Discussion of *"The Real Effects of Administrative Disclosure on Cross-Border Trade"*

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The question and why it matters

Core question: Can government disclosure of administrative compliance data reduce information frictions in international trade?

Why this is interesting

- Governments collect rich compliance data but rarely disclose it publicly
- Distinct from "tax shaming." This is a *positive* signal (A-type = trustworthy)
- Administrative disclosure as complement to financial reporting

Why accounting scholars care

- Disclosure as contracting technology for cross-border transactions
- Tests whether government credibility signals substitute for audited financial statements
- 96% of sample firms are private, so financial reporting is limited

Paper summary

Setting: In April 2015, China's STA publicly disclosed for the first time the names of firms receiving A-type taxpayer credit ratings, based on 95 compliance indicators.

Data: Transaction-level Chinese customs data (S&P Panjiva) matched to the National Tax Survey Database. 2.47M firm-destination-year obs across ∼98K firms (96% private). U.S. bills of lading for relationship-level analysis.

Design: DID comparing A-type (treated) vs. non-A-type firms around 2015, with firm-destination FE and year FE.

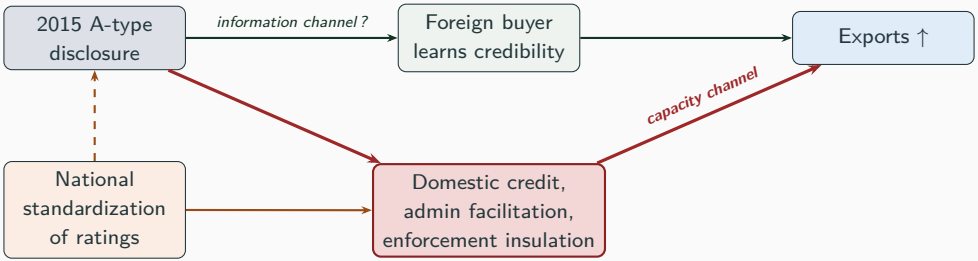
Key results:

- A-type firms increase exports by +7.4% relative to sample mean (Table 2)
- Concentrated among small, young, and private firms (Tables 4, 5)
- Stronger at extensive margin: 7.8% new relationships vs. 5.2% existing (Table 7)
- *New:* Downstream U.S. buyer benefits: lower termination risk, SG&A, higher inventory turnover (Table 8)

What the paper does well

1. **Good question with real policy implications.** The paper reframes administrative disclosure as a trade facilitation tool, not a punitive one. It fits well in the accounting disclosure literature.
2. **Strong data.** Customs-level transactions matched to the National Tax Survey Database for ∼98K firms. Now supplemented by illustrative B2B platform evidence from Made-in-China.com (Online Appendix A).
3. **Within-firm-year destination tests (Table 6B).** By including exporter-year FE, these absorb all firm-level changes and isolate destination-level variation. This remains the paper's best evidence.
4. **Extensive vs. intensive margin decomposition (Table 7).** The 56/44 split favoring new relationships is consistent with an information channel that matters most where prior transaction history is thin.

What needs to be true: competing channels



Central challenge: The key question is whether the export gains reflect a *buyer-information* effect (foreign buyers learning about A-type status) or *domestic capacity* effects (credit access, enforcement insulation, admin facilitation). **This remains the main concern.**

Comment 1: National standardization vs. disclosure

The problem: Pre-2015 local honor rolls already conferred tax privileges. The 2014 reform also created a *nationally standardized* A-grade distinct from fragmented local designations.

What the paper does well here: Table 3 (restricted-change, predicted-treatment, PSM), province/industry/jurisdiction-year FE, BRI exclusion, clean event-study pre-trends, SOE triple-difference (Table 6A), timing argument on July 2016 incentives.

Why a residual concern persists:

- SOE status is an imperfect proxy for A-type-specific administrative benefits (customs priority, VAT refund speed, inspection reduction)
- The paper notes administrative advantages could arise no earlier than Q2 2017. But anticipation could appear in late 2016, and actual benefits in 2017

Ask: Figure 1 already shows effects appearing in 2015. A finer monthly or quarterly test around Q2 2017 would settle the timing question.

Comment 2: How does the signal reach foreign buyers?

The new version adds anecdotal evidence from Made-in-China.com (Online Appendix A) and practitioner guidance (CJO Global, GWBMA) recommending the rating for due diligence. *Welcome additions.*

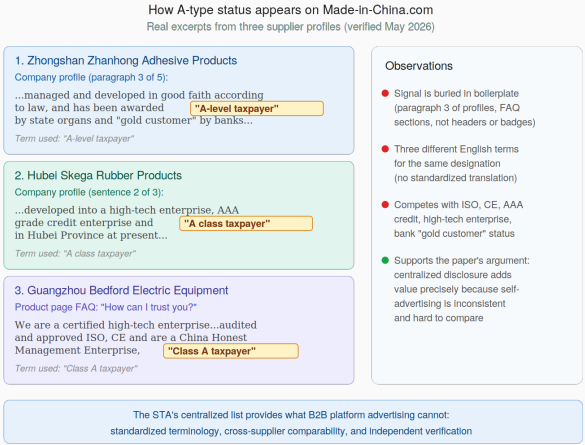
The evidence broadens the dissemination mechanism:

- Public disclosure creates a verifiable credential that exporters can broadcast on B2B platforms
- Consistent with the paper's framework, but which path matters most: buyer-initiated search, exporter advertising, intermediary screening, or commercial credit platforms?

