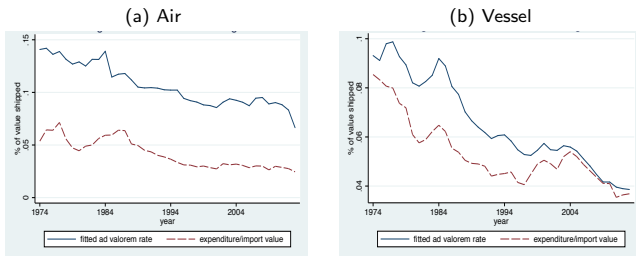


- ▶ Assuming (as Hummels, 2007) a constant share of the additive component over time/country partner/product

⇒ Transport cost changes decompose as:



- ⇒ Suggest a much more important role to trade composition effects...
- ▶ Than they actually do, see ▶ [Figure 2](#)
- ⇒ The (appropriate) modeling of additive costs, of key importance in understanding the time trends of international transport costs