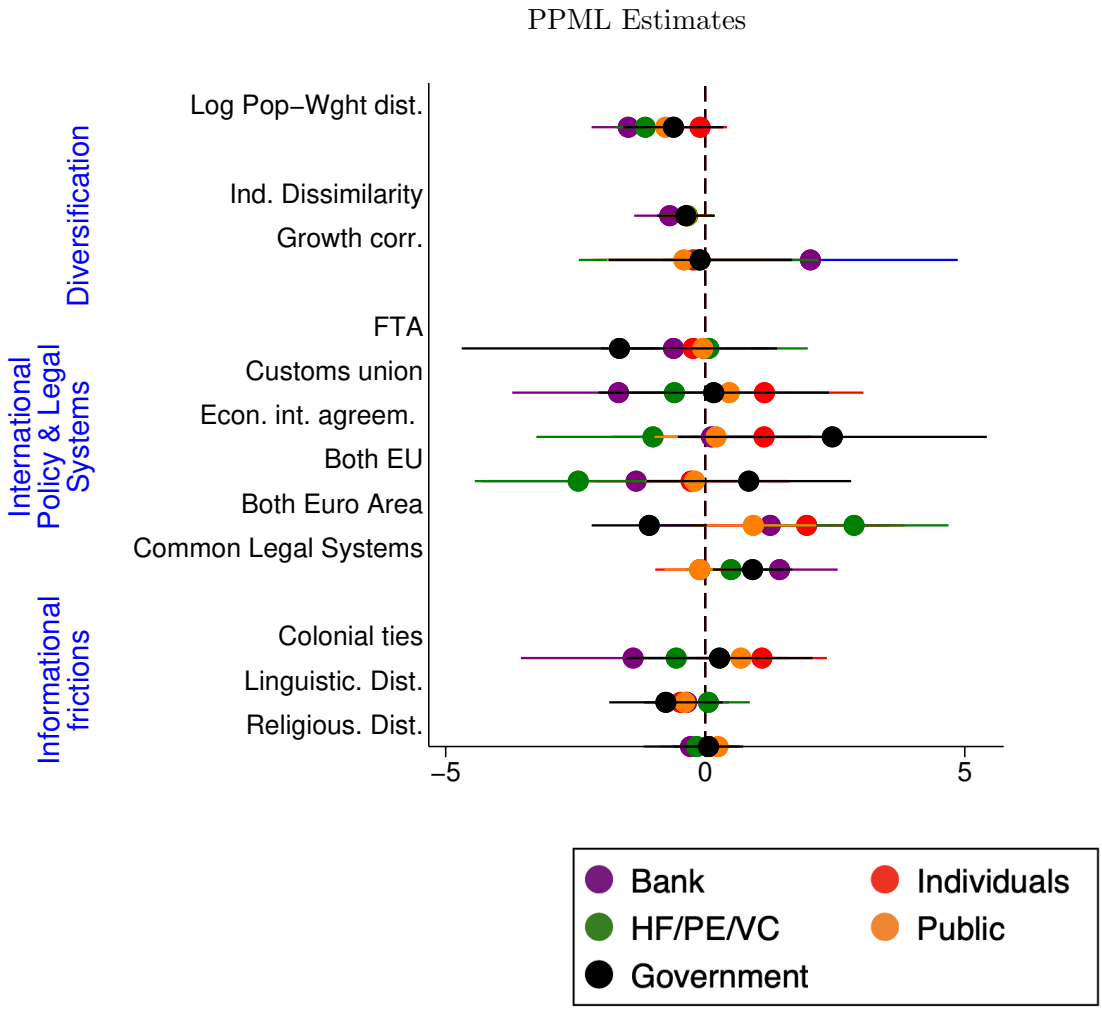
D.1 Investor Type Heterogeneity

Below we report further evidence (to the one reported in Section 4.5), on heterogeneity across investor types. We examine the heterogeneous role of (i) geodesic distance, (ii) international diversification motives, related to similarities in production and business cycles, (iii) frictions in the market for corporate control, related to differences in legal systems and low levels of international economic policy cooperation, and (iv) proxies of informational asymmetries and behavioral biases related to historical ties, linguistic and religious distance, on cross-border corporate control.

