

Table B1. Bandwidths

Variables By Type	Bandwidth	Upper Bound	Interpretation
I. Levels Model			
<i>Unordered Categorical Variables:</i>			
Home Dummy	2.70E-17	0.5000	0/1 weight
Exporter State x Time Effects	0.4141	0.9896	relevant
Importer State x Time Effects	0.0446	0.9896	relevant
Adjacent Dummy	1.93E-17	0.5000	0/1 weight
<i>Continuous Variables:</i>			
ln(Distance)	5101782	∞	most likely linear
II. Log-Linear Model			
<i>Unordered Categorical Variables:</i>			
Home Dummy	0.0619	0.5000	relevant
Exporter State x Time Effects	0.4294	0.9896	relevant
Importer State x Time Effects	0.0302	0.9896	relevant
Adjacent Dummy	0.2060	0.5000	relevant
<i>Continuous Variables:</i>			
ln(Distance)	4891158	∞	most likely linear

Table B2. Estimates of the Distribution of the Border Effect

	Estimate	Standard Error	Home Bias	Tariff Equivalent
I. Levels Model				
Mean	4.7337	2.6208	113.7198	0.9665
10%	-1.50E-11	6.17E-07	1.0000	0.0000
20%	0.2997	3.6671	1.3494	0.0437
30%	0.4586	2.1770	1.5819	0.0677
40%	0.6971	1.7120	2.0080	0.1047
50%	1.0720	2.5642	2.9213	0.1655
60%	1.9010	1.5149	6.6925	0.3120
70%	2.4242	1.8242	11.2929	0.4138
80%	4.5249	2.7497	92.2896	0.9087
90%	7.1315	3.4776	1250.7162	1.7698
Parametric (PPML)	1.6513	0.0495	5.2138	0.2660
II. Log-Linear Model				
Mean	0.0192	0.1605	1.0193	0.0027
10%	-0.0185	0.1252	0.9816	-0.0026
20%	-0.0029	0.1852	0.9971	-0.0004
30%	0.0031	0.1874	1.0031	0.0004
40%	0.0070	0.2207	1.0070	0.0010
50%	0.0157	0.1765	1.0158	0.0022
60%	0.0236	0.1250	1.0239	0.0034
70%	0.0349	0.1650	1.0355	0.0050
80%	0.0444	0.1339	1.0454	0.0064
90%	0.0605	0.1761	1.0624	0.0087
Parametric (FE)	1.5836	0.0640	4.8725	0.2539

NOTE: Parametric result obtained by pooling 1993 and 1997 data. Home Bias = exp(coefficient). Tariff Equivalent = $[\exp(\text{coefficient}/(s-1))-1]$, for $s=8$.

Table B3. Quartile Estimates for the Continuous Regressors (Elasticities)

Variable	Mean	Q1	Q2	Q3	Parametric
I. Levels Model					
ln(Distance)	-0.4709 (0.3034)	-1.0581 (0.6347)	-0.5670 (0.4401)	-0.2643 (0.0911)	-0.5132 (0.0299)
II. Log-Linear Model					
ln(Distance)	-1.2562 (0.2504)	-1.5221 (0.3540)	-1.2990 (0.2794)	-0.9757 (0.1990)	-0.9138 (0.0171)

NOTES: Standard errors in parentheses obtained via bootstrapping except for the parametric model.

Table B4. Li Tests for Equality of Distributions

I. Levels Model	
<i>Actual vs Predicted (Nonparametric)</i>	
Test statistic:	139.0759
P-value:	0.0000
<i>Actual vs Predicted (Parametric)</i>	
Test statistic:	3.5021
P-value:	0.0000
<i>Predicted (Nonparametric) vs Predicted (Parametric)</i>	
Test statistic:	149.8421
P-value:	0.0000
II. Log-Linear Model	
<i>Actual vs Predicted (Nonparametric)</i>	
Test statistic:	82.4650
P-value:	0.0000
<i>Actual vs Predicted (Parametric)</i>	
Test statistic:	9.2123
P-value:	0.0000
<i>Predicted (Nonparametric) vs Predicted (Parametric)</i>	
Test statistic:	44.7642
P-value:	0.0000

Note: P-values based on asymptotic normal approximation.

