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Servicification for economic diversification

Note by the UNCTAD secretariat

Summary

Servicification, the growing use of services as inputs across all sectors, is increasingly driving structural transformation, economic diversification and participation in global value chains. Traditional services and, increasingly, knowledge-intensive and digitally deliverable services, are embedded in goods and services exports and underpin production in agriculture, manufacturing and services.

Evidence from developing regions shows that servicification can offer opportunities to diversify and upgrade economies and participate in higher-value segments of global value chains. Digitalization has expanded these possibilities but has also introduced new barriers, and outcomes depend on national conditions. Three areas are critical for policymakers: infrastructure; a conducive regulatory environment for the production and supply of services; and human resources, encompassing appropriate skills development.

Trade policy plays a key cross-cutting role that reflects the central importance of regulation in governing trade in services. As trade agreements increasingly cover services and digital trade, many developing economies face a major constraint: insufficient data on trade in services and services embodied in production. Closing these data gaps is essential for evidence-based trade policy, informed negotiations and ensuring that servicification becomes a driver of inclusive structural transformation.

Introduction

1. The substantive topic for the twelfth session of the Multi-year Expert Meeting on Trade, Services and Development, servicification for economic diversification, was approved by the Trade and Development Board through a silence procedure that ended on 15 December 2025.[1]

2. The topic responds to the mandate provided through the sixteenth session of the United Nations Conference on Trade and Development, at which member States the Geneva Consensus (TD/561/Add.2). In particular, the meeting contributes to paragraphs 80.14 and 80.15 of the Geneva Consensus, which calls on UNCTAD to "continue to support and promote activities and initiatives in developing countries through the improvement of trade in services" and to "continue to improve the collection, accessibility and use of services trade data to inform policy decisions, to enable all, particularly women and microenterprises and small and medium-sized enterprises, to leverage and benefit from trade in services and support the development of services-led trade export strategies with analysis of competitiveness".

3. Background on servicification, the increasing use of services as inputs across all sectors, and the relevance of servicification for economic diversification are provided in the present note. A review is made of key global and regional servicification patterns, selected empirical case studies are presented that illustrate how servicification can support upgrading and diversification, and the main policy factors shaping servicification outcomes are discussed. In particular, the note contains an examination of the role of trade policy through a review of recent trade agreements and highlights of emerging priorities related to infrastructure, the regulatory environment and skills deployment. Persistent data gaps in services trade and services embodied in production are noted, underscoring the importance of improved data to support evidence-based policymaking.

I. Servicification and economic diversification

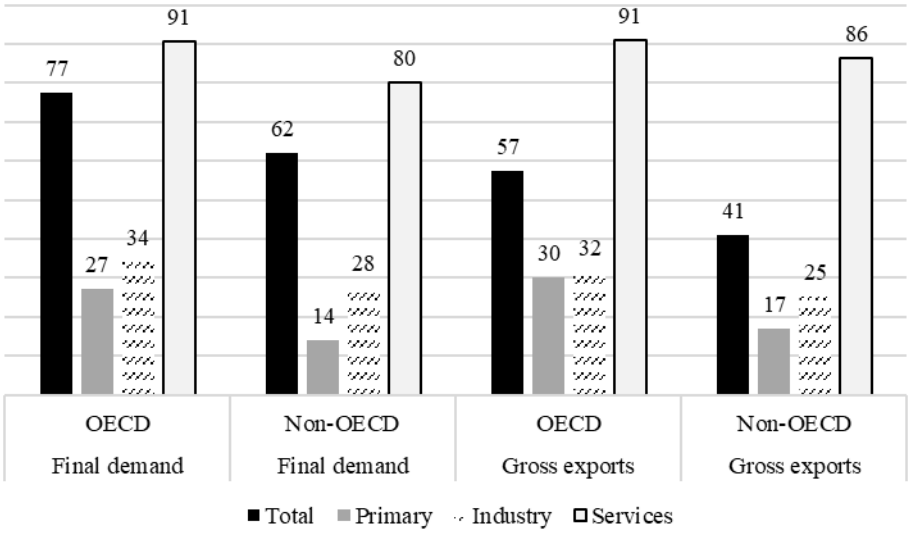
4. Servicification has emerged as a key driver of economic diversification, structural transformation and participation in global value chains. Servicification refers to the trend of both traditional services (such as transport, travel and other business services) and knowledge-intensive and digitally deliverable services (such as insurance and financial services, telecommunications, computer and information services, research and development services, professional and management consulting services, health services, education services and so on) being increasingly embedded as intermediary inputs in the production and exports of goods and services.

