

Referees Comments on "Trade Policy versus Trade Facilitation: An Application using "Good Old" OLS"

The paper contributes to the growing literature on the relative importance of traditional trade policy (tariffs) and other trade costs (TF). The literature survey should mention that there are two approaches in the literature. One typified by the work of Wilson et al uses a gravity model to identify the impact of various trade barriers, including TF measures, on bilateral trade flows. The other adopts a synthetic measure of ad valorem trade costs which can be compared to the average tariff, as in the cited article by Harrigan and more influentially in Hummels (*Journal of Economic Perspectives*, 2007). This paper is in the first branch, but it could be pointed out that it complements and reinforces recent work in the other branch (e.g. Pomfret & Sourdin, *Review of World Economics* 2010).

The main methodological innovation is using the Baier & Bergstrand (2009) specification. That is fine. There should be some discussion of the range of control variables in equation 2. I suspect that this could be driving the anomalous results reported on page 13. Readers will have their own opinions about how convincing this kind of exercise is, but the paper is fairly mainstream.

The TF measures are primarily from *Doing Business*, and I would have liked to have seen a more critical evaluation of this source than that given in Appendix II. The DB indicators are not actual costs, but estimates provided often by consulting firms (not actual traders) and hence capture *de jure* rather than *de facto* time and cost. The standardized setting of a container shipped from the largest city via the major port may be appropriate for Singapore, but is not representative for countries whose trade goes by bulk carriers or for geographically large countries. The critique of Alberto Behar should be mentioned.