Table B5. Forecasting Accuracy

Model	Squared Correlation	Mean Squared Error	Mean Absolute Error	Mean Absolute Percentage Error
I. Levels Model				
<i>In-Sample</i>				
Parametric	0.9929	3.01E+06	627.0352	1.0736
Nonparametric	0.9905	3.05E+06	938.4533	4.1865
<i>Hold-out-Sample</i>				
Parametric	0.8606	2.28E+07	1021.7770	1.1551
Nonparametric	0.4188	8.17E+07	2437.5696	5.7243
II. Log-Linear Model				
<i>In-Sample</i>				
Parametric	0.9207	0.2707	0.3787	0.1645
Nonparametric	0.6080	1.3565	0.9084	0.3578
<i>Hold-out-Sample</i>				
Parametric	0.9070	0.3380	0.4286	0.1460
Nonparametric	0.5314	1.7105	1.0292	0.3192

NOTES: For definitions of the various models and accuracy measures, see text. US estimation based on N=2155; hold-out-sample on N=2073. International estimation based on N=2171; hold-out-sample on N=2137. Bold indicates most accurate forecast within the in-sample and hold-out-samples.

Table B6. Li Tests for Equality of Distributions: Forecasting

	In-Sample	Hold-Out-Sample
I. Levels Model		
<i>Actual vs Predicted (Nonparametric)</i>		
Test statistic:	51.7796	85.5912
P-value:	0.0000	0.0000
<i>Actual vs Predicted (Parametric)</i>		
Test statistic:	0.3599	0.1324
P-value:	0.3608	0.4473
<i>Predicted (Nonparametric) vs Predicted (Parametric)</i>		
Test statistic:	52.3317	69.2666
P-value:	0.0000	0.0000
II. Log-Linear Model		
<i>Actual vs Predicted (Nonparametric)</i>		
Test statistic:	49.7215	71.5937
P-value:	0.0000	0.0000
<i>Actual vs Predicted (Parametric)</i>		
Test statistic:	3.2732	5.0221
P-value:	0.0006	0.0000
<i>Predicted (Nonparametric) vs Predicted (Parametric)</i>		
Test statistic:	27.1055	37.4577
P-value:	0.0000	0.0000

Table B7. Hsiao et al. Tests for Correct Functional Form

I. Levels Model

Test statistic:	0.1363
P-value:	0.3567

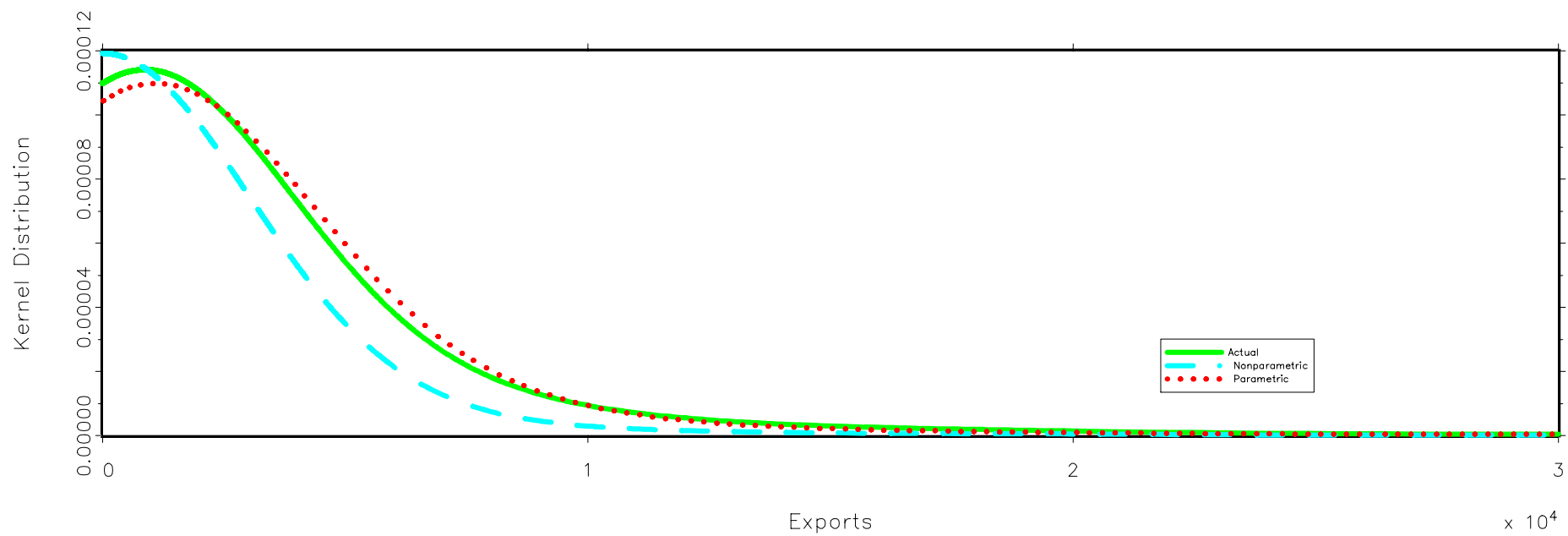
II. Log-Linear Model

Test statistic:	0.6351
P-value:	0.1273

Notes: P-values obtained via bootstrap (399 repetitions).