5. By 2022, services comprised 71 per cent of global intermediate inputs, including 18 per cent in primary industries and 31 per cent in manufacturing.[2] This reflects the important role of servicification, as services underpin production across sectors. However, patterns differ between advanced and developing regions, with more advanced economies relying more heavily on services inputs. Similar differences are observed in the shares of services embodied in gross exports (figure 1).

[1] See also TD/B/EX(78)/2.

[2] Organisation for Economic Co-operation and Development (OECD), trade in value added database (accessed November 2025), data on intermediate inputs to production processes.

Figure 1
Services underpin production across all sectors: Intermediate inputs used for final demand and gross exports, 2022
(Percentage)



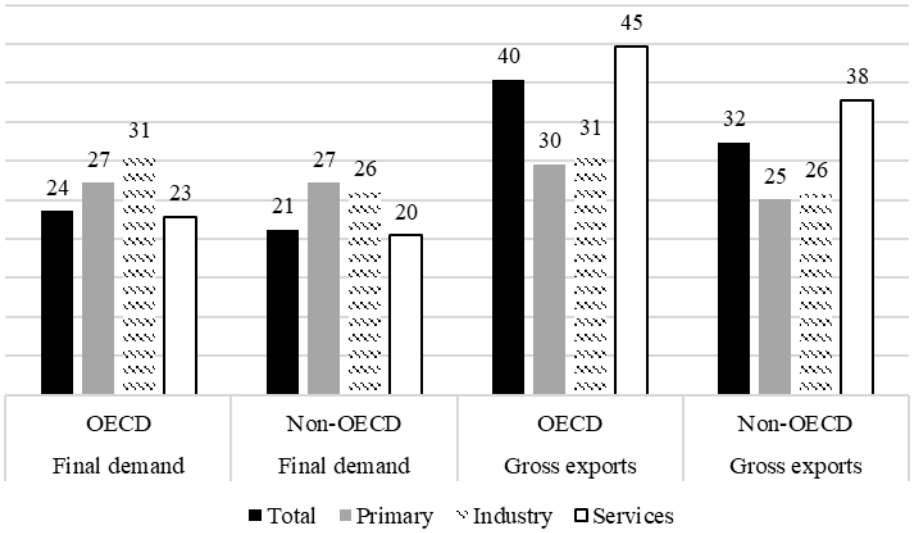
Source: OECD, trade in value added database (accessed November 2025). The database covers 38 OECD and 38 non-OECD countries.

6. Servicification is largely driven by knowledge-intensive services and digitally deliverable services, which play a key role in upgrading and value creation. As shown in figure 2, knowledge-intensive services account for a substantial share of services inputs, particularly in advanced economies and in services embodied in gross exports, thus highlighting their importance for competitiveness and structural transformation.

7. Digitalization further reinforces these trends by making many services tradable at scale. As seen in figure 3, digitally deliverable services represent more than half of services inputs in final demand across economies, which points to significant potential for digital servicification. Large gaps remain, however, in the ability of countries to effectively supply and use these services that underscore persistent disparities in digital and knowledge-intensive integration. For example, digitally deliverable services currently represent 56 per cent of global services exports (7.1 per cent annual growth between 2015 and 2024), though stark divides persist. In developed economies, digitally deliverable services make up 61 per cent of services exports, while the share is only 16 per cent in the least developed countries.[3]

[3] UNCTADstat database, export data (accessed November 2025).

