

The paper looks at costs of capital adjustment in firms and asks whether these are different for multinationals and national firms. This is done using structural modeling. The research question and the methodology used to answer this question provide some novelty and make a contribution to the literature.

The paper is very clear on what it does, and what it does not do, so the methodology is easy to follow.

I just have a couple of relatively minor questions.

(i) I am not sure about the deflator used in equation (1) for capital and investment. Ideally, this should be at the firm level to account for firm heterogeneity in price setting. As this is not very frequently available, many studies use industry level deflators. What is the deflator used here?

(ii) Foreign ownership is defined if a foreign ultimate owner holds at least 50% of the shares. Does the author have the actual ownership share? If yes, some robustness checks should be undertaken with alternative definitions of foreign ownership (e.g., > 10% or fully owned) to see whether this makes a difference.

(iii) Equation 2 needs to define variables properly. In particular, it is only explained later on what A is.