Abstract: National distance (ND) is the key factor that affects international trade but the traditional trade gravity model only considers spatial distance, which is not enough. This paper therefore constructs a trade gravity model and a Generalized Moment Estimation Model (GMM) based on four dimensions—spatial distance (SD), economic distance (ED), institutional distance (ID) and cultural distance (CD)—comprehensively analyzing the impact of the heterogeneity represented by national distance on exports of wooden forest products (EWFP) from China to countries along the “Belt and Road” using panel data from 2001 to 2018. The results show that the impacts of the four types of ND on China’s EWFP are different and that a major change has taken place since the “Belt and Road” initiative was proposed, within which CD has become the key factor that hinders exports, while the traditional SD is not significant. Therefore, using NDs instead of the SD of the traditional trade gravity model is much more reasonable. Finally, this paper proposes some suggestions to reduce the ND between China and the route countries and to promote cooperation among them.

Keywords: the “Belt and Road”; national distance (ND); wooden forest products; trade gravity model; Generalized Moment Estimation Model (GMM)

1. Introduction

Since entering the 21st century, China has rapidly increased the production and supply capacity of its forestry industry in a wave of economic globalization, and it is becoming the top country in the world in the trade of wooden forest products (WFP). However, as China’s economy gradually enters the “three-phase superposition” period, the internal and external pressures faced by the development of China’s forestry are also increasing. On the one hand, China’s exports of wooden forest products (EWFP) have not formed a large-scale global supply chain and stable export channels. On the other hand, the global economy has tended to fall and global structural difficulties have emerged since 2008, resulting in the growth of trade protectionism and the rise of anti-globalization and de-globalization. China’s EWFP have encountered “double-anti” investigations and endless green trade barriers. Therefore, developing new trade channels, improving trade efficiency, and enhancing the standardization and transparency of international trade have become urgent needs for the development of international trade of China’s forest products.

The co-construction of the “Belt and Road” has been proposed, which has opened up more space for economic growth to countries around the world and has created a wider platform for
strengthening international cooperation. The “Belt and Road” also provides a favorable opportunity for China to create a stable, comprehensive, multi-channel and wide-ranging development pattern for EWFP [1]. The route runs through Asia, Africa, Europe and Oceania, and it involves many countries. However, as well as the factor of spatial distance (SD), China is different from these countries in terms of economic development, cultural diversity and institutional environment. Obviously, these heterogeneities, represented by national distances (NDs), are directly related to the promotion of export and cooperation in the field of WFP between China and other countries. Therefore, this paper analyzes the specific impact of ND on China’s EWFP to these countries, from the perspective of SD, economic distance (ED), institutional distance (ID) and cultural distance (CD), to provide evidence for its related policy development.

Scholars from around the world have conducted multi-dimensional discussions on the impact of ND on international trade. Among them, representing by the “Distance Death Theory”, some scholars believe that economic globalization has gradually narrowed the gaps between various economies, and the economic theories and economic logics of developed and developing countries have become increasingly consistent [2]. However, other scholars believe that the heterogeneity between countries will become more prominent, and the concentrated expression of ND is still a key factor affecting international trade [3,4]. In addition to the SDs, enterprises conducting transnational trade will also face complex and changing new environments in importing countries [5], which involves many other factors such as the economy, institutions and culture [6,7]. Therefore, scholars have carried out extensive research on the relationship between ND and trade from many of the abovementioned perspectives [8].

