Thank you very much for taking the time to read our paper and for your great comments. Please find the responses below:

Comment 1: *"It is important to present the sectoral distribution of firms importing inputs (whether they are firms producing high or low value-added products)"*

Response: This information could be extracted from the second part of Table 1, where the percentage of firms importing inputs in each industry is reported. Electronics, Chemicals and Machinery and Equipment are the sectors showing the highest percentages of imported inputs (36, 22 and 22% respectively). These are all industries producing high-value added products.

Comment 2: *"I think it is important to include a geographical variable showing whether the firm is located in Cairo or not. This is likely to have a significant impact on the probability of exporting".*

Response: Thanks for this remark. We will include this information in the revised paper. It is true that firms located in Cairo city or Cairo governatore show a premium location in comparison with firms located in other cities or regions. Nevertheless, as shown in Table R.1 below, firms located in Alexandria or Sharkiya also have an important international profile orientation.

Table R.1 International firms by Governatores distribution in our sample

Gov	Ony Export		Only Import		Import-Export	
	Freq.	Percent	Freq	Percent.	Freq.	Percent
Cairo	46	24.08	48	17.08	58	18.35
Alexandria	37	19.37	36	12.81	32	10.13
Port Said	3	1.57	1	0.36	3	0.95
Suez	0	0	0	0	1	0.32
Damietta	2	1.05	0	0	1	0.32
Dakahliya	3	1.57	12	4.27	5	1.58
Sharkiya	18	9.42	71	25.27	77	24.37
Qualyubia	21	10.99	43	15.3	37	11.71
Kafr-El-Sheikh	1	0.52	3	1.07	0	0
Gharbiya	20	10.47	14	4.98	34	10.76
Menoufiya	14	7.33	8	2.85	17	5.38
Beheira	4	2.09	2	0.71	11	3.48
Ismailia	3	1.57	3	1.07	1	0.32
Giza	14	7.33	40	14.23	39	12.34
Bani-Suef	5	2.62	0	0	0	0
Total	191	100	281	100	316	100

Comment 3: *"I am wondering why the authors do not include firm dummies to control for any unobserved characteristics of the firms.*

Response: The main interest is to estimated within-industry changes in average productivity and its relation with import and export activities. For this reason, Industry (k) and time dummies (t) have been included in the model to proxy for factors that are industry specific and time-invariant and for those that vary over time and are common

to all firms. These variables have been commonly included as control variables in models used to estimate the determinants of the decision to export; see for example Greenaway et al (2007) and Muûls and Pisu (2009).

<u>Comment 4:</u> *"Since imported inputs might improve the quality of exports, it would be interesting to examine whether imported inputs help firms export to more than one destination or not (market extensive margin) o to more than a product or not (product extensive margin)".*

Response: We totally agree with your comment. However, data concerning the number of export destinations or the number of products exported are not available in the dataset. Hence, it not possible with the data from The World Bank Enterprise Survey to obtain destination- and product-extensive margins.. The only question concerning exports destinations is… *"Which countries were the three biggest destinations of your establishment's exports"* so we have only information for the three biggest destinations. Concerning the main products the corresponding question is *"What are your establishment's three main products?".*

(*NOTE: The responses to the comments come from the corresponding author of the manuscript. The other co-authors may choose to add their own views in subsequent posts.*)