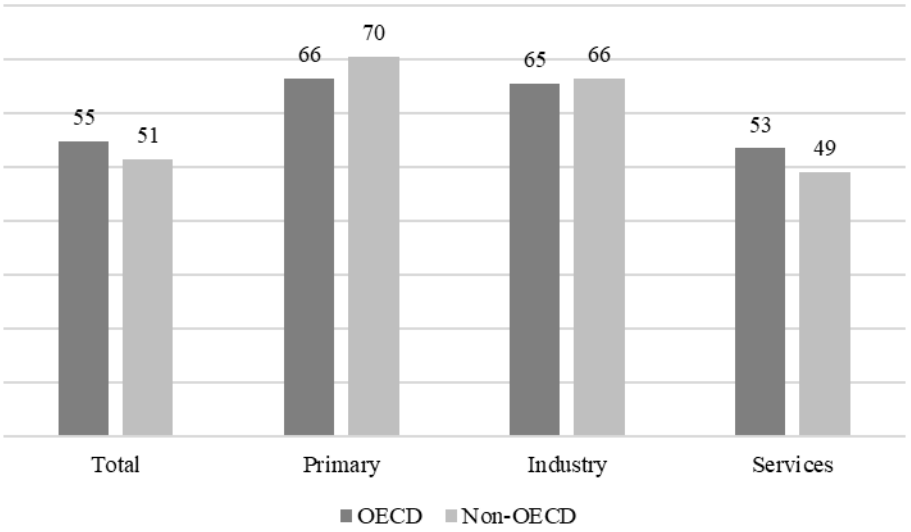
Figure 2
Knowledge-intensive services as a share of services inputs used in the production and exports of all sectors, 2022
(Percentage)



Source: OECD, trade in value added database (accessed November 2025). The database covers 38 OECD and 38 non-OECD countries.

Note: Knowledge-intensive services include the categories of information and communication activities; financial and insurance activities; and professional, scientific and technical activities.

Figure 3
Digitally deliverable services represent more than half of almost all services inputs, in final demand, to all sectors, 2022
(Percentage)



Source: OECD, trade in value added database (accessed November 2025). The database covers 38 OECD and 38 non-OECD countries.

8. For developing countries that lack large manufacturing bases, servicification offers pathways into higher-value segments of global value chains, enabling a shift from commodity dependence and low skilled labour-intensive production to more complex goods-and-services production.

9. Digital and knowledge-intensive services shorten production cycles and enable low-cost global reach, while transport and logistics services can reduce trade costs. Digital and knowledge-intensive services also facilitate participation in global value chains and allow countries to specialize in design, logistics and other support services that complement goods production. Digitalization accelerates servicification, particularly in exports based on information and communications technology (ICT), while persistent skills gaps may act as barriers to higher-value participation.[4] Digital platforms play a key role in lowering barriers to services exports, but there is a need for robust infrastructure, cross-border data rules and digital skills to enable integration into global value chains.[5]

10. Services embedded in manufacturing accelerate production, support upgrading and shift value creation closer to end markets.[6] Services drive structural transformation in developing countries through trade, technology and skills, boosting productivity across sectors[7]

11. In developing economies, although services are the dominant economic activity and account for more than 50 per cent of gross domestic product,[8] their role in global value chains remains underrecognized due to persistent data gaps.[9]

II. Preliminary empirically based findings on servicification

12. Data from firm-level and country studies in Africa, Asia and Latin America suggest that servicification can support structural transformation and economic diversification in the primary, manufacturing and tourism sectors. Servicification does so by potentially helping firms to upgrade processes and products and to shift towards higher-productivity activities.

13. While informative, the case studies presented below reflect context-specific experiences and are intended as illustrative rather than representative of generalized regional or country-level dynamics. In addition, results vary widely across countries and depend on factors such as digital infrastructure, skills, institutions and complementary policies.

