

## **Decomposing service value-added content of international trade: the roles of distribution, business services and non-resident activities**

Topic: Capturing Production Heterogeneity I

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In recent years, analyses using national input-output tables and measures of Trade in value added from inter-country input-output (ICIO) tables have revealed increases in the service content of gross trade flows for many economies. Rises in service content are often associated with changes in business practices and the spread of domestic and international outsourcing activities, improvements in productivity and upgrading opportunities for global exporters. However, estimates of service content from conventional national and inter-regional I-O frameworks are blending diverse functions of the service sector. Using data sources produced to compile a 62 country ICIO system, this study explicitly differentiates the functions of services activities within a service industry in a national economy and proposes a methodology to capture economic and labour impacts engaged to meet foreign demand. In particular, the impacts of exports on international and domestic transportation and distribution sectors and non-residents direct purchases through tourism activities are estimated.