

## **Response to Reviewer No. 2**

I would like to thank Reviewer no. 2 for valuable and constructive comments. The comments have all been incorporated into the paper.

1) The reviewer suggests that a new section – reviewing the empirical work on trade effects of EU trade preferences – should be included before current section 2.1. Such a new section 2.1 has been added, and in addition, there is also a new Table 1 in the appendix which summarizes key studies.

2) The reviewer suggests that the discussion in Section 3.2 of how inefficient trade procedures constitute costs could be improved, and offers some very good and detailed suggestions for how to do this. The reviewer's suggestions have been incorporated in full.

3) The reviewer asks that the specific results for Wilson et al (2006) and Persson (2008) should be added to the text. This suggestion has been followed, and the studies are further summarized in Table 2 in the Appendix.

4) The reviewer suggests that a table should be added to a new Appendix, reviewing the empirical studies on trade preferences and trade facilitation so that their results can be easily compared. I have followed this suggestion, adding a new Table 1 which summarizes the key studies on trade preferences, and a new Table 2 which summarizes the empirical studies on trade facilitation. In both tables, studies are summarized with respect to sample, research question, methodology and results. Care has been taken to report the results in such a way that comparisons are facilitated (for instance by using regression coefficients to recalculate the corresponding gross trade creation in a consistent way for all the trade preference studies, and, when possible and appropriate, expressing the results as elasticities for all the trade facilitation studies).