SD, also known as geographical distance, is the core concept of spatial economics based on iceberg cost [9]. In trade analysis, it is generally considered that the longer the bilateral SD is, the higher the cost of transportation and information communication is, making the management of export countries more difficult and the relative cost higher [10], which directly inhibits bilateral trade flows [11–13]. Some scholars also believe that with the continuous improvement of the level of cargo packaging and transnational logistics, the resistance of SD to trade is becoming weakened [14,15]. ED, called the “Linder hypothesis”, is based on the idea that if two countries’ income levels and demand structures become more similar, the amount of overlapping demand and the bilateral trade value will also grow more and more [16,17]. However, some scholars have suggested that the trend of “dominant trade” of developed countries has gradually transferred to developing countries in the fields of import and export [18]. ID between countries has become an important factor affecting bilateral trade costs against the background of globalization [19]. On the one hand, according to traditional Institutional Economics Theory, scholars generally believe that an increase in ID will significantly raise the cost of bilateral trade and accelerate trade friction [20], having a negative impact on the trade [21–23]. On the other hand, some scholars do not believe that ID has a purely restrictive effect on trade and investment [24–26]. CD, which has an important impact on the construction of bilateral trade networks, has always been an important factor affecting international trade [27–31]. Firstly, cultural differences will produce religion, nation and region consumer biases, which in turn will cause “exporting country disadvantages” and severely restrict the development of bilateral trade [32,33]. Secondly, some scholars have pointed out that national cultural differences will make outstanding contributions to increasing the diversity of products in international markets and enhancing the complementarity of bilateral trade [34,35]. In addition, psychological distance, genetic distance, linguistic distance and technical distance have also been used by scholars in empirical research on international trade and investment, but these four NDs have certain limitations. For example, there is a high degree of similarity between psychological distance and CD [36], genetic distance is highly correlated with SD [37], and linguistic distance is only a part of CD [38,39].

Overall, ND is an important influencing factor for international trade, and it has become a hot topic in current academic research. However, the traditional trade gravity model that is widely used in current trade research has obvious time limitations, its SD is not comprehensive, and it does not include
ID, CD or ED. Therefore, this paper takes ND instead of SD to comprehensively analyze the impact of the heterogeneity represented by ND on exports, and performs an empirical analysis of China’s EWFP to the countries on the “Belt and Road” route. On the one hand, this is a positive test that refutes the existing conclusions on ND; on the other hand, it provides a new perspective for advancing the implementation of the “Belt and Road” initiative, and a reference for the healthy operation of China’s international trade of WFP.

The rest of the paper is arranged as follows: firstly, we measure the four NDs of SD, ED, ID and CD between China and the 46 “Belt and Road” countries, and then we preliminarily analyze the impact of each ND dimension on the trade of WFP by constructing a scatter plot of the relationship between these NDs and trade value. Secondly, we empirically test the specific impacts of four NDs and four traditional factors on China’s EWFP based on a modified trade gravity model and the Generalized Moment Estimation Model (GMM), and then we analyze in detail the changing trend of the impact of NDs. Finally, we propose some relative solutions.

2. Research Methods and Data

2.1. Research Methods

The gravity model is the most classic method in bilateral trade analysis. Since it was introduced by Tinbergen from the field of physics to the analysis of bilateral trade in 1962, it has been widely used [40,41]. The model considers that the bilateral trade value is directly proportional to the economic scale of countries and inversely proportional to the bilateral SD. However, SD alone is not the only factor that is actually obstructive to trade, since the impacts of other NDs such as ED, ID and CD are also involved, as mentioned above. Therefore, this paper constructs an extended gravity model by taking China’s EWFP value to the route countries as the predicted variable, introducing multi-dimensional and dynamic NDs (namely, SD, ED, ID and CD) as the core explanatory variables, and taking four traditional trade factors (namely, China’s export capacity, China’s WFP supply capacity, the economic development level of the importing country and the market size of the importing country) as the control variables. Thus, a comprehensive analysis on the ND for EWFP between China and the route countries is carried out. In order to reduce the effect of heteroscedasticity, this paper takes all the variables in the extended model and performs logarithmic processing to obtain model (1). In formula (1), i and j, respectively, represent China and the route country, z represents the specific year, α represents the constant term, µ represents the year effect and ε represents the error term.

\[
\ln EXP_{ijz} = \alpha + \beta_1 \ln SD_{ijz} + \beta_2 \ln ED_{ijz} + \beta_3 \ln ID_{ijz} + \beta_4 \ln CD_{ijz} + \beta_5 \ln CE_{iz} + \beta_6 \ln CT_{iz} + \beta_7 \ln OE_{jz} + \beta_8 \ln OP_{jz} + \mu_z + \epsilon_{ijz} \tag{1}
\]