Figure B1: Kernel Density Estimates of Exports

(a) Levels



(b) Logs

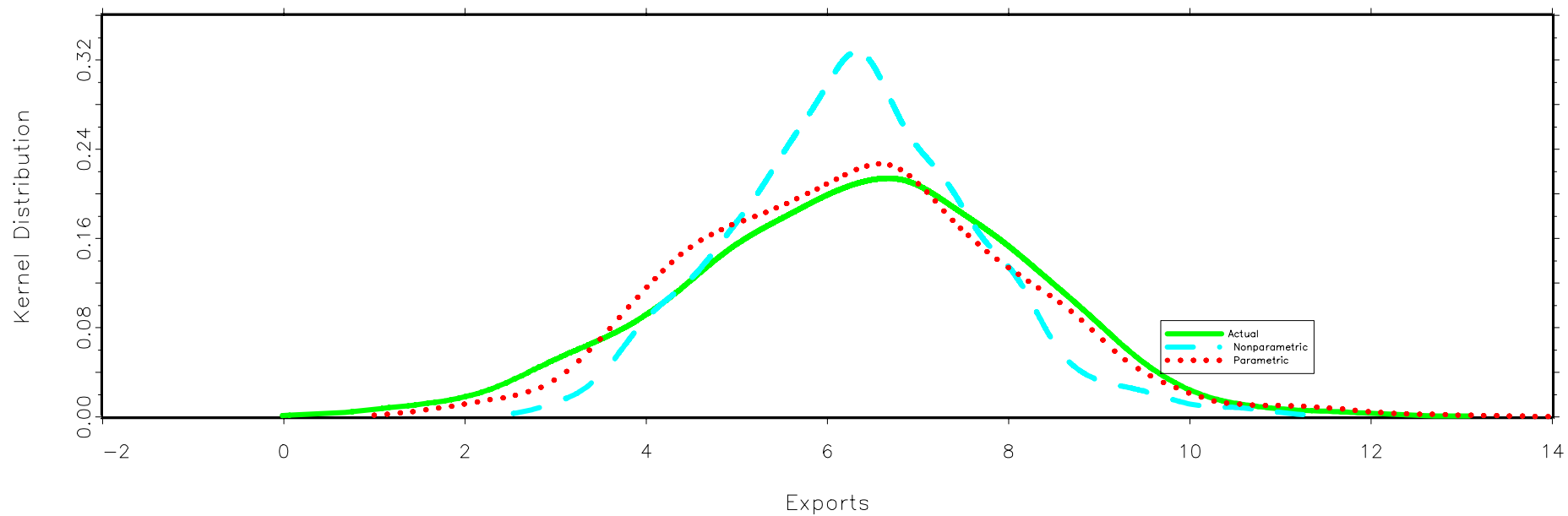
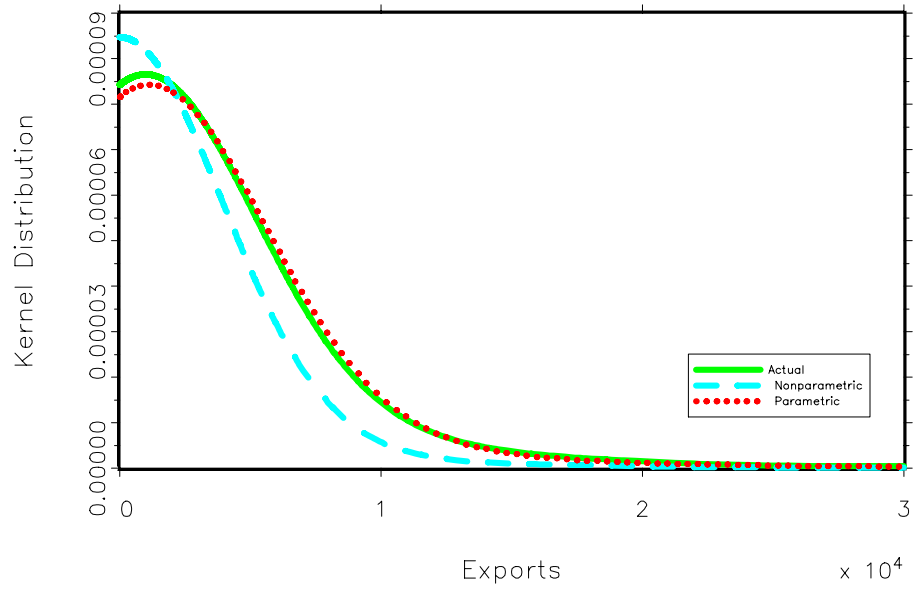
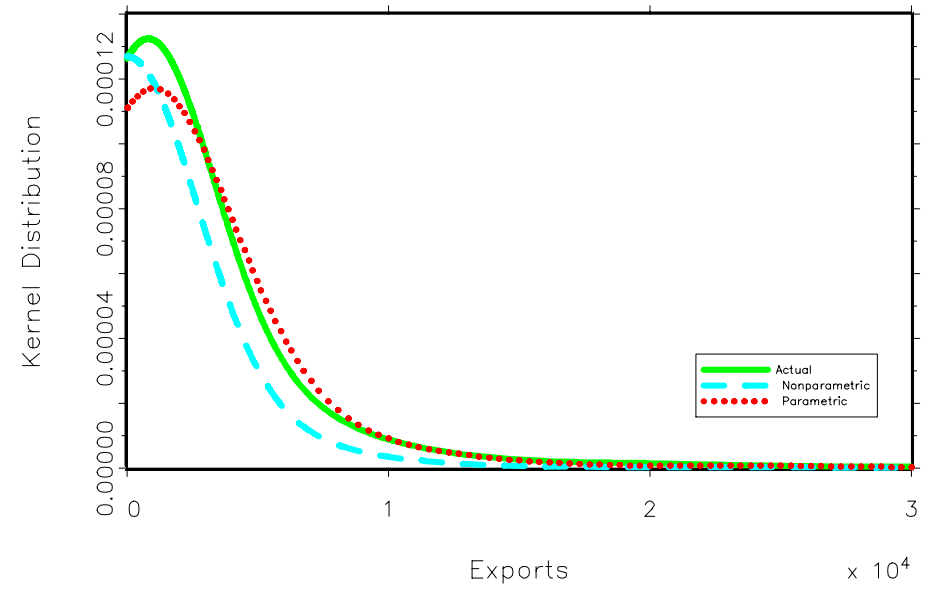


