

Table 1: Trade liberalization: The role of additive costs

Mode	Air				Vessel			
$f_x$ final value	As in 1974		Lower		As in 1974		Lower	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Reduction in:	$\tau$ only	$\tau$ and $t$	$\tau$ only	$\tau$ and $t$	$\tau$ only	$\tau$ and $t$	$\tau$ only	$\tau$ and $t$
$\Delta\mathcal{W}/\mathcal{W}$ (in %)	1.232	1.819	2.207	3.248	2.179	3.295	2.872	4.052
Variety effect (%)	-0.827	0.747	-2.670	-1.132	-1.323	-0.126	-3.061	-1.857
Price effect (%)	2.084	1.455	5.202	4.444	3.568	3.001	6.829	6.059