Although gravity model (1) established above is helpful for analyzing the relationship between the trade development and the NDs, there may be endogenous problems because the gravity model cannot take into account the problems of missing variables and reverse causality, which will result in the deviation of regression results. Meanwhile, the GMM model can successfully reveal the complex and dynamic characteristics of economic behaviors, prevent the omission of relevant variable bias by controlling individual effects, and reasonably solve the problem of reverse causality. In view of this, this paper adopts a Generalized Moment Estimation Model based on dynamic panel data, introduces the lag period of the predicted variable in gravity model (1), and constructs the GMM model to obtain model (2).

\[
\ln EXP_{ijz} = \alpha + \beta_0 \ln EXP_{ijz-1} + \beta_1 \ln SD_{ijz} + \beta_2 \ln ED_{ijz} + \beta_3 \ln ID_{ijz} + \beta_4 \ln CD_{ijz} + \beta_5 \ln CE_{iz} + \beta_6 \ln CT_{iz} + \beta_7 \ln OE_{jz} + \beta_8 \ln OP_{jz} + \mu_z + \epsilon_{ijz} \tag{2}
\]

In the formula above, \( \ln EXP_{ijz-1} \) is the export value of China’s WFP during the period of \( z - 1 \), which represents other trade influencing factors that may be ignored in addition to the existing...
control variables. Moreover, using an instrumental variable can avoid a causal relationship between an explanatory variable and a predicted variable. Generally speaking, GMMs can be specifically divided into the Diff-GMM type and the Sys-GMM type. The Sys-GMM model not only combines the advantages of the Diff-GMM model and the horizontal GMM model, but also avoids the problem of excessive identification of variables in the Diff-GMM model. Considering the above factors, this paper uses the Sys-GMM model for estimation.

2.2. Variable Description and Data Processing

EXP is the predicted variable and represents China’s EWFP value to the route countries. The research period of this paper is from 2001 to 2018. We select 46 route countries that have long-term trade relationships of wooden forest products with China, within which there are: Three South Asian countries (India, Pakistan and Bangladesh), six Southeast Asian countries (Malaysia, Indonesia, Philippines, Thailand, Singapore and Vietnam), eight Central and West Asian countries (Kyrgyzstan, Azerbaijan, Saudi Arabia, Jordan, Armenia, Turkey, Georgia and Iran), three Central and Eastern European countries (Latvia, Ukraine and Russia), 21 Central and Western European countries (Slovenia, Sweden, Denmark, Finland, Luxembourg, France, Belgium, United Kingdom, Ireland, Germany, Austria, Czech Republic, Slovakia, Hungary, Poland, Greece, Italy, Croatia, Romania, Portugal and Spain), three African countries (Egypt, Morocco and South Africa), and two Oceanian countries (Australia and New Zealand). According to statistics, from the perspective of the number, geographical distribution and trade value of WFP of selected samples, we can say that the sample selection is reasonable and representative. Furthermore, the statistics divide WFP into seven categories, namely, round timber, sawn timber, artificial paper, paper products, wood pulp, woodwork and wood furniture. All the data directly or indirectly come from the UN COMTRADE DATA.

SD. Academia generally believes that the SD between two countries determines the cost of cargo transportation. The longer the SD is, the higher the transportation cost is. However, in actual trade, transportation costs are not only affected by SD, but also closely related to current international crude oil prices. This paper therefore refers to Feng Delian’s research method, adopts the concept of dynamic SD, and calculates the dynamic SD between China and the route countries by (the linear distance (km) from Beijing to each selected country’s capital) × (the average price (barrel/USD) of crude oil within a certain year) [42]. All the data come from Center for International Prospective Studies (CEPII) and International Monetary Fund (IMF).

ED. This paper refers to the “Linder hypothesis”, considers that the economic gap between two countries is mainly reflected in the national income gap, uses the income gap per capita of two countries to measure the ED, and selects GDP per capita to represent the national income per capita. This part of the data comes from World Bank Database (WDI).