An implementation question for the weak-network result:

- Table 6B shows stronger effects in weak-network destinations
- How does the A-type signal reach those buyers? B2B platforms, trade agents, or other channels?

What the signal looks like in practice



Live platform excerpts (not exact Online Appendix A wording). Current pages, not direct evidence of 2015 to 2017 wording.

Comment 3: Within-firm destination tests need destination×year FE

Table 6B interacts Treat × Post with destination characteristics (No FTA, Weak Ethnic Network) and includes exporter-year FE and firm-destination FE. *This is the best test in the paper.*

What appears to be missing: destination×year fixed effects.

Why this matters:

- Post-2015 demand growth, trade costs, or macro shocks may differ between FTA vs. non-FTA destinations
- Table 3 Panel B col 3 includes destination-year FE in the *baseline* DID, but Table 6B does not appear to include them
- The triple interaction could pick up destination-level trends correlated with No FTA or Weak Ethnic Network

Ask: Re-estimate Table 6B with destination×year FE.

Comment 4: Table 8 treatment intensity is too coarse

Design: China Exposure = share of a U.S. firm's distinct suppliers located in China during 2012 to 2014, interacted with Post.

The problem: China Exposure captures exposure to *all* Chinese suppliers, not to *A-type* suppliers specifically. Many other China-related changes occurred in 2015 to 2017:

- RMB depreciation ($\sim$10% against USD, 2014 to 2016)
- Customs digitization and logistics infrastructure improvements
- Made in China 2025 industrial policy (May 2015)
- Bank-Tax Cooperation mechanism (July 2015)

Suggestion: Refine to share of U.S. firm's Chinese suppliers that *actually received A-type status*. The bills of lading data should make this feasible.

Comment 5: Estimand clarity under annual rating updates

The fact: Table D2 shows strong but imperfect persistence: lagged A-type status is associated with a 63.6 percentage-point higher probability of current A-type status (OLS with controls and FE). The raw retention rate is not reported.

The implication: The baseline uses 2015 designation as treatment through 2017. Some "treated" firms will have lost A-type status by 2016 or 2017.

The evidence: Restricting to persistently A-type firms (Table D3) nearly doubles the coefficient: **0.932 vs. 0.527**. The authors present this as a sensitivity test and note that conditioning on post-treatment persistence risks reverse causality.

The question: Is the baseline an effect of *initial public certification* (intent-to-treat), or does sustained current certification matter? If the information channel operates through ongoing visibility (annual updates), the persistent estimate may be more informative. The paper would benefit from discussing which estimate is the "right" one.

Signaling dilution from high treatment prevalence

33.5% of sample observations correspond to A-type firms (observation-weighted). The firm-level prevalence is lower: 23,143 / 98,338 $\approx$ 23.5%. In signaling models, value depends on selectivity. A designation awarded to roughly one in four exporting firms conveys less than one awarded to 5%.

The prevalence also varies a lot across provinces:

- Tianjin: 56.3% of exporters are treated
- Hainan: 3.0% of exporters are treated

Suggestion: Test whether effects vary with *local* A-type prevalence. If the information channel is real, the signal should be more valuable in regions where A-type status is rare. The authors could interact Treat $\times$ Post with a measure of provincial A-type saturation.

Further comments

April 2015 timing within annual data

- Disclosure occurs in April 2015, but 2015 is coded as Post. A monthly or quarterly event study around April 2015 would be sharper

Product-level heterogeneity

- HS product codes are in the data. A Rauch-style differentiated-goods split would be a clean mechanism test: information frictions should matter more for relationship-specific goods

Table 8 termination risk looks ahead into the trade-war period

- Termination Risk is measured over the following three years. For 2017 observations, this extends into 2018 to 2020 (U.S.-China tariffs, COVID)

Data and measurement

- Wikipedia source for diaspora proxy (UN migrant stock data would be stronger)
- LnExport coefficient (2.5%) vs. export intensity headline (7.4%) deserves discussion

What would most increase my belief

Priority suggestions

1. Add **destination×year FE** to Table 6B within-firm-year tests
2. Test whether export effect appears in **2015** (pre-incentive) or grows after **Q2 2017** (post-incentive)
3. Refine downstream **China Exposure** to capture A-type supplier share specifically
4. **Rauch-style differentiated-goods** split on HS codes as a mechanism test
5. Monthly or quarterly **event study** around April 2015 disclosure

Additional improvements

- Test **signaling dilution** using local A-type prevalence variation
- Discuss baseline vs. persistent-A-type estimand
- Check Table 8 termination risk look-ahead into 2018 to 2020
- Replace Wikipedia diaspora proxy with UN migrant stock data
- Discuss LnExport vs. export intensity gap

Concluding assessment

This is an interesting paper with a good question and strong data. The new version is substantially improved: the SOE test, the relationship-level decomposition, the B2B platform evidence, and the downstream buyer analysis all move in the right direction.

The key remaining challenge is separating the buyer-information effect from domestic capacity effects. The within-firm-year destination tests (Table 6B) remain the most convincing evidence.

The paper would benefit most from:

1. Adding destination$\times$year FE to Table 6B
2. A Rauch-style differentiated-goods test on HS codes
3. Refining China Exposure in Table 8 to A-type supplier share

Thank you. All the best with the revision and publication.