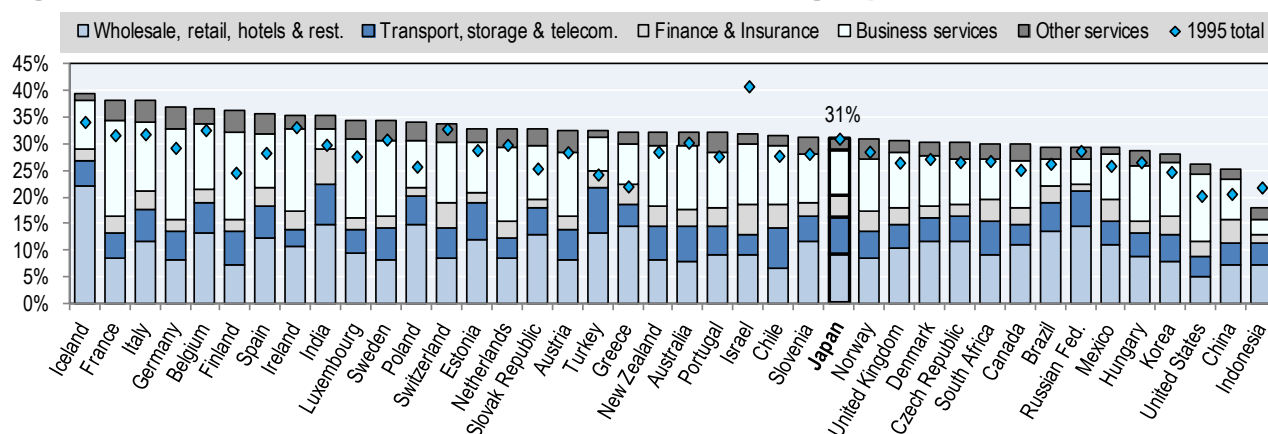


Competitiveness in manufacturing GVCs: the role of services

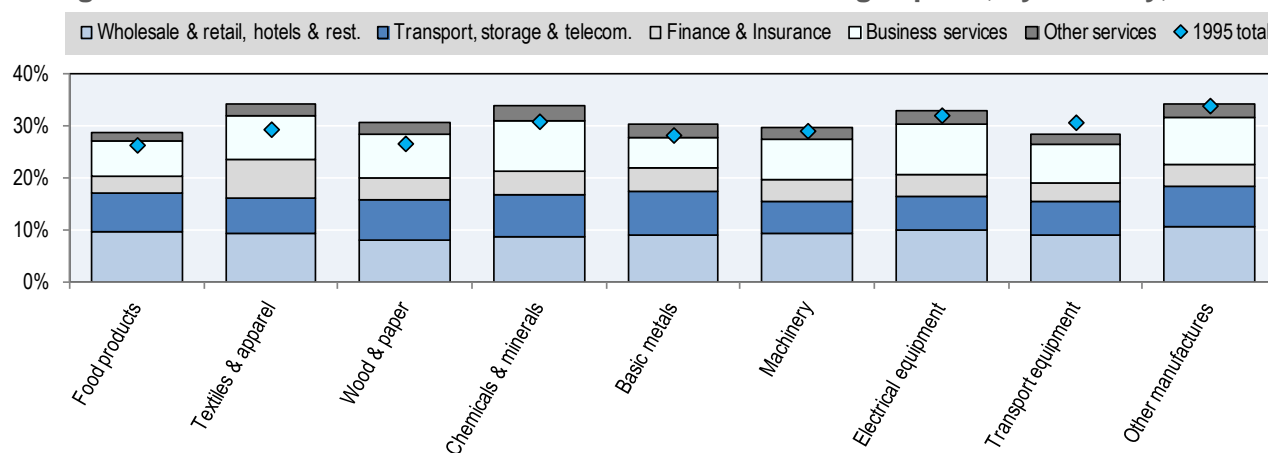
Manufacturing today involves much more than the pure production of goods and increasingly includes service-related activities both upstream and downstream in the value chain. Manufacturing exports include significant value added from service industries⁷: firms increasingly use logistics, communication services, business services, etc. to facilitate the efficient functioning of GVCs. In addition, services (e.g. design, development, marketing, warranties and after-sales care) help to differentiate, customise and upgrade products, enabling firms to capture more value.

Figure 7. Services value added embodied in manufacturing exports⁸, across countries, 2009



- Almost one third of the value of Japanese manufacturing exports represents services value added: especially business services, distribution services and financial services; in contrast to most other countries. The importance of services for manufacturing exports has not grown between 1995 and 2009 but has remained stable (Figure 7).
- Exports of different manufacturing industries show a similar distribution across service sectors; business and distribution services are the most prevalent categories in the exports of each manufacturing industry. (Figure 8). The services value added content of exports has fallen in the transport equipment industry.

Figure 8. Services value added embodied in manufacturing exports, by industry, 2009



Note: 7) The results only account for traded services and thus represent a lower bound of the contribution of services to manufacturing exports. R&D services for example are often performed in-house.

8) Distribution services for final goods are not included.