ID. Kostova first defined ID as the institutional environment gap between countries. In addition, ID is also related to the institutional quality gap between two countries, involving issues such as political stability, legal constructions, administrative institutions and administrative efficiency [43]. In order to take into account the accuracy of data acquisition and the integrity of time series, this paper uses the method of Kaufmann [44] and applies relevant data from the WGI Database provided by the World Bank, conducting principal component analysis according to the institutional scores on six levels, namely, political stability, government efficiency, supervision level, legal rules, discourse power, and institutional accountability and corruption control. In this way, we can obtain the comprehensive score of a country’s institutional environment to evaluate its quality. The calculation method of ID is shown in formula (3). In this formula, $ID_{ijz}$ represents the ID between China and the route country, while $S_{iz}$ and $S_{iz}$, respectively, represent the domestic institutional quality of China and of the route country in year $z$.

$$ID_{ijz} = \frac{|S_{iz} - S_{iz}|}{|S_{iz}|}$$

CD. Hofstede was the first to use multi-dimensional cultural indicators to measure CD between countries [45]. There are six dimensional indicators, namely, individualism versus collectivism,
long-term versus short-term orientation, power distance, indulgence versus restraint, uncertainty avoidance, and masculinity versus femininity [46]. This paper uses the KSI index proposed by Kogut and Singh and selects the six dimensional indicators of Hofstede’s cultural dimensions theory to construct a calculation formula of the national CD [47]. In view of the increasing frequency of cultural exchanges between countries, this paper uses the concept of dynamic CD and introduces a time-varying factor into the calculation formula of the national CD to obtain formula (4). In formula (4), $CD_{ijz}$ represents the CD between China and the route country, $C_{jk}$ represents the index of the route country in the Kth cultural dimension, $C_{ik}$ represents China’s index in the Kth cultural dimension, $V_{jck}$ represents the coefficient of variation of China and this country in the Kth cultural dimension, and n is the number of cultural dimensions. $T_{jz}$ is the number of years that the route country has had established diplomatic relations with China, indicating that the CD can be gradually weakened with an increase in the exchange time between the two countries. All the data are derived from the six statistics of Hofstede’s cultural dimensions theory.

$$CD_{ijz} = \left[ \sum_{k=1}^{n} \left( \frac{C_{jk} - C_{ik}}{V_{jck}} \right) / n \right] + 1 / T_{jz}$$  (4)

CE is China’s export trade capacity. Theoretically, the improvement of China’s export trade capacity will promote the export value of wooden forest products. All the data come from WDI.

CT is China’s supply capacity of wooden forest products. Theoretically, the improvement of China’s supply capacity of wooden forest products will promote its export value. All the data come from WDI.

OE is the economic development level of the route country. Theoretically, the higher the economic development level of the route country is, the greater the national demand for wooden forest products is. All the data come from WDI.

OP is the market size of the route country. Theoretically, the larger the market size of domestic wooden forest products is, the greater the import demand for these products is. All the data come from WDI.

3. Empirical Analysis

3.1. Preliminary Linear Analysis

Before the model analysis, it is necessary to preliminarily understand the actual relationship between the distance in each dimension and the EWFP. Therefore, based on panel data from 2001 to 2018, this paper uses a straight line fitting relationship to directly reflect the average impact of the various NDs on China’s EWFP value by constructing a scatter plot. It can be seen from Figure 1 that:

1. SD hinders EWFP, indicating that the rise in the cost of packaging and transportation of goods will still reduce the export intention of trading countries;
2. ED has a positive impact on EWFP. The authors believe that the existence of this phenomenon is mainly caused by the gradient pattern of the economic development of the route countries. On the one hand, some developing route countries have relatively poor economic development levels, and have long imported low-end wood processed products such as sawn timber, artificial paper and paper products from China for the construction of infrastructure and the daily life of residents. On the other hand, the “Belt and Road” covers many economically developed countries with high levels of national purchasing power, and China often exports a large number of high-end wood processed products such as woodwork and wooden furniture to them. The high trade complementarity makes the obstructive impact of ED on China’s EWFP gradually disappear;
3. ID has no significant impact on EWFP, which is denying the existence of “institutional supremacy” in international trade to a certain extent. It means that with the increasing variety of international trade methods, different kinds of trade methods, including invite tender, bid, agency, underwriting
and consignment, have greatly challenged the traditional local trade patterns of importing countries. The trade barriers caused by ID are gradually being eliminated;

