RESPONSES TO REVIEWER 2'S COMMENTS

We thank the reviewer for their additional comments. They have spurred us to do a better job of explaining our methods. Below are point-by-point responses to the reviewer's comments.

1. **Comment**: *"I am impressed with the amount of effort that has gone into data collection, reproduction of the original results and the robustness analysis. Unlike what has been best practice in many other disciplines for a long time, transparency and reproducibility of empirical work in economics remains often rather poor. Hence recent efforts to improve this aspect of economic research are laudable (see also e.g. Christensen & Miguel, 2018)."*

    Response: We thank the reviewer for this positive feedback.

2. **Comment**: *"DQDMR find that the regressions of AKW can be almost perfectly replicated. I agree with them that this is an impressive result because they had to collect much of the data themselves. Once this fact has been established, the reader will be mostly interested in the robustness checks (hence the substance of this paper is contained in section VII and beyond). DQDMR conclude that using more recent data and cutting up of the sample into sub-samples yields some regressions with statistically different results. DQDMR conclude that this weakens the empirical support for AKW's hypotheses. For example, when splitting the sample of firms into three regions (East, Central and West) the results for East in Table 5 are very similar to those of 3(a) and 3(b) in Table 2 but those for Central and West are not. I am not at all surprised by this finding because East accounts for 92% of all observations. The fact that the regression for the 8 percent of the data originating from Central and West yields the opposite conclusion does suggest that there is something going on (AKW note that the fact that intermediaries may source products from outside their region may be one reason for the "anomaly", but there may be additional causes of heterogeneity), but it does not refute the evidence for China as a whole. If the geographic identifier in the customs data plays a role I would have expected to see both theoretical predictions in this paper of why this matters and a more refined spatial analysis (e.g. splitting East further into sub-regions). The purpose of replication should ultimately be to act as a stepping stone for new primary analysis.*

    Response: We take on board the reviewer's comment that 92% of the overall sample comes from the eastern region of China. Since only 8% of the sample belongs to the central and western regions, the anomaly in those regions cannot be taken as evidence against Prediction #2.

    To address this point, we provide further analysis in TABLE 5/Panel B by breaking up the eastern region into 3 sub-regions - East1, East2 and East3, corresponding to the Bohai Bay Economic Rim, the Yangtze River Delta Economic Zone, and the Pearl River Delta Economic Zone, respectively. Only the results from East3 provide support for Prediction #2. The other regions produce estimates that are wrong-signed and statistically significant. A panel fixed effects regression also fails to produce confirming evidence.

3.	**Comment**: *"I also agree with referee #1 that a full robustness analysis should go beyond cutting up the data or updating data, but include an assessment of the model specification: are there issues of selection effects, endogeneity and omitted variable bias? For example, it would seem to me that given that firm and/or establishment data are available at different points in time (as DQDMR show), this line of research would really benefit from a panel data approach with firm fixed or random effects rather than OLS estimation."*

Response: We thank the reviewer for this suggestion. Panel B of TABLE 5, and Panel B of TABLE 6B now report panel fixed effects estimates for testing Predictions #2 and #3. The panel FE results in TABLE 5 contradict Prediction #2. The panel FE estimates in TABLE 6 have signs consistent with Prediction #3 and are each statistically significant. However, we do not emphasize these in our overall assessment because the original authors discourage putting weight on the pre-2005 data. The latter results are discussed in the last full paragraph on page 20.

6.	**Minor points**

Section II: I am surprised that there is no explicit discussion of the role of intermediaries in information flows and networks, while – for example - the Chinese diaspora play an explicit role in Table 3.

We have added a discussion of the role of intermediaries in informal flows and networks in Section II.

While some readers of a replication study may also read the original paper, it would be really helpful to readers to ensure that the replication study is self-contained. I would therefore suggest that the mathematical formulae and symbols in Figure 1 and in Section III are dropped, because there are not necessary for describing the theory in qualitative terms and the symbols are not explained in the text in any case.

Following the reviewer's suggestion, we have dropped the slope term expressions from FIGURE 1. We keep the notation for the axes the same and refer the readers to AKW's original article for more detail.