

Comments on:
International sourcing during COVID-19:
how did Chilean firms fare?

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Outline of the paper

- The authors analyze the performance of individual Chilean firms during the COVID-19 pandemic.
- They have 2 main goals:
 - (1)** To understand the channels through which the pandemic affected macro trade and particularly the behavior of firms:
 - extensive margin: Number of trading firms, products, transactions or associated shipments
 - intensive margin: trading values for certain trading firms, products and transactions
 - (2)** To inquiry whether the firms will transfer the observed increases in input material costs and in transport freights to prices.
- They use 3 administrative datasets.
- They document empirical findings.

Outline of the paper

- They present a stylized fact: exports did not change much during the pandemic while imports had a sharp decline in 2020 followed by a strong recovery in 2021.
- Findings:
 - (a)** Exporters on average reduced the number of varieties, mainly driven by the number of destination countries
 - (b)** Importers reduced the number of products sharply.
 - (c)** Within imports, firms in the distribution sector, recovered their intensive margin faster than manufacturing firms.
 - (d)** There was a pass-through from import costs to unit values (as proxies to prices) but there was no statistically significant evidence for export costs.

General comments

- One of the main achievements of this document is the great database the authors compiled in order to answer their starting questions but it will also be very useful for other projects.
- By merging official statistics from the Central Bank of Chile and Instituto Nacional de Estadísticas with Customs data, the resulting database covers between 80% and 90% of imports and exports, respectively, of official data.
- The document present a credible a explanation for the fall in imports caused by the COVID-19 pandemia.

Other comments

- As the document is a work in progress, it is preliminary and incomplete.
- It will benefit a great deal from improving the following points:
 - It should clarify the definition of prices stated on page 13.
 - What is the “beta” parameter estimated recursively (page 14)? Does it represent the number of varieties? Which is the estimated equation?
 - Has the equation on page 15 been applied already or is it going to be included in a future version of the paper?
 - How impulse-response analysis is preformed (page 16)?
 - Are figures 8 and 9 really different?
 - Is there anything that can be said on welfare?
 - Have been taken any steps to automatize regular upgrades of the database?
- In short, the present document has the potential to become a very good paper.

Thank you!