

# Service outsourcing in manufacturing production and the task content of trade in services

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## Abstract

This paper sheds light on the service outsourcing of manufacturing in Japan using a task approach. Using Input-Output tables, this paper examines the input structure of intermediate services used in manufacturing production. In addition, the diffusion effect is calculated using input-output analysis to measure the direct and indirect demands of manufacturing exports for service inputs. The main findings are threefold. First, most service inputs are procured from domestic suppliers. Imported service inputs account for less than 1% of intermediate inputs in most sectors. Second, service outsourcing is highly observed in labour-intensive light manufacturing sectors, and the main source of service inputs is sectors in Business services. Third, manufacturing exports generate a large demand for indirect service inputs, even in sectors where the direct transactions with manufacturing sectors are not large. This suggests that even sectors without direct transactions with manufacturing have benefited from manufacturing exports.

Keywords: Trade; Task content; Labour structure; Servicification; Service inputs

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