5. Last difference - the major one !
   - Coming back to Hummels's (2007) equation (**??**), rewritten as:

$$\ln TC_{ikt} \equiv \ln\left(\frac{p_{ikt} - \widetilde{p}_{ikt}}{\widetilde{p}_{ikt}}\right) = \Delta_{ikt} - \beta \ln \widetilde{p}_{ikt} \qquad (1)$$

     - with $\Delta_{ikt} \equiv \delta + \sum_{i,k} \alpha_{ik}.\mathbb{1}_{ik} + \sum_t \gamma_t.\mathbb{1}_t + \epsilon_{ikt}$
   - Encompasses the two extreme cases of only ad-valorem costs / only additive costs
   - Only multiplicative costs under $\beta = 0$
     - In which case Equation (1) rewrites as:

$$\ln\left(\frac{p_{ikt} - \widetilde{p}_{ikt}}{\widetilde{p}_{ikt}}\right) = \Delta_{ikt} \quad \leftrightarrow \quad p_{ikt} = \underbrace{[\exp(\Delta_{ikt}) + 1]}_{\tau_{ikt}} \times \widetilde{p}_{ikt}$$

   - Only additive costs under $\beta = 1$
     - In which case Equation (1) rewrites as:

$$\ln\left(p_{ikt} - \widetilde{p}_{ikt}\right) = \Delta_{ikt} \quad \leftrightarrow \quad p_{ikt} = \widetilde{p}_{ikt} + \underbrace{[\exp(\Delta_{ikt}) + 1]}_{t_{ikt}}$$