

Figure A1

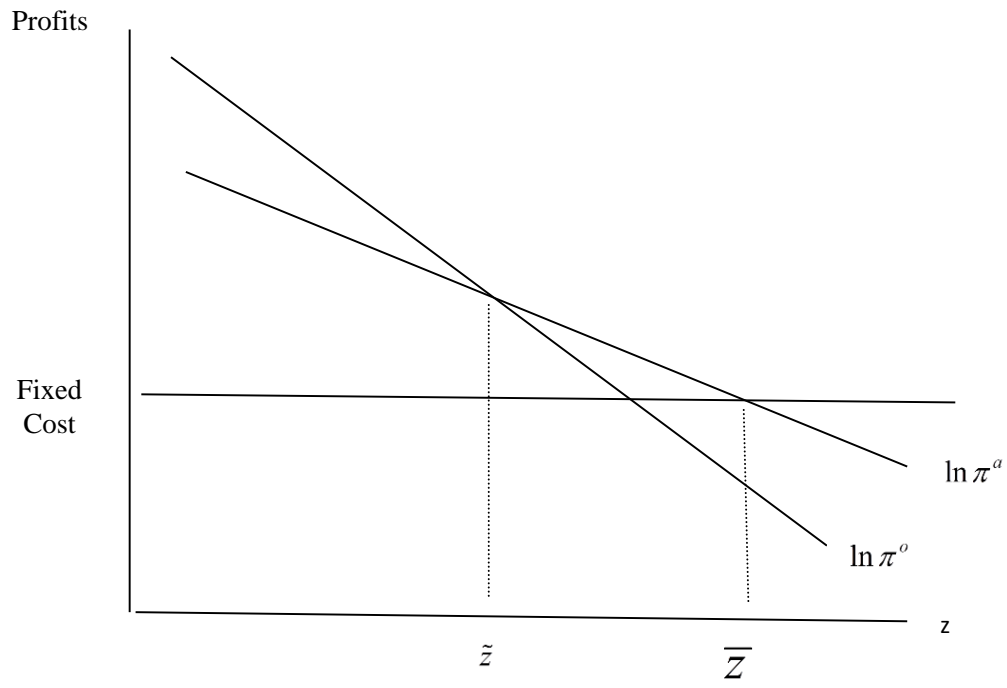