4. CD hinders EWFP, indicating that the phenomenon of “cultural barriers” still exists in China’s EWFP and the effect of “exporting country disadvantages” is very serious.

3.0 Model Testing

The sample data are panel data, which have both cross-section and time-series features. In the regression of time-series data, if a non-stationary series is used to perform regression analysis on another non-stationary series, the instability of this variable itself will cause the existence of “spurious regression”, resulting in the invalidation of T tests and F tests. In order to ensure the validity of model analysis results, this paper refers to the research method of Zhang [48] and comprehensively uses the

Figure 1. The relationship between China’s exports of wooden forest products (EWFP) and multi-dimensional dynamic distance. Note: The straight line in the figure is the fitted regression line. Symbols are the abbreviations of the countries. IN represents India, PK represents Pakistan, BD represents Bangladesh, MY represents Malaysia, ID represents Indonesia, PH represents Philippines, TH represents Thailand, SG represents Singapore, VN represents Vietnam, KG represents Kyrgyzstan, AZ represents Azerbaijan, SA represents Saudi Arabia, JO represents Jordan, AM represents Armenia, TR represents Turkey, GE represents Georgia, IR represents Iran, LV represents Latvia, UA represents Ukraine, RU represents Russia, SI represents Slovenia, SE represents Sweden, DK represents Denmark, FI represents Finland, LU represents Luxembourg, FR represents France, BE represents Belgium, GB represents United Kingdom, IE represents Ireland, DE represents Germany, AT represents Austria, CS represents Czech Republic, SK represents Slovakia, HU represents Hungary, PL represents Poland, GR represents Greece, IT represents Italy, HR represents Croatia, RO represents Romania, PT represents Portugal, ES represents Spain, EG represents Egypt, MA represents Morocco, ZA represents South Africa, AU represents Australia, and NZ represents New Zealand.
conventional methods of panel unit root tests, such as LLC, IPS, Fisher-ADF and Fisher-PP, to test and analyze the stability of each variable.

As shown in Table 1, according to the results of unit root tests, the EXP, SD, CD, CE, CT, OE and other variables rejected the null hypothesis at the levels of 1% and 5%, that is, the variables were completely stable. The OP variable failed the IPS test, but rejected the null hypotheses at the significant level of 1% in other tests, that is, the variable was generally stable. The ED variable did not pass the test at all, and the authors speculate that the main reason for this is that the “Belt and Road” route is very wide, distributed across multiple countries with greatly different economic scales and development speeds, which leads to the unstable phenomenon of the ED variable. The ID variable only passed the Fisher-PP test, since the complexity of the international economic situation and the frequency of policy reform result in the instability of the ID variable. As a whole, most variables rejected the null hypothesis at a significant level of 1%, representing the stability of the data.

Table 1. Unit root tests of the variables.

| Variables | LLC     | IPS     | Fisher-ADF | Fisher-PP |
|-----------|---------|---------|------------|-----------|
| lnEXP     | -22.5976 *** | -9.3909 *** | 26.5703 *** | 24.7435 *** |
| lnSD      | -10.1353 *** | -4.4064 *** | 7.4901 *** | 2.2587 **  |
| lnED      | 2.8735  | 12.4337 | -2.9610    | -1.4079   |
| lnID      | 7.8003  | 4.5502  | -1.8239    | 1.8664 *  |
| lnCD      | -41.3325 *** | -23.2360 *** | 181.8499 *** | 237.6776 *** |
| lnCE      | -20.3075 *** | -12.7808 *** | 11.1548 *** | 19.1663 *** |
| lnCT      | -17.9755 *** | -15.7716 *** | 17.4821 *** | 56.5295 *** |
| lnOE      | -10.7652 *** | -6.6245 *** | 15.8829 *** | 12.4213 *** |
| lnOP      | -3.7930 *** | 9.8091  | 8.9464 *** | 29.3850 *** |

Note: *, t < 0.10; **, t < 0.05; ***, t < 0.01.

