The article analyses the impact of institutional and cultural distance on ASEAN’s trade efficiency using bilateral trade from 2006 to 2016 by using an improved version of the stochastic frontier model to control for endogeneity issues and applies a GMM model to estimate distances in trade efficiency. The topic is relevant, and the article aims to provide evidence for an understanding and improving trade policies.

Background information and relevant literature are appropriate even if the literature review is a bit missing. Furthermore, the methodological part is incomplete and data sections could be improved. Finally, the part related to the policy implication is scarce. Indeed, a major development in understating the rigidities or the processes that affect trade flows (similarity or dissimilarity cultural) could help policy maker’s an engaging objective and action to achieve goals. The paper needs a deep revision to be publishable. Even authors apply the right methodology for testing endogeneity, the manuscript reports lack in comment results which should require deep revisions.

MAIN REMARKS:

1) The introduction should be reorganized. The authors should separate the literature review into another paragraph and make the introduction consistent with the purpose of the work; the layout of the paper is missing;

2) A paragraph with a literature review needed. This could add value to the article, especially if the authors emphasize the significant part of their work in terms of the econometric approach and the relevance of doing that.

2) Figures related to the trade of the Asian countries are missing. A plot of trade of each member of the ASEAN area could be useful for understanding the role of these countries in the main international arena after developments in new free trade agreements;

3) There are several issues related to the materials and methods paragraph. I would advise to better explain your strategy and providing a clear structure of the methodological and descriptive section. I think this is a key part of the paper and it should be well structured. The materials and methods paragraph should contain a structure of the different steps or pathways that authors make to estimate potential trade and trade efficiency, as a figure showing inputs and output using in the estimation framework of the stochastic gravity model.

My main concern is related to cultural and institutional distance data and the trade freedom indicator. The authors indicate in the equations IDijt, CDijt, TFijt, as the overall score. There is a need to better justify why these variables were chosen. Why are authors using the overall indicators? The overall score captures the effects of all the individual components of the score itself. But it could be that some of them, such as the level of corruption or the level of non-tariff measures or tariffs, have a greater weight in determining the efficiency of trade. I would suggest also checking for the individual components, the estimates could indeed change. It would be interesting to check to what extent each of the individual components participates in determining the efficiency of the trade. Some interaction terms or effect could also be possible.

4) Results: The authors should pay attention to the description of the results. It is a relevant piece, as well as the methodological one, of the article and should be argued more thoroughly. Detailed and in-depth comments with policy implications are needed. What are the implications or the conclusions of Tables 3 and 4? What do authors mean that trade efficiency of trade in ASEAN is
moderate? And what is the possible explanation for which Singapore is the country that has the highest efficiency score? What is it means? What are the differences with the other ASEAN countries? All this information is important and at the same time missing. Yet, Is the highest score meaning a more integrated market? The same kind of comment also applies to table 5. What do authors mean with the following sentence “Our finding complements several previous studies”? Which? A comparison with the literature is needed in showing the originality or novelty of their research. Additionally, results should also be compared coherently with the existing literature.

5) The results shown in Table 5 could have a different impact if the authors consider the single market? I think that estimation by countries could be useful in understanding whether differences in ASEAN countries exist?

MINOR REMARKS:

6) The authors should pay attention to the number of the equation. Please, the equation should be well enumerated;

7) The correlation matrix is missing, and I think that some variables could also correlated. The authors should provide this important table.