[4] See European Bank for Reconstruction and Development, 2024, *Transition Report 2024-25: Navigating Industrial Policy*, Promoting structural change, London: 40–69.

[5] World Bank and World Trade Organization, 2023, *Trade in Services for Development: Fostering Sustainable Growth and Economic Diversification*, Washington, D.C., and Geneva.

[6] Miroudot S and Cadestin C, 2017, Services in global value chains: From inputs to value-creating activities, OECD Trade Policy Papers, No. 197, OECD Publishing, Paris.

[7] See, for example, Nayyar G, Hallward-Driemeier M and Davies E, 2021, *At Your Service? The Promise of Services-Led Development*, World Bank, Washington, D.C.

[8] UNCTADstat database, gross domestic product data (accessed January 2026).

[9] This underrecognition reflects the lack of national input–output tables and firm level data in many developing economies. While the OECD trade in value added database covers 38 OECD countries and 38 non-OECD economies, it provides no value added information for many other developing economies; firm-level data that could offer additional insights are also largely unavailable in most of these economies.

14. Research on the tourism sector of Chile[10] indicated that incorporation of digital services has been linked to the competitiveness of hotel firms, highlighting the potential impact of digital transformation in tourism. Data collected through face-to-face interviews suggested that digital transformation and service automation solutions are linked to long-term financial performance in the tourism sector. However, findings also indicated that transformation success depends on the availability of several critical enabling factors, including transformational leadership aligned with a strategic vision, organizational cultural change and the development of new digital skills.

15. Firm-level evidence from China suggests that servicification may support upgrading within manufacturing value chains. For example, the intensive use of research and development, design, logistics and marketing services has been associated with upstream and downstream global value chain upgrading, potentially propelling firms from low-skill processing to branding and service-intensive activities.[11] Firm-level research using data from the China Stock Market and Accounting Research Database, customs records and city yearbooks suggests that digitalization can amplify servicification in manufacturing and thus enable firms to scale service-oriented products and support the services-driven industrial model of China.[12]

16. Similar dynamics have been identified in other developing economies, albeit in different sectors. Services are reported to play an enabling role in the economic and sectoral transformation of Kenya, specifically through their integration into productive value chains. In Kenya, where services account for almost 60 per cent of gross domestic product,[13] services (particularly logistics, testing and certification, and financial services) are important in horticulture for delivering high-value organic exports to premium international markets.[14] Though direct contributions of services to employment, exports and gross domestic product may be limited, indirect effects through productivity gains and innovations appear to be significant over the long term. The magnitude of these impacts depends on complementary policies, institutional coordination across service sectors and effective management of exchange-rate dynamics.

17. Literature on renewable energy value chains further illustrates how servicification can support upgrading. A study on South African wind energy suppliers finds that local suppliers achieved upgrading by providing professional engineering, project development and after-market services for imported turbines.[15] In this context, by expanding to these new service activities, local suppliers managed to capture substantial value added, including through regional exports.

18. The ICT infrastructure and digital telecommunications ecosystem of Viet Nam are important enablers of services trade and productivity growth that support structural shifts towards higher-value activities. Available firm-level transaction data indicate that services exports are associated with higher firm productivity, with the rapid expansion of the telecommunications sector. The latter is also supported by private investment and growing participation from corporate and financial investors, which play an enabling role.[16]

[10] See Farías A and Cancino CA, 2021, Digital transformation in the Chilean lodging sector: Opportunities for sustainable businesses, *Sustainability*, 13:8097.

[11] Du Y and Agbola FW, 2024, Servicification and global value chain upgrading: Empirical evidence from China's manufacturing industry, *Journal of the Asia Pacific Economy*, 29(2):739–761.

[12] Wang W and Thangavelu S, 2024, Does digitalization promote the servicification of manufacturing in China?, Discussion Paper No. 511, Economic Research Institute for ASEAN and East Asia.

[13] UNCTADstat database (accessed January 2026).

[14] Khanna A, Papadavid P, Tyