

Ins, Outs, and Duration of Trade

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preliminary and incomplete

Abstract

This paper uses a new approach to studying the dynamics of international trade. I employ survival analysis to study the duration of US imports. Several important conclusions are reached. The average duration of exporting a product to the US is very short, anywhere between 2 and 4 years. However, this result varies significantly across countries and industries. The data imply a threshold model of trade duration. If a country is able to export a product for the first few years it will face a very small probability of failure and will export the product for a long period of time. This results holds across countries and industries. Aggregating the data causes the duration to worsen with decreases in the average duration times. The relative survival experience, however remains unchanged. Countries are ranked by their survival experience. The rankings are strongly positively correlated with the rankings in Feenstra and Rose (2000), indicating that product cycle models can explain duration of trade.