Figure B2: Kernel Density Estimates of Exports

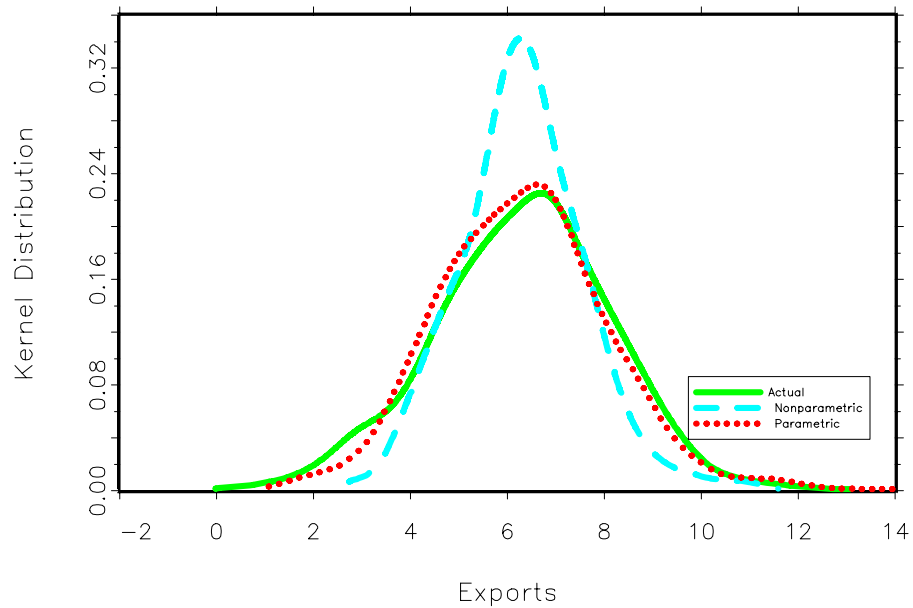
(a) In Sample – Levels



(b) Out of Sample – Levels



(c) In Sample – Logs



(d) Out of Sample – Logs