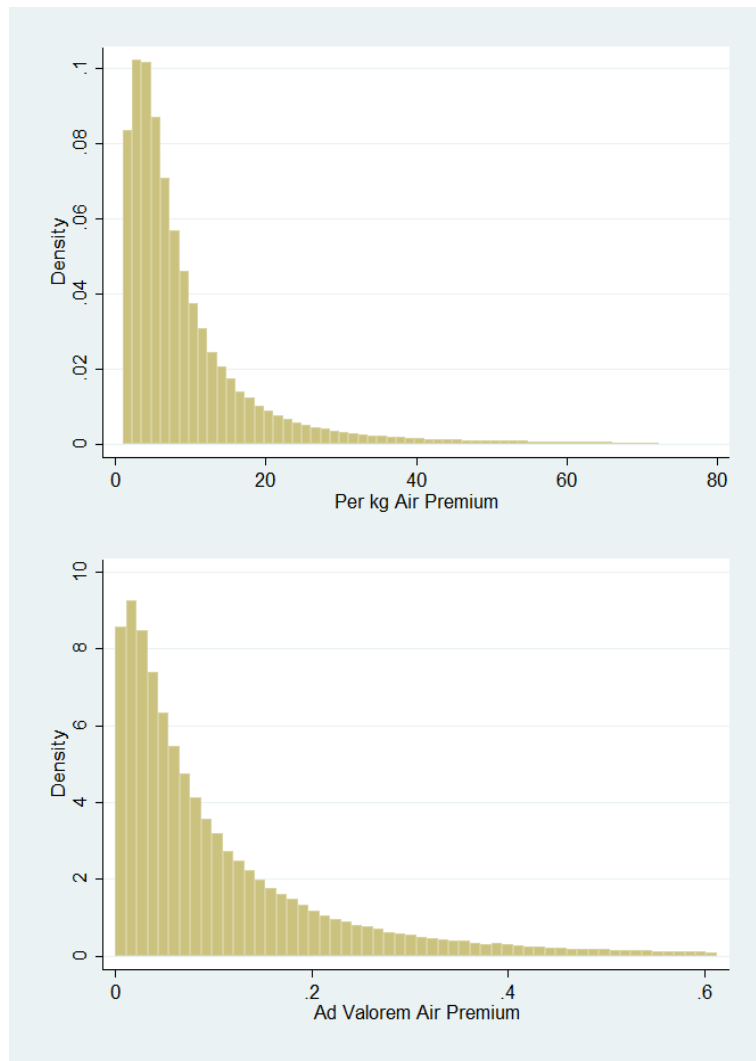
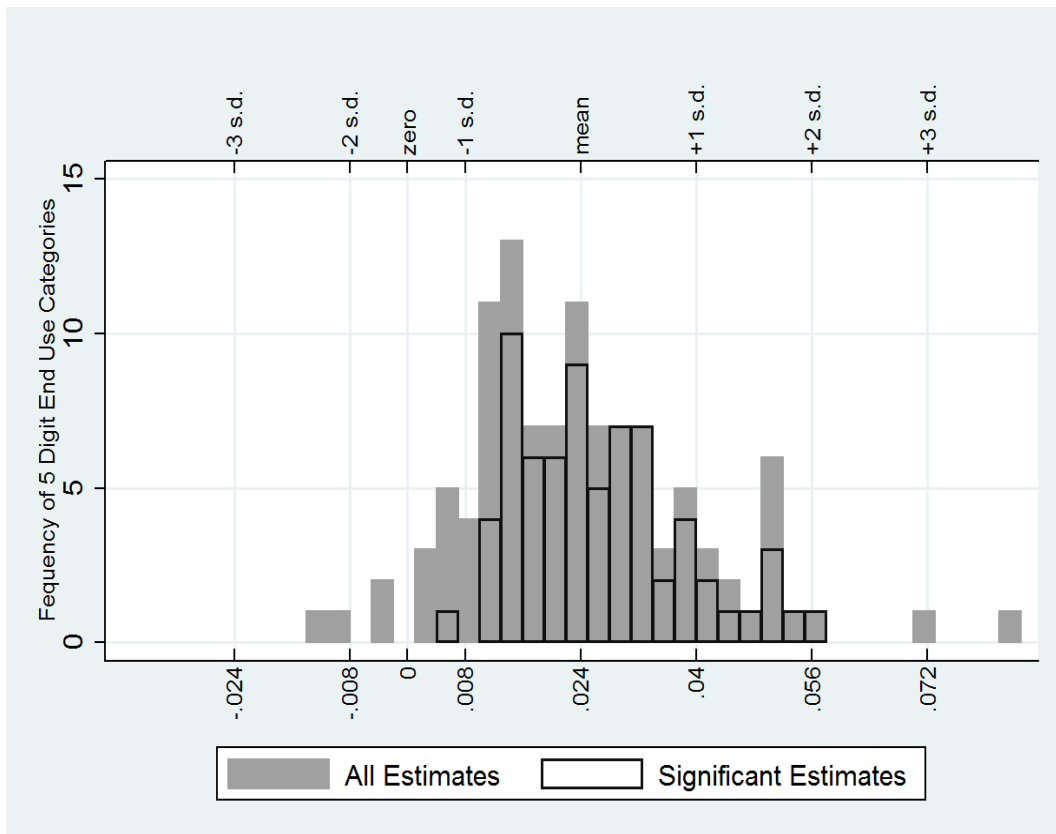


