

Our paper in one question (and 3 answers)

► **Do additive transport costs matter?**

- Provide an empirical decomposition of the structure of transport costs
- Using the US imports database over 1974-2013 (air/vessel)

⇒ **Yes, they do**

(1) **In terms of size:** Additive costs are sizeable

- Additive cost: 1.8% and 2.9% of the export price, in air / vessel
- Roughly 50% of the overall transport costs

(2) **In terms of quality of fit:** With the additive component included,

- The estimated iceberg component is reduced by a factor of 2
- A significantly better “goodness-of-fit”