Value Chain Integration and Firm Productivity: Evidence from Turkish Manufacturing
Yılmaz Kılcıçaslan, Uğur Aytun, Oytun Meçik

Discussion by
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Contribution of the paper

- Highly relevant topic
- Unique firm-level dataset
- Interesting results
Summary of the paper

• Examines how manufacturing firms’ position in value chains affects their labour productivity
• Both domestic and global value chains
• Intermediate supplier and consumer position
• Turkish firm-level data (20e population, years 2003-2015, combination of a survey and hard data)
• Results by size class and technology intensity
Main conclusions of the paper

• Participation in value chains does not necessarily bring higher firm productivity
• Consumers show higher productivity regardless domestic or global value chain participation, but suppliers, especially in domestic value chain, exhibit lower productivity
• Smaller firms tend to benefit more from the consumer position in GVCs (large ones in DVCs)
Comments

Trade Openness

GVC Participation

Note: Gross exports as a share of gross domestic product
Source: CompNet Diagnostic Toolkit for Competitiveness

Note: Foreign inputs and domestically-produced inputs as a share of gross exports
Source: CompNet Diagnostic Toolkit for Competitiveness
Approx. 15% consumers involved in GVCs

... only less than 0.5% suppliers involved in GVCs

A simple table comparing absolute (average or last year) numbers of GVC and DVC suppliers and consumers would be useful to include in the paper.

Source: Kiliçaslan et al. 2020

Discussion of Kiliçaslan et al. 2020: Value Chain Integration and Firm Productivity: Evidence from Turkish Manufacturing
Accetturo and Anna Giunta (2016, 2018) find (much) higher share of GVC suppliers and lower share of consumers (purchasers) in Germany or Italy.

What could be the reason for so different shares?
- Sample vs. population
- Industrial structure
- Firm concentration
- Level of development
- Other factors?
Table 2: Measurement of GVC/DVC-supplier/consumer

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier</td>
<td>=1 if firm is exporter and PTO/Sales &gt; 0.51</td>
<td>=1 if firm is non-exporter and PTO/Sales &gt; 51%</td>
</tr>
<tr>
<td>Consumer</td>
<td>=1 if firm is intermediate good importer</td>
<td>=1 if f DCI/Expenses &gt; 15%</td>
</tr>
</tbody>
</table>

Source: Kiliçaslan et al. 2020

Note: domestic customized intermediaries (DCI), produced to order (PTO)

In Accetturo and Anna Giunta (2016, 2018) supplier has PTO/sales = 100 and the share of suppliers is still much higher.

=> More discussion on the chosen definition would be welcome in the paper
Questions

- How is PTO defined in the survey?
- Why not TFP instead of LP? (at least as an additional robustness test)
- Have you considered to split the sample? (lower share of GVC suppliers after the crisis mentioned in the paper)
- Do you expect further decline in the share of suppliers after the COVID-19 crisis?
- What is your view? How hard are the Turkish trade and value chains hit by the COVID-19?