

## **Tradable Services: Understanding the Scope and Impact of Services Offshoring**

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We develop a new empirical approach to identifying tradable service activities. Contrary to conventional views of service activities as nontradable, we find a significant number of service industries and occupations that appear to be tradable and substantial employment in these tradable activities. Workers employed in tradable services activities differ from workers employed in tradable manufacturing and nontradable services. Workers in tradable service activities have higher skill levels and are paid higher wages than manufacturing workers or workers in nontradable service activities. In general, we find little evidence that service activities that are tradable have a lower rate of employment growth than other service activities. However, at the lowest end of the skill distribution there is suggestive evidence of a lower employment growth rate. There is also evidence of higher worker displacement rates in tradable services. Workers displaced from tradable service activities are different from displaced manufacturing workers; displaced tradable service workers have higher skills and higher predisplacement earnings than displaced manufacturing workers.