

## Referee report on “Gains from trade due to within-firm productivity: does services exporting matter?”

The paper uses Turkish firm-level survey data to investigate the effect of exporting status on firm’s productivity. The main result is as follows: firms that engage in both goods and services exports throughout the study period are found to be more productive in comparison to any other characterization of firms. While this is an interesting observation, the paper would benefit by addressing the following comments.

1. It is not clear as to what is meant by “both periods” or “two periods” in the paper. The time period for the study is mentioned to be from 2003-2011. The main regression equation (eq. (4)) is based on 16 dummy variables that have been constructed based on exporting status of firms for “both periods”, or “first period” or “second period”. Is there a cut-off point in the time period that separates the “first period” from the “second period”? Or, the sample during this time period (2003-2011) has been compared to the sample from a different time period?
2. pp. 3: It is not clear what is meant by “balanced panel” given that there are 12,660 firms over the 9-year time period (2003-2011) which does not make it a balanced panel.
3. It is not clear what additional insight is obtained from Table 4 since all the dummy variables of importance are found to be statistically not significant. Hence Sec 3.2 can be left out from the paper.
4. From Table 3, the coefficients for firms that export both goods and services throughout this time period (*Always\_both*) are followed by that for firms that change their exporting status from goods exporters to services exporters (*Jumper\_g\_X\_2\_s\_X*). The paper needs give some explanation as to why firms that move on to services exports away from goods exports are more productive than, for example, firms that always exports services. The analysis on productivity growth (Sec. 3.2) can be modified to focus on this result.
5. Eq. 4: Needs to change  $s = 1$  to 16 (instead of 15).
6. Given that firm size is an important indicator of productivity, the regression models (eq. (4)) should control for firm size.
7. There should be some reference to which industries have been characterized as the goods sectors, and which industries as the services sectors.
8. pp. 12 Table 1: “Raw material divided by”?