

3.2 The effect of TCS under peer influence. This specification examines whether the effect of TCS is reduced if we control for the influence of other exporters exporting to the same destination (peer exporters). The value of exports by peer exporters in the preceding period who export to the same destination as the exporter in the current year are included. The treatment variable is the same as the one used for the estimation of the lagged effect estimation. The results show that after controlling for peer influence, the effect TCS assistance does not disappear nor does it decline.

3.3 (not shown in table) The effect of TCS evaluated with non-parametric techniques. Propensity score matching using the kernel matching algorithm is applied to further validate the parametric estimation results. The treatment effect of TCS is positive and significant, which corroborates the findings based on the parametric estimations. The magnitude of the effect is much higher than those estimated using the parametric method, with TCS clients exporting **54 percent** more than comparable non-TCS clients.

Characteristics of firms that benefit the most from the TCS

The regression results provide insight into the types of firms that benefit the most from TCS assistance. These firms are typically “export-ready”, i.e. larger firms with more years of business experience, but with fewer years of exporting experience and less diversified markets and products lines.

Combining these findings with those regarding the types of firms that are *most likely* to seek TCS assistance, we can state that older and larger firms are both more likely to seek TCS assistance, and benefit more from that assistance. However, while TCS clients tend to have somewhat more export experience, the TCS benefit declines with increased years of export experience. Similarly, while TCS clients tend to export more products to more markets, the benefit of TCS assistance declines as the number of products and markets increases.

Caveats

Two cautionary notes should be taken into account in interpreting the results. First, firms that receive TCS assistance but that do not export are excluded from this analysis. In many cases, this is appropriate in that the service provided could be in support of commercial activities other than exports of merchandise and is therefore outside the scope of this study (e.g., export of services, or support for investment abroad). However, there may be cases where service was provided for exports of merchandise but no merchandise was exported by the client. These exporters were excluded from the data set available for this study, which could bias the results upwards. This could be addressed in a future study with an expanded data set.

Second, as noted at the outset, estimating the average treatment effect in this study involves comparing the performance of exporters who received treatment with the performance of comparable exporters who did not receive such treatment, while controlling for observable