We aggregate the 19 categories of investor types in ORBIS to five: (i) Individual/families; (ii) Banks; (iii) Non-bank financial institutions, Private Equity, Hedge Funds, and Venture Capital; (iv) Government and state agencies and state owned enterprise; (v) Publicly-listed companies and a residual.[2] As there are many zeros when we run the specifications separately for each type of investor, besides Poisson Pseudo Maximum Likelihood (PPML), we also estimate linear probability model (LPM) estimates that zoom at the extensive margin of controlling equity links. Appendix Figures D.7 and D.8 give PPML and LPM estimates of specifications with source and destination country fixed-effects interacted with a year indicator and log distance, in the pooled in 2012 and 2019 sample. The results, therefore, complement the evolution of the PPML pseudo R^2 in Figure 12. The coefficient estimates on the various explanatory variables are quite uncertain, as the number of observations falls and the sparsity of the matrix of bilateral control-links increases.

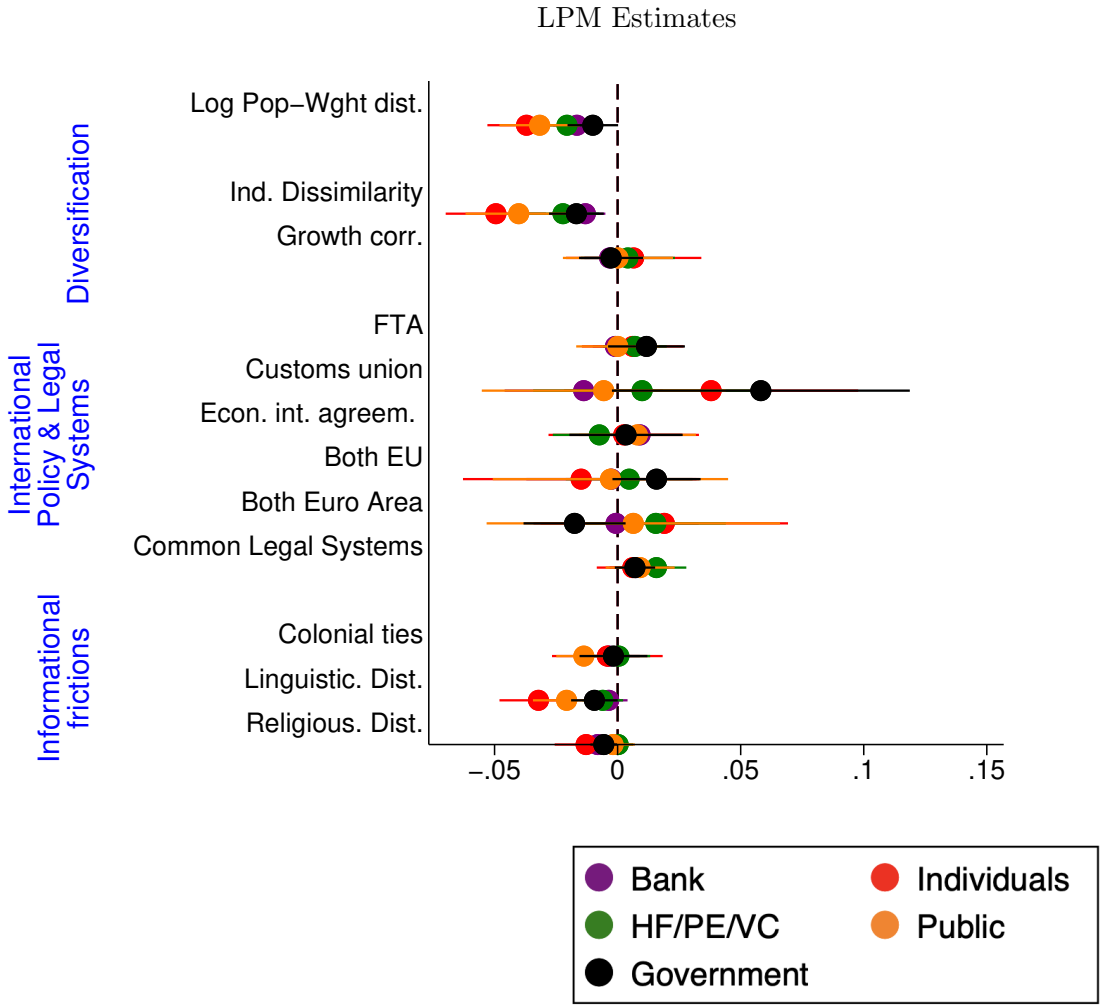
[2]The following list shows our aggregation and the original entity types: (i) *Bank*: Bank; (ii) *Non-bank Finance*: Financial company; Insurance company; Mutual & Pension Fund / Nominee / Trust / Trustee; Private equity firms; Venture capital; Hedge fund; (iii) *Industry*: Industrial companies, which mainly consists of private companies that BvD could not trace ultimate controller; (iv) *Public and Other*: Foundation / Research Institute; Public; Other unnamed shareholders, aggregated; Branch; Marine Vessels; (v) *Individuals / Families*: Individuals; Employees / Managers / Directors; Self-ownership; Unnamed private shareholders; (vi) Government: Public authorities, States, Governments.