Figure A2: Distribution of Air Freight Premia



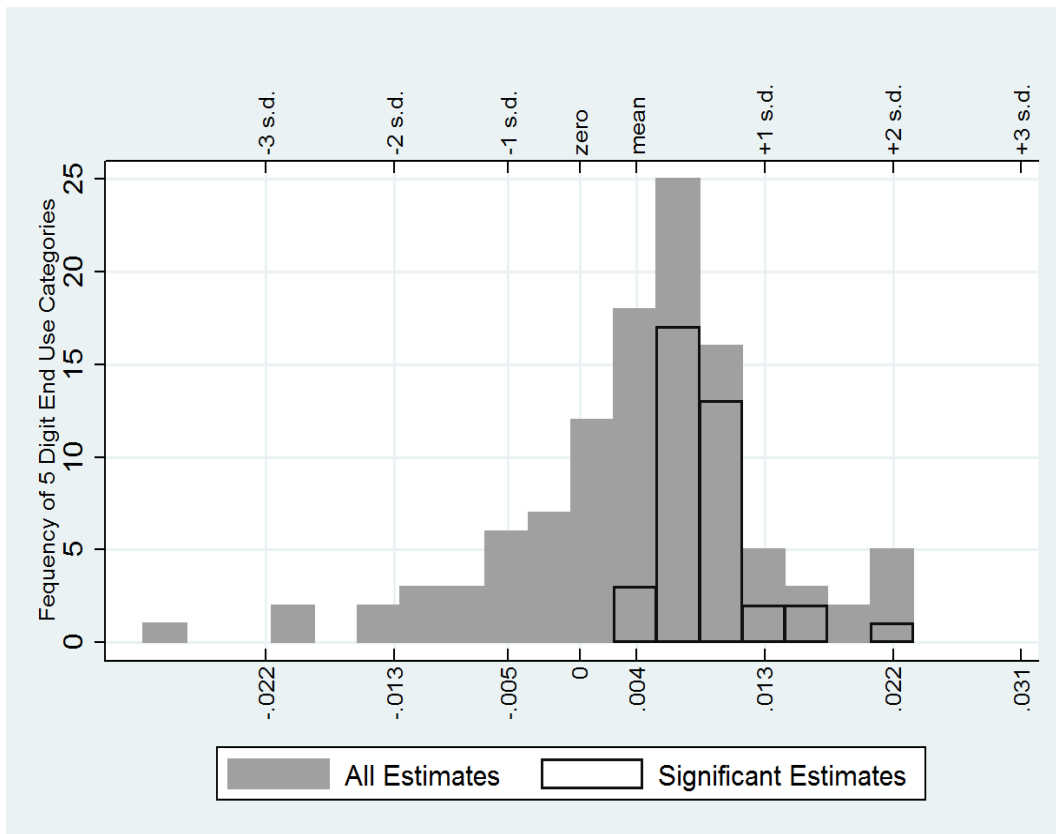
Unit of observation: HS6×Coast×Year. Air Premium Value = $f^a - f^o = (1 + \text{air charge/air value}) - (1 + \text{vessel charge/vessel value})$. Air Premium Weight = $g^a / g^o = (\text{air charge/air weight}) / (\text{vessel charge/vessel weight})$. Both distributions drop the 99th percentile of the air premia. The bottom figure drops negative air premia.

Figure A3: Distribution of Tau Estimates by 5 digit End-Use Category



Note: Time costs are estimated for 110 5-digit end-use categories; 70 of these are significantly different from zero at the 10 percent level. Model: equation (8). Fixed Effects: HS6×Exporter.

Figure A4: Distribution of Tau Estimates by 5 digit End-Use Category



Note: Time costs are estimated for 110 5-digit end-use categories; 38 of these are significantly different from zero at the 10 percent level. Model: equation (9). Fixed Effects: HS6×Exporter.

Table A1: Summary Statistics

Group	Log Revenue		Log Revenue per Shipment		Log Price		Log Freight Cost		Transit Time	
	Mean	Sdv.	Mean	Sdv.	Mean	Sdv.	Mean	Sdv.	Mean	Sdv.
All	-0.97	2.08	-0.73	1.07	1.00	1.09	0.08	0.12	19.06	8.30
Foods	-1.76	1.95	-0.75	0.95	0.83	1.05	0.16	0.17	17.00	8.51
Industrial Supplies	-1.31	1.99	-0.9	1.10	1.10	1.19	0.11	0.14	17.92	7.31
Capital Goods	-0.59	2.09	-0.69	1.11	1.23	1.05	0.05	0.08	18.48	7.06
Automotive Vehicles/Parts	-1.50	1.86	-0.45	0.97	0.90	1.00	0.09	0.12	19.19	7.09
Consumer Goods	-0.91	2.08	-0.64	1.00	0.76	0.96	0.08	0.11	20.29	9.35

All variables are in relative terms (air to ocean).

