



Online demonstration

Data sources

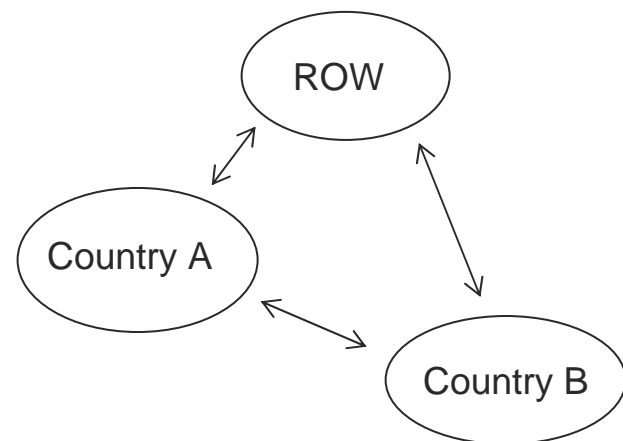
- Bilateral trade: UN COMTRADE <http://comtrade.un.org>
 - Go to 'Database'
 - Select 'Data Query'
 - Go to 'Comtrade Selection' / 'Express Selection'
- Bilateral tariff: WITS <http://wits.worldbank.org>
 - Go to 'Advanced Query'
 - Select 'Query Definition'
- GDP, Population, etc.: World Development Indicators CD ROM
- Distance and dummies.
 - Bilateral distance file (simple and weighted) – CEPII's distances <http://www.cepii.fr/francgraph/bdd/distances.htm> [data in STATA format]
 - Easy source - <http://www.wcrl.ars.usda.gov/cec/java/lat-long.htm>
 - Dummies – Common border, language, etc.
- Shipping rates – www.maerskline.com

Shipping rates and transport costs estimations

- Maersk Sealand's database (<http://www.maerskline.com>)
- Transport costs estimations
 - Two models
 - If you have 'quantity' and also 'value' traded, select Model 2
 - If you have only 'value', then select Model 1
 - High data discrepancy (missing values, zero values, negative values) – Add 1 and then take logs. Then use Tobit estimation.
 - Segregate commodity groups – Agriculture and food items, textile and clothing, machinery, etc. [Refer WTO for commodity classification and also De (2007) ARTNeT Working Paper]
 - Further dis-aggregation (beyond HS 4) might produce unwarranted results.

Check list

1. Check all data are in the same unit of measure
2. Deflate the data (GDP, trade) by GDP deflator (to be sourced from WDI CD ROM 2006)
3. Import to be taken in *cif*
4. Export to be taken at *fob*
5. Calculate average remoteness of trading partners from rest of the world [follow Anderson and van Wincoop (2003)]
 1. $Remoteness_i = \text{Sum}_k [\text{Distance}_{kj} / \text{GDP}_k]$
6. Log transformation
7. Case of zero trade –
 - In case zero trade cases small – replace by 1
 - In case zero trade cases large - Add 1 and then take logs. Then use Tobit estimation
8. Insert EXCEL data (xls) in STATA
9. Save data as STATA file
10. OLS – fixed effect or random effect – depends what we want .



[STATA Command]

- OLS regression
 - `regr <variable lists >`
- Panel data model: Fixed Effects
 - `xtreg < variable lists >, fe i(year)`
 - `xtreg < variable lists >, fe i(country)`
- Panel data model: Random Effects
 - `xtreg < variable lists >, re i(year)`
 - `xtreg < variable lists >, re i(country)`