Figure D.7: Bilateral Features and Cross-Border Corporate Control. Shareholder Heterogeneity



Notes: The figures plot coefficients from a Poisson Pseudo Maximum Likelihood (PPML) specification in the pooled across 2012 and 2019 sample. The dependent variable in the specifications is market capitalization of controlled firms in destination country from shareholding entities of the five types (banks, individuals/families, non-bank finance (HF, PE, VC), public companies, and government) in source country. The explanatory variables are the logarithm of population-weighted distance between origin and destination, a measure of industrial dissimilarity as on Imbs (2006) between source and destination countries, a measure of GDO growth correlation between source and destination countries, indicators taking the value of one if the two countries are in a customs union, if they form part of an economic integration agreement or a free trade agreement, if they are both members of the European Union and Euro Area; an indicator on common legal systems; an indicator whether source country and destination country have shared a common colonizer or engaged in a colonial relationship, a measure of religious and linguistic distance. Estimates on genetic distance as on 11 are not reported here due to the low number of observations for the category of Banks. Two categories are not reported here: Other, and Unclassified/Unknown.

Figure D.8: Bilateral Features and Cross-Border Corporate Control. Shareholder Heterogeneity



Notes: The figures plot coefficients from a Poisson Pseudo Maximum Likelihood (LPM) specification in the pooled across 2012 and 2019 sample. The dependent variable in the specifications is market capitalization of controlled firms in destination country from shareholding entities of the five types (banks, individuals/families, non-bank finance (HF, PE, VC), public companies, and government) in source country. The explanatory variables are the logarithm of population-weighted distance between origin and destination, a measure of industrial dissimilarity as on Imbs (2006) between source and destination countries, a measure of GDO growth correlation between source and destination countries, indicators taking the value of one if the two countries are in a customs union, if they form part of an economic integration agreement or a free trade agreement, if they are both members of the European Union and Euro Area; an indicator on common legal systems; an indicator whether source country and destination country have shared a common colonizer or engaged in a colonial relationship, a measure of religious and linguistic distance. Estimates on genetic distance as on Figure 11 of the main paper are not reported here due to the low number of observations for the category of Banks. Two categories are not reported here: Other, and Unclassified/Unknown.

D.2 Heterogeneity w.r.t. Economic Development at Source

We repeated the cross-sectional (equation (1)) and the source and destination country fixed-effects (equation (2)) specifications separately for controlling shareholder entities from middle and low-income countries (84 countries) and from high-income countries (40 countries), as this may shed further light on the underlying motivations of investors and the mechanisms. We drop tax havens from both source and destination to avoid capturing their idiosyncratic role. So the sample includes 84 middle- and low-income countries, 40 high-income source countries, and 67 destinations.

Cross-Sectional Gravity Appendix Table D.14 reports the cross-sectional estimates exploring the heterogeneous role of size and distance for corporate ownership and control in high-income and in middle- and low-income countries. Size and distance are significant correlates of cross-border corporate control (columns (1)-(6)) and of ownership in widely-held and controlled firms (columns (7)-(12)), for both groups of countries. The coefficients are not statistically different from each other, as the standard error bands of the estimates in middle- and low-income countries are wide and standard confidence intervals include the estimate in high-income countries. The model fit in the control specifications, as captured by McFadden's pseudo-R^2, is similar in the the two groups of countries. The only difference regards the model fit in the cross-border ownership specifications, which appears larger for high-income countries; in the pooled sample the pseudo-R^2 is 0.69 in the high-income group and 0.39 for middle and low-income countries. We also explored heterogeneity of the coefficients and the model fit, when we add schooling, trust, institutions, and effective tax rates at source and destination. We find no significant evidence of heterogeneity (in unreported results).

Bilateral Features We also explored heterogeneity of the country-pair features, capturing international diversification, economic policy coordination and legal tradition similarities, and cultural distance between high-income and emerging economies. Appendix Figure D.9 shows the PPML estimates for cross-border corporate control, conditioning on the log of geodesic distance, and source and destination country fixed-effects. First, distance is a significantly negative correlate of international equity investment for shareholders in high-income and middle- and low-income countries, though the magnitude is larger in absolute terms for the low-income group. Second, the significantly positive role of legal system similarities is strong for controlling shareholders from rich countries. Third, controlling links are lower for linguistically apart countries with the estimates similar for high and middle/low income countries. Fourth, cross-border corporate control from low-income source countries seems to be impacted more strongly from genetic dissimilarities, while high-income source countries are impacted more strongly from cultural dissimilarities.

