



SDI Review Form 1.6

PART 1:

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_5124
Title of the Manuscript:	Export Trade Incentives and Export Growth Nexus: Evidence from Ethiopia
Type of the Article	Research paper

General guideline for Peer Review process is available in this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)

- This form has total 7 parts. Kindly note that you should use all the parts of this review form.



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PART 2: Review Comments

	Reviewer's comment	Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
<u>Compulsory</u> REVISION comments	1. The data used in the paper for exports is from 1997 to 2011 and the data for fiscal incentives are from 2003 to 2011 and for financial incentives from 2005 to 2011. It is not clear for the regression what period is covered; it seems that the coverage should be 2005-2011. Then that makes me wonder is the frequency monthly or quarterly? It is not explained in the text. 2. In the estimated models export growth is a function of financial incentives and fiscal incentives, whereas there are other important factors that affect the exports growth including GDP growth and exchange rate parity. These variables are missing from the model, and the model is very likely misspecified. Therefore, the results might be biased and not BLUE.	1. We consistently used quarterly data from 2003Q1 to 2011Q4, and this has been shown in the data and methodology section. 2. GDP growth and Real Effective Exchange rate (REER) were introduced in all the three models, and we found a much better adjusted R². We conducted Ramsey RESET test and found that there is no omitted variable from all the three models.
<u>Minor</u> REVISION comments	The adjusted R-squared for the third model (effects of exports incentives on exports concentration) is very low (0.33) which is not acceptable for a time series regression model, suggesting that there are some missing variables in the model. In other words, the model is misspecified.	



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<u>Optional/General</u> comments	The literature review, and sources used in the text are relatively old.	Some of the old sources have been replaced with recent findings. However, we couldn't find freely accessible recent work in some areas due to unaffordable access fee to some of the articles.