Export Dynamics in Colombia: Transactions Level Evidence

Working Paper No. 522 Keep in mind
The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

AUTHORS AND/OR EDITORS Jonathan Eaton Eslava-Mejía, Marcela Kugler, Maurice Tybout, James R.
We examine Colombian export transaction data from customs records in several dimensions. We begin with some basic statistics on the number and frequency of export transactions by a firm, overall and across individual markets. We then decompose the variation in overall exports into the number of transactions and the size of the average transaction, both at the aggregate level and for individual firms to explore gravity equations, where the patterns of exports and numbers of transactions are related to the distance with respect to the destination. The analysis is carried out both at the aggregate and the firm level. Then we explore the relationship between patterns of transactions numbers and shipment modes. Our results show great heterogeneity in the patterns of frequency and number of transactions across firms; the average firm sent about 75 shipments abroad in 2005, while the firm with largest number of transactions that same year dispatched more than 26,000 shipments. Moreover, while close to 35% of firms in the sample report a single export transaction over the period, for most firms with multiple transactions the average span between two transactions is less than a month. Part of this heterogeneity is shown to be related to the distance with respect to the destination market: firms exporting to more distant destinations make less frequent shipments than firms exporting to markets that are closer. This suggests that there are fixed costs per shipment inducing declining marginal cost of higher shipment volume. These patterns imply that, at the aggregate level, transactions numbers are the primary source of variation in exports. The variability in the numbers of transactions also explains an important part of the well-known negative relationship between aggregate exports and distance to a specific destination.