3.3. Analysis of Empirical Results

This paper used STATA software to perform regression analysis on the gravity model (1) and GMM model (2). According to the Hausman test, which rejected the null hypothesis, we used a fixed effects model for analysis. According to the White test, the data were confirmed to have heteroscedasticity, so this paper used a dynamic panel GMM model for analysis. All the data passed the Wald test and accepted the null hypothesis that there is no auto-correlation in the error term according to the AR (1) and AR (2) tests. According to the Hansen test, both Diff-GMM and Sys-GMM could not significantly reject the null hypothesis that all operating variables are valid. Therefore, the GMM constructed in this paper is valid, and considering the over-identifying of the Diff-GMM model on instrumental variables, this paper used a more ideal Sys-GMM for estimation. In order to more intuitively understand the changing trend of the impact of NDs in various dimensions on China’s EWFP, this paper took the proposal of the “Belt and Road” initiative in 2013 as the time node, and based on the Sys-GMM model, divided the research sample into two time interval samples, namely, 2001–2012 and 2013–2018, for further regression analysis. The regression results in Table 2 show the following:

1. The regression result of the SD variable is positive but not significant, which is contrary to the preliminary research results above and does not confirm the conclusion that “SD hinders trade” in traditional international trade theory. Since the trade of WFP is classified as cross-border trade of commodities, the construction and connection levels of transportation are particularly important. With the continuous advancement of the “Belt and Road”, the construction and connection levels of infrastructure in China and the route countries have been greatly enhanced. In terms of land connectivity, with the continuous construction of the Trans-Asian Railway, Eurasian High-speed Rail, Central Asian High-speed Rail and Siberian High-speed Rail, and the continuous operation of the China Railway Express, high-speed rail transport networks along the “Belt and Road” have begun to take shape. In terms of “Belt and Road” sea connectivity, China and the route countries
have jointly built six near-sea shipping lines and six ocean-going shipping lines, covering most ports in South Asia, West Asia, Western Europe and Africa. It can be clearly seen from the change in regression results of the time-period model that with the improvement of the construction levels of infrastructure along the route, the obstructive impact of SD on China’s EWFP has gradually disappeared;

2. The regression result of the ED variable is positive but not significant, which is similar to the preliminary analysis results above, and it does not confirm the idea mentioned in the “Linder hypothesis” that a small economic gap is beneficial for increasing the trade value. There are many countries along the route with different levels of economic development, representing the following distribution pattern: the western and southern regions are developed, the eastern region is relatively developed, while the central region is underdeveloped. WFP are a necessity of national infrastructure construction and national life, and the gradient characteristics of the economic development of the route countries provide China with a natural advantage in optimizing the export trade structure of WFP and overcoming the obstructive impact of ED on trade. Therefore, ED is not a key factor influencing China’s EWFP;

3. The regression result of the ID variable is significantly positive, similar to the preliminary analysis results above, and contradicts the idea of “institutional supremacy” in international trade once again. Over the past six years, the joint construction of the “Belt and Road” has become a new link between China and the route countries to deepen their “policy communications”. On the one hand, China and other route countries have continued to make strategic connections, such as the connection of the “Belt and Road” with the “Eurasian Economic Union” of Russia, “Monsoon Plan” of India, “Amber Road” of Poland, and “Juncker Plan” of the EU. As an inclusive and mutually beneficial development initiative, the “Belt and Road” has gradually been highly recognized by the route countries. On the other hand, the construction and development of multilateral coordination and cooperation platforms such as APEC, RCEP, G20 and SCO have made positive contributions to the promotion of friendly relationships between China and other countries, as well as the settlement of economic disputes and frictions. With the continuous improvement in policy communication level between China and other countries, the risk of China’s EWFP encountering institutional barriers has been controlled;

