

Table 7: Employment in firms relocating abroad

	Employees	Companies that relocated until 2006	Companies planning to relocate
		Number	%
<b>Aggregate</b>	7 964 478	28.8	17.0
<b>Divided in industries</b>			
Manufacturing industry	4 151 318	38.2	(28.4)
Other manufacturing industries	428 530	(8.9)	(3.6)
Catering and hotel industry and commerce	1 386 802	1.6	(1.0)
Transport and communication	/	/	/
Real Estate business and other services	1 137 924	34.7	1.6
<b>Divided in technology areas</b>			
Manufacturing industry with intense use of technology	2 508 816	(45.5)	(35.8)
Other manufacturing industries	1 642 502	27.1	17.1
Knowledge driven industries	504 376	21.1	11.3
Other areas	3 308 784	/	3.5
<b>Divided in employment-size classes</b>			
100 to less than 250	2 044 650	14.1	8.4
250 to less than 500	1 297 321	20.5	13.3
500 to less than 1000	1 047 468	24.7	16.7
1000 to more ...	3 575 039	(41.4)	(23.3)

Source: Statistisches Bundesamt (2008). "/" means that this number is uncertain and thus not disclosed by the Statistical Office.

While table 7 is about the total employment in firms with realized or planned relocations, it does not provide any information on whether or not employees are affected by these relocations through, for example, wage cuts or job losses. This and other consequences of offshoring, are the focus of a later sections and will be discussed after we consider the possible causes for entering into global value chains.

### Causes for entering in global value chains

The data in section 3 show that global value chains are an important aspect of German manufacturing, irrespective of the type of measure used. To understand the role of global value chains, then, it is important to understand the driving forces for such involvement in GVCs, or offshoring. To do so, we focus on answering three related questions:

- Why do firms offshore activities that they previously carried out themselves?
- Where do firms offshore their inputs?
- What types of firms offshore?

We firstly discuss these issues in general terms, and then focus on the particular case of Germany.