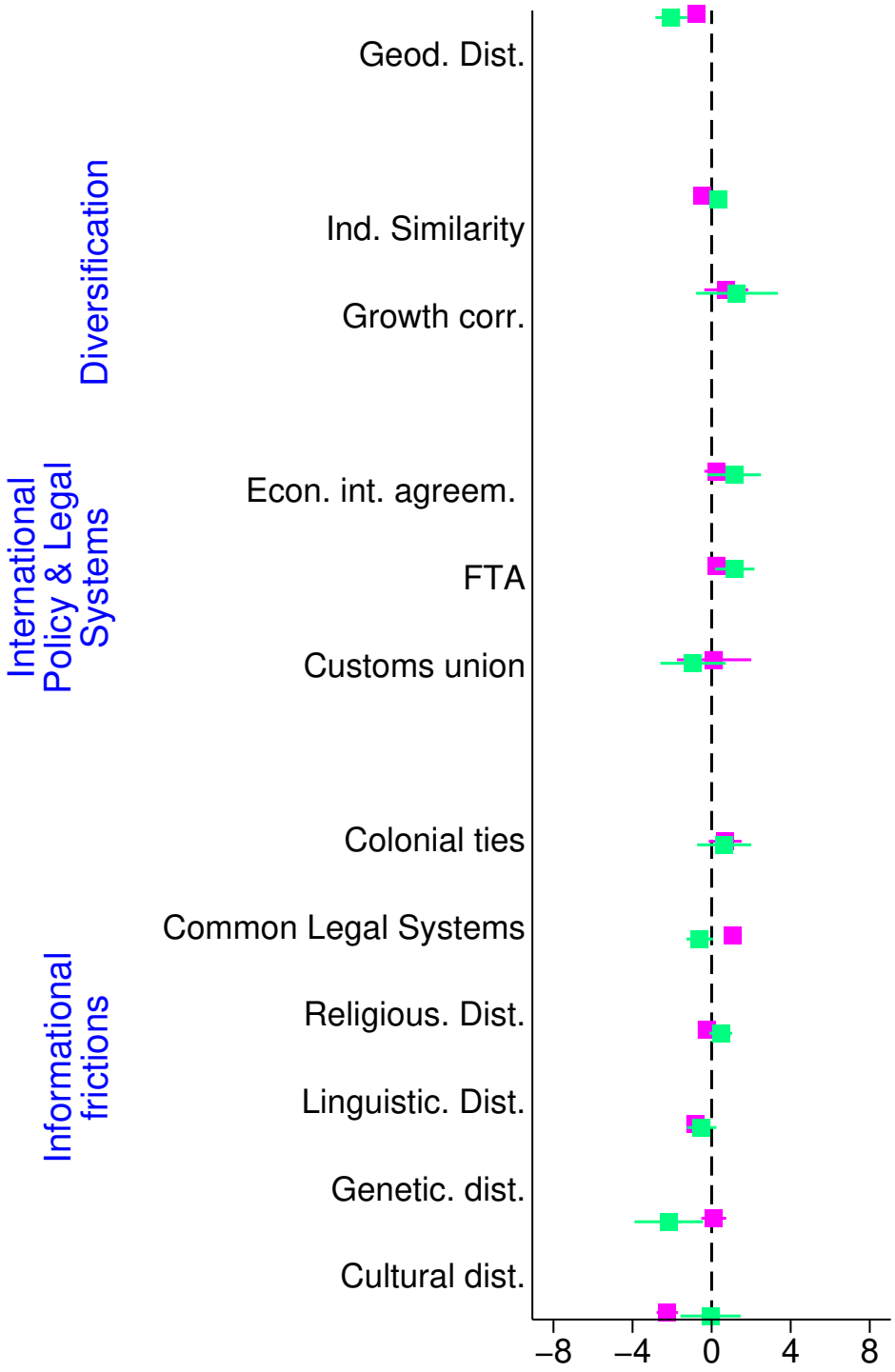
Table D.14: Cross Sectional Gravity Estimates. Size and Distance for High and Low Income Group Countries