4. The regression result of CD has changed from being significantly positive before the proposal of the “Belt and Road” initiative to being significantly negative. From the perspective of overall regression, CD has an obstructive impact on China’s EWFP. On the one hand, the “Belt and Road” covers four continents, namely, Asia, Europe, Africa and Oceania, and the national consumption trends of the route countries are different. Wood processed products made in a traditional Chinese style have not fully satisfied the preferences of people in importing countries. On the other hand, some route countries have serious tendencies of religionism and nationalism, and some countries have the deep-rooted thought of “local supremacy”, which means rejecting foreign traders and investors severely and raising the threshold for China’s WFP to enter their markets. In addition, China has long-standing disputes over national borders and islands with India and several Southeast Asian countries. As a result, the forces of Chinese exclusion and anti-China sentiment in some countries have greatly increased the risks to China’s EWFP. It can be seen that China and the countries along the “Belt and Road” have not gained a good result in the construction of “people-to-people ties”. To achieve the prosperity of China’s EWFP to these countries, it is necessary to get rid of various cultural barriers such as religious conflicts, ethnic conflicts and Chinese exclusion;

5. Among the traditional trade influencing factors, the regression results of variables including China’s supply capacity of WFP, and economic development level and market size of importing countries are significantly positive. This shows that with the rapid development of China’s forestry, the market shares of China’s WFP have gradually increased in the route countries. For example, India, Pakistan, Indonesia and other countries with a large population have long-standing demand
for low-end wood processed products from China, while the United Kingdom, France, Germany and other developed countries have continuously increasing demand for high-end woodwork and wood furniture from China. It can be seen that the three traditional trade influencing factors above have positively promoted China’s EWFP, consistent with our expectation, which verifies the scientificity of the control variable selection. The regression result of the impact of China’s economic development level on its EWFP is significantly negative, which is not consistent with our expectation, mainly resulting from the special national conditions of China. In recent years, China’s real estate industry has quickly developed and caused a surge in demand for domestic building and decorative materials. The expansion of domestic demand for WFP has directly inhibited companies’ willingness to participate in transnational trade. It can be seen from the change in regression results of the time-period model that with the continuous advancement of “five focuses” construction and the stabilization of export trade networks, the impact of traditional factors on China’s EWFP will be gradually weakened.

| Variables | OLS | FE | RE | 2001–2018 | 2001–2012 | 2013–2018 |
|-----------|-----|----|----|-----------|-----------|-----------|
| Constant  | -22.606 *** | -2.860 | -22.240 *** | -1.295 *** | -3.457 *** | -4.199 ** |
| lnEXP     | (-18.037) | (-0.458) | (-21.582) | (-3.957) | (-8.164) | (-2.021) |
| lnSD      | -0.473 *** | -0.139 | -0.082 | 0.013 | -0.255 *** | 0.226 *** |
| lnED      | (-2.839) | (-1.193) | (-0.672) | (1.391) | (-7.147) | (6.112) |
| lnID      | -0.067 | -0.020 | -0.056 | 0.005 | 0.010 | 0.048 * |
| lnCD      | (-1.019) | (-0.446) | (-1.207) | (0.405) | (0.537) | (1.659) |
| lnCE      | -0.047 | 0.076 * | 0.055 | 0.016 * | -0.023 | 0.010 |
| lnCT      | -0.126 | -13.883 ** | -0.261 | -0.445 *** | 0.038 * | -1.185 *** |
| lnOE      | (-1.164) | (-2.420) | (-0.796) | (-17.288) | (1.748) | (-3.827) |
| lnOP      | (-1.987 *** | -0.773 ** | -1.162 *** | -1.017 *** | -2.047 *** | 0.401 ** |
| R²        | 0.691 | 0.800 | 0.782 |
| F/Wald    | 386.62 *** | 2757.90 *** | 1.18 × 10^6 *** |
| Hausman   | 105.25 *** | 43.80701 | 40.21421 * |
| AR(1)     | -1.3727 | -1.4775 | 0.2446 |
| AR(2)     | -0.8675 | -0.7819 | -1.9116 * |
| Sargan/Hansen | 43.80701 | 40.21421 * | 24.63613 |

Note: *: t < 0.10; **: t < 0.05; ***: t < 0.01.