Table A2: Controlling for Selection

Dependent Variable:	Revenue per Shipment							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Main Specification</u>								
Log Rel. Price	-.088 (.003)***	-.091 (.003)***	.017 (.003)***	.007 (.003)**	.035 (.001)***	.036 (.002)***	.037 (.002)***	.044 (.002)***
Log Rel. Freight Cost	-6.506 (.026)***	-5.886 (.026)***	-3.390 (.026)***	-2.684 (.027)***	-1.862 (.014)***	-1.912 (.014)***	-1.586 (.015)***	-1.510 (.017)***
Transit Days	.018 (.0003)***	.046 (.0005)***	.051 (.0004)***	.061 (.0004)***	.008 (.0002)***	.011 (.0003)***	.009 (.0003)***	.009 (.0002)***
Mills Ratio	.139 (.006)***	.247 (.007)***	.538 (.009)***	.305 (.019)***	.023 (.003)***	.065 (.004)***	.037 (.005)***	-.005 (.012)
<u>Selection Specification</u>								
Log Average Days to U.S.	-.134 (.004)***	-.134 (.004)***	-.135 (.004)***	-.125 (.004)***	-.134 (.004)***	-.134 (.004)***	-.135 (.004)***	-.125 (.004)***
Log Export Value to ROW	.425 (.0007)***	.425 (.0007)***	.428 (.004)***	.442 (.004)***	.425 (.0007)***	.425 (.0007)***	.428 (.004)***	.442 (.004)***
Tau	.003 (.00005)***	.008 (.00009)***	.015 (.0002)***	.023 (.0003)***	.004 (.0001)***	.006 (.0001)***	.005 (.0002)***	.006 (.0002)***
Fixed Effects:	None	Exporter	Exporter +HS6	Exporter ×HS6	None	Exporter	Exporter +HS6	Exporter ×HS6
Obs. Censored	736383	736383	721948	704747	736383	736383	721948	704747
Not Censored	517950	517950	517700	502631	517950	517950	517700	502631

Estimation of equations (8) and (9) with Heckman selection correction. The estimates in columns 1, 2, 5, 6 were obtained from Stata's 2-Step Heckman procedure which does not allow for clustering or robust standard errors. For columns 3, 4, 6 and 8 we implemented the 2 stage procedure by first estimating the selection equation and then including the inverse Mill's ratio in the dummy variable regression implemented using Stata's areg command. Both the selection specification and main specification include a constant.

Table A3: Sourcing from Local Markets

	(1)	(2)	(3)	(4)	(5)
Relative Price	-.072 (.026)***	-.064 (.018)***	.027 (.011)**	.009 (.009)	.067 (.014)***
Relative Freight Cost	-6.384 (.336)***	-5.680 (.272)***	-3.348 (.137)***	-2.673 (.115)***	-3.307 (.202)***
Transit Days	.014 (.008)*	.043 (.011)***	.046 (.015)***	.057 (.020)***	.066 (.023)***
Transit Days×MexCan Share	.023 (.008)***	.008 (.007)	.017 (.009)*	.014 (.018)	.014 (.026)
MexCan Share	-.699 (.201)***	-.641 (.164)***	-.127 (.181)	-.021 (.351)	
Tau (MexCan Share=0)	.002 (.001)*	.008 (.002)***	.014 (.005)***	.021 (.008)***	.020 (.008)***
Tau (MexCan Share=1)	.006 (.001)***	.009 (.002)***	.019 (.003)***	.027 (.003)***	.024 (.004)***
Fixed Effects:	None	Exporter	Exporter +HS6	Exporter ×HS6	Coast Differenced
Obs.	528977	528976	528721	513424	244530
R^2	.122	.159	.356	.571	.159

Based on equation (8). Dependent Variable: $\log(\text{air revenue}/\text{ocean revenue})$. Standard errors are robust and clustered by exporter. Regressions include a constant.

Table A4: Sourcing from Local Markets

	(1)	(2)	(3)	(4)	(5)
Relative Price	.037 (.005)***	.039 (.004)***	.038 (.006)***	.046 (.006)***	.070 (.007)***
Relative Freight Cost	-1.861 (.092)***	-1.908 (.076)***	-1.584 (.077)***	-1.510 (.075)***	-1.557 (.096)***
Transit Days	.008 (.001)***	.010 (.002)***	.008 (.002)***	.008 (.002)***	.008 (.002)***
Transit Days×MexCan Share	.001 (.003)	.002 (.002)	.002 (.002)	.005 (.004)	.008 (.005)*
MexCan Share	-.021 (.069)	-.004 (.063)	.005 (.046)	-.052 (.075)	
Tau (MexCan Share=0)	.004 (.0008)***	.005 (.001)***	.005 (.001)***	.005 (.001)***	.005 (.002)***
Tau (MexCan Share=1)	.005 (.002)***	.006 (.002)***	.006 (.002)***	.009 (.002)***	.010 (.002)***
Fixed Effects:	None	Exporter	Exporter +HS6	Exporter ×HS6	Coast Differenced
Obs.	528977	528976	528721	513424	244530
R^2	.049	.057	.144	.351	.041

Based on equation (9). Dependent Variable: $\log(\text{air revenue per shipment}/\text{ocean revenue per shipment})$. Standard errors are robust and clustered by exporter. Regressions include a constant.