	High Inc.	Low Inc.	High Inc.	Low Inc.	High Inc.	Low Inc.	High Inc.	Low Inc.	High Inc.	Low Inc.	High Inc.	Low Inc.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	For. Ctrl.	For. Ctrl.	For. Ctrl.	For. Ctrl.	For. Ctrl.	For. Ctrl.	All	All	All	All	All	All
Log Pop-Wght dist.	-0.575***	-1.726***	-0.571***	-0.896	-0.563***	-1.278**	-0.523***	-0.691*	-0.601***	-0.352	-0.562***	-0.508
	(0.172)	(0.503)	(0.135)	(0.592)	(0.138)	(0.556)	(0.079)	(0.377)	(0.106)	(0.303)	(0.073)	(0.311)
D. Log GNI per cap.	0.656***	1.067***	1.406***	0.962***	1.019***	0.997***	1.125***	0.964***	1.268***	0.982***	1.196***	0.977***
	(0.110)	(0.254)	(0.237)	(0.178)	(0.176)	(0.200)	(0.162)	(0.212)	(0.211)	(0.177)	(0.174)	(0.168)
S. Log GNI per cap.	1.181***	0.429	1.407***	1.316***	1.275***	0.841*	1.769***	0.568	2.344***	1.560***	1.980***	0.994***
	(0.321)	(0.514)	(0.314)	(0.354)	(0.291)	(0.439)	(0.383)	(0.460)	(0.359)	(0.225)	(0.303)	(0.386)
D. Log Pop.	0.726***	0.962***	0.896***	0.813***	0.823***	0.861***	0.926***	0.595***	0.910***	0.636***	0.914***	0.618***
	(0.097)	(0.173)	(0.120)	(0.208)	(0.121)	(0.185)	(0.100)	(0.106)	(0.104)	(0.096)	(0.100)	(0.091)
S. Log Pop.	0.932***	0.738***	0.964***	0.781***	0.945***	0.782***	1.077***	0.697***	0.887***	0.732***	0.986***	0.748***
	(0.087)	(0.113)	(0.131)	(0.069)	(0.100)	(0.076)	(0.062)	(0.064)	(0.038)	(0.092)	(0.032)	(0.087)
Observations	2643	5598	2643	5598	5286	11196	2643	5598	2643	5598	5286	11196
Obs. total	2643	5598	2643	5598	5286	11196	2643	5598	2643	5598	5286	11196
Num. countries (D/S)	67/40	67/84	67/40	67/84	67/40	67/84	67/40	67/84	67/40	67/84	67/40	67/84
RMSE	3.390	6.383	3.688	7.159	3.457	6.929	2.964	15.626	2.605	14.857	2.799	16.543
Pseudo-R^2	0.493	0.433	0.629	0.494	0.559	0.449	0.683	0.303	0.707	0.468	0.693	0.388
Fixed Effects	None	None	None	None	Year	Year	None	None	None	None	Year	Year

Notes: The table reports Poisson Pseudo Maximum Likelihood (PPML) estimates for two groups of countries as per the World Bank classification: high income, and low income, the latter of which includes (lower and upper) middle income group. Across columns (1)-(6), the dependent variable denotes the logarithm of controlled listed firms' market capitalization in destination by shareholder entities in the source country. Across columns (7)-(12), the dependent variable is the market value of ownership (voting rights) from shareholding entities in source to firms in the destination country in both widely held and controlled firms, irrespective of whether the shareholder controls the company. The explanatory variables are the logarithm of the population-weighted distance between origin and destination, the log of Gross National Income (GNI) per capita and log population at source and destination. In columns (1), (3), (5), (7), (9) and (11), only the high income group countries are included in the sample. In columns (2), (4), (6), (8), (10) and (12), only the low income group countries are included in the sample. Columns (1)-(2) and (7)-(8) refer to country pairs in the 2012 sample. Columns (3)-(4) and (9)-(10) refer to country pairs in the 2012 sample. Columns (5)-(6) and (11)-(12) refer to country pairs in the pooled across 2012 and 2019 sample. Double-clustered at source and destination country standard errors are reported below the estimates. *, **, and *** denote statistical significance at the 10%, 5%, and 1% confidence level, respectively. Tax havens have been excluded from this sample.

Figure D.9: Source and Destination Country Fixed-Effects Gravity Estimates

Corporate Control by Source Country Group (excl. Tax Havens)



The figure plots Poisson Pseudo Maximum Likelihood (PPML) estimates. The dependent variable is the market value of all control links from shareholding entities in the source country in listed companies in the destination country. For each independent variable, the figure plots the coefficient when we estimate the specification for controlling shareholders in high-income countries (in magenta squares) and in upper-middle, lower-middle, and low income countries (in mint green squares). Tax haven jurisdictions in source and destination have been excluded. The PPML specification, estimated in the pooled across 2012 and 2019 sample, includes source and destination country fixed-effects interacted with a year indicator, log geodesic distance, and the variable listed on the right of the vertical axis.

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