4. Conclusions and Policy Implications

4.1. Conclusions

Methodologically, empirical analysis shows that the traditional gravity model based on the “barriers” of SD has obvious time limitations. With the development of economic globalization and infrastructure such as transportation and communication, the obstructive impact of SD on bilateral trade between countries has gradually been weakening. On the contrary, the obstructive impacts of ID, which reflects the customs efficiency and the social system, and CD, which reflects language barriers...
and cultural customs, are becoming increasingly important. Therefore, this paper replaces the SD of the traditional gravity model with ND based on the integration of SD, ED, ID and CD to carry out bilateral trade analysis, which is more scientific and practical.

The influencing factors of international trade for WFP are changing. China’s supply capacity of these products, the economic development level of importing countries and population growth have all significantly promoted China’s EWFP, but the impacts of these traditional factors have been gradually weakening. Furthermore, the impact of the “hard environment”, represented by transportation and technology, on trade has been weakened, while the impact of the “soft environment”, represented by systems and culture, on trade has become increasingly strengthened.

A comparison between the conclusions of the present study and previous conclusions from existing refuted literature shows that ND based on the integration of SD, ED, ID and CD is the result of a comprehensive effect, on the basis of the development concept of the times, regional localization and economic internationalization. This in turn reflects the conclusions of mutually refuting analyses. However, the common law based on the evolution of time is the same, such as the gradually weakening impacts of SD. Therefore, it is appropriate to analyze specific objects and specific problems.

The international trade of WFP is an important part of the cooperation among countries along the route. There exists a broad space for cooperation among these member countries. Taking advantage of the international trade of WFP to promote the implementation of the “Belt and Road” initiative and realize the common development of the global economy is a very important step for cooperation.

The empirical analysis of the international trade of China’s WFP shows that: ID has a clearly promotive effect on China’s EWFP, but CD shows an obvious obstructive effect. The promotive effects of SD and ED on these products are not significant. With the significant improvement in transportation and communication levels, China’s EWFP have gradually broken through the constraints of space and institutional factors, and CD has become the core obstacle to China’s EWFP. Some traditional factors, such as China’s supply capacity of these products, the economic development level of importing countries and population growth, still have a significantly promotive effect on China’s EWFP, but the impacts have been gradually weakened.

4.2. Policy Implications

The construction level of the transportation network between China and the route countries should be improved. We should make full use of our advantages in engineering construction, contracting and technology, working together with the route countries to carry out the construction of transportation and infrastructure, and build a comprehensive and safe transportation network.

China should make full use of the differences in forest resource endowments and product comparative advantages with the route countries, and fully develop its WFP markets. In view of the lack of forest resources, China should continue to increase direct investment in the forestry of countries that have rich forest resources to fully guarantee the security of China’s timber supply.

The institutional co-construction of China and the route countries should be improved. First, China should continue to promote the integration of the “Belt and Road”, the Master Plan on ASEAN (Association of Southeast Asian Nations) Connectivity, the Middle Corridor of Turkey and the Northern Powerhouse initiative of the UK, and to contribute to rooting and developing the “Belt and Road” initiative. Second, China should actively cooperate with the route countries to formulate development plans and connection mechanisms to form connections in terms of industry, foreign investment, foreign trade, customs clearance and security dialogue, to ensure that there are no trade barriers or frictions resulting from inharmonious institutions and policies.

Policymakers should concentrate on both cultural exchanges and economic cooperation with the route countries. China should, firstly, promote the connectivity of cultural infrastructure along the route, especially internet infrastructure, to provide basic support for cultural exchanges; secondly, establish cultural exchange platforms and mechanisms for the route, to spread Chinese voices, converge Chinese spirits and promote people’s recognition of Chinese culture.
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