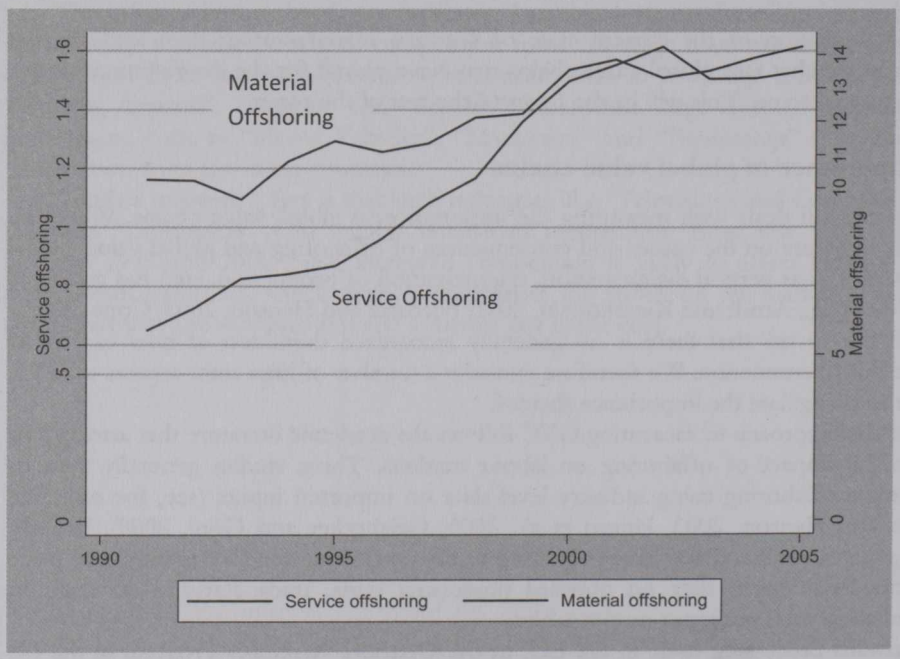
statistics to infer whether trade in some particular industry is trade in intermediates or final goods, as for example in the papers by Yeats (2001) and Hummels et al. (2001). Finally, input-output tables in combination with trade statistics have been used by, for example, Feenstra and Hanson (2003), Geishecker and Görg (2008), and Amiti and Wei (2005) to evaluate outsourcing. This measure may be considered the most appropriate because it enables scrutinizing developments across industries and time simultaneously, which is problematic with the mentioned two other measures. Another advantage of using input-output tables is that they allow considering not only material imports but also imports of services which is arguably an important facet of the newer wave of offshoring from industrialised countries.

We use thus input-output tables for Germany to calculate the importance of imports of intermediates relative to total output in an industry across manufacturing sectors in Germany, Based on the approach by Geishecker and Görg (2008), for the period 1991 to 2005.[4]

Figure 2 shows the importance of imported intermediate materials and services inputs for German manufacturing overall. The scale for services outsourcing is on the left and that for materials outsourcing on the right hand side of the graph. Note, firstly, that the absolute level of materials is substantially higher than that of services outsourcing. However, the growth rate of services outsourcing is much stronger. All in all, this figure shows that Global Value Chains appear to be growing in importance for German manufacturing overall.

Figure 2: Imported intermediates relative to output



Source own calculations following Geishecker and Görg (2008)

[4] See the appendix for an exact description of the construction of the outsourcing measures.