

## Referee Report on Gains from Trade due to Within-Firm Productivity: Does Services Exporting Matter?

The paper analyzes gains from trade due to rising within-firm productivity in presence of services exporting by means of the complementarity between exporting goods and/or services and productivity enhancements. They use firm-level data from Turkey for the period 2003-2011. They find that firms that export both goods and services throughout the sample have higher productivity compared to all other firms in the sample.

The paper provides descriptive analysis and contributes to the literature by using different trading status of the firms to analyze the relationship between productivity and trading status. I have some comments as below which I believe would improve the paper.

### Major Comment:

- GATS classify services trade in 4 modes. In your paper you need to specify which modes of services trade included.
- You have used sector fixed effects, however, as an exercise it would be good to see these regressions at 2-digit sectoral cuts. This would give you an opportunity to observe if there are marked sectoral differences in terms of the role of services trading on productivity or productivity growth.

### Minor Comments:

- On page 4, please use the variables in equations (2) and (3) as used in (1) and make the necessary changes in Table (1).
- Moreover in Eqn (4)  $lp$  represents of logarithm of productivity whereas on page 4 it represents labor productivity. Please be consistent.
- On page 5, section 3.1 please explain what you mean by descriptive regressions and give reference to the necessary literature.
- In equation (4) please use another greek letter to denote sector fixed effects since you used gamma as one part of the error term in previous equations.