

## **Comments on “Gains from trade due to within-firm productivity: does services exporting matter?” by N. Nergiz Dincer and Ayca Tekin-Koru**

This paper investigates whether the export status, especially the services exporting, is associated with higher firm-level productivity levels and higher firm-level productivity growth rates in Turkey from 2003 to 2011. Authors first use micro data to filter out some measures of productivity at the firm level. Then, they create a set of dummy variables that determine the exporting status and that enter (pooled and panel) regressions of productivity levels and growth rates as exogenous variables. Results indicate that firms that export both goods and services for the entire sample have higher productivity levels. Authors also find that firms switching from goods exporting to goods and services exporting have higher productivity levels. The third result of the paper is the irrelevance of the services exporting for productivity growth.

The paper is well-written and to the point. I believe that it extends our understanding of the trade-productivity nexus for the Turkish economy. As advances in theory require empirical work in the field of international trade to focus on firm-level data, authors merge two different micro data sources to obtain a panel of over 12,000 firms.

In what follows, I present two suggestions that I think would improve the paper and some typesetting and grammar corrections.

### **Suggestions**

1. Authors may allocate more space to the related literatures in Introduction. First, while authors cite a collection of papers that investigate the complementarity between exporting and investing in technology, a few sentences that indicate main empirical lessons from this literature would benefit readers. Second, a brief discussion of how this paper is related with other firm-level studies conducted for the Turkish economy would clarify the contribution of the paper to the existing literature.
2. I believe the discussion of methodology in Page 4 is not perfectly clear. For instance, Eq. (1) has an index variable “k” that remains undefined. The distributional assumptions regarding the unobserved terms, for example, may be shown explicitly. Another point of confusion is that the authors’ statement that they lose 21% of their sample while calculating TFP1 but Table 3 reports the same number of firms for all estimations including the one using TFP1.

### **Typesetting and grammar corrections**

1. “depreciation” appears twice in the first paragraph of Section 2 on Page 3.
2. The first sentence in Footnote 2 on Page 4 should correctly read “... the two most commonly used productivity approaches...”
3. “g” is missing in front of  $X_{i,t}both_{i,t+k}$  in the second line of the paragraph following Eq. (6) on Page 7.
4. The last sentence on Page 9 should correctly read “... export status of these firms...”
5. Footnote pointers in the text should appear consistently either after commas and full stops as in Footnote 1 or before them as in Footnote 2.