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

Comment 1: *"If there is not enough data available at least I would like to see a measure of aggregate tariffs at an industry level in both regressions."*

Response: Thank you for this suggestion, it is true that reforms were taken in 2005 in order to increase trade and facilitate doing business. For instance, the FTA concluded between the EU and Egypt in 2004, the FTA with EFTA and Turkey in 2007 or the AGADIR agreement in 2006. As the report well stated, we have only information at the industry level for firms, but not export destination or import origin. We can surely include as suggested an aggregate tariffs at an industry level variable, to control for trade facilitation.

Comment 2: *"The sample size is relatively small (519 firms) so it would be useful to know how much of the imports, exports and domestic sales these firms account for".*

Response: The sample is a representative sample according to the general methodology used in the World Bank Enterprise Survey (World Bank). Around 1200-1800 interviews are usually conducted in larger economies. The whole sample consists on 977 firms in 2004, 996 in 2007 and 1156 in 2008. We will clarify in the revised version of the paper that in our empirical application we use 519 firms for which panel data is available, i.e. they are interviewed in all three years. Hence we have around 50 percent of the original sample.

Comment 3: *"Regarding the exporter and importer premia, the authors should check whether the coefficients are different from one and different from each other. For example, having a quick look to the standard errors reveals that while it is clearly true that two way traders are in general more productive, are larger in both number of workers and sales and have more capital and investment, nothing can be said about the only exporters or only importers. Statements like only exporters have higher premia than only importers should be stated carefully as it seems to be wrong".*

Table 3. Exporter and importer premia

Dependent Variable	(1) $lnTFP_{i,t}$	(2) $lnwork_{i,t}$	(3) $lnsales_{i,t}$	(4) $lncapital_{i,t}$	(6) $lninvestment_{i,t}$
Export-only firms	1.088***	0.978***	1.272***	1.306***	1.209***
	(0.159)	(0.129)	(0.175)	(0.184)	(0.210)
Import-only firms	0.944***	1.016***	1.111***	1.146***	1.161***
	(0.123)	(0.107)	(0.134)	(0.183)	(0.189)
Two-way traders	1.342***	1.901***	1.697***	1.647***	1.628***
	(0.159)	(0.126)	(0.174)	(0.186)	(0.203)
$foreignowner_{i,t}$	0.615***	0.672*	0.561**	0.460*	0.429
	(0.223)	(0.245)	(0.236)	(0.250)	(0.279)
$lnwork_{i,t}$	0.441***		0.643***	0.549***	0.586***
	(0.0279)		(0.0317)	(0.0377)	(0.0401)
Constant	5.111***	3.377***	5.468***	5.485***	3.780***
	(0.379)	(0.466)	(0.426)	(0.425)	(0.587)
Observations	1,978	2,547	1,985	1,963	1,968

Number of firms	518	519	518	519	519
Year dummies	yes	yes	yes	yes	yes
Industry dummies	yes	yes	yes	yes	yes
Rho	0.168	0.522	0.150	0.212	0.238
Wald test: Chi2	1126	345.62	1818	841.9	941.3
p-value	0	0	0	0	0

Note: Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1.

Response: We have check whether the coefficients are different from one and different from each other, as suggested by the referee. The results indicate that we cannot reject the null hypothesis that only exporters and only importers have an equal premium in terms of TFP and number of workers (size). However, in terms of sales, capital and investment, exporters have a significantly different (higher) premium than importers. In the revised version we will mention the tests and the corresponding outcome and correct the ambiguous statements.

Comment 4: *"I would reflect about certain results obtained here. TFP affecting the extensive margin of imports but not exports, Firm size does not affect the probability of importing. These results could in principle being challenging from a theoretical point of view: Could the inexistent effect of TFP on exporting being captured by the TFP effect on importing? The result of firm size needs more elaboration: Are you thinking that for some specific sectors (at a very disaggregated level) some foreign inputs are essential to produce so firm size does not affect the probability of importing".*

Response: Thank you for this comment and for the explanation given, which we find plausible. It is true that industry characteristics could be affecting firm's behaviour. And to account for it we include in our regression industry dummies. Nevertheless, as you can observe in the table below, showing the average number of workers by industry and also the percentage of imported intermediates used in the production by industry, industries using a higher percentage of imported inputs are not necessarily the firms with the lower average number of workers.We will further elaborate this argument in the revised version of the paper.

Table 1. Sample composition by trade status

Industries	N.Firms	Import-only	Export-only	Two-way traders	Domestic	Average N.Workers	% of imported input used
Agro industries	8	16%	11%	13%	60%	231	18
Chemicals	34	22%	9%	26%	43%	138	22
Electronics	7	36%	0%	0%	64%	95	23
Garments	60	5%	7%	8%	80%	89	8
Machinery and equipment	12	22%	11%	20%	47%	215	19
Metal industries	100	13%	8%	11%	68%	124	11
Non-metal industries	53	9%	7%	8%	76%	87	8
Other industries	154	8%	8%	13%	71%	187	10
Textiles	91	12%	7%	13%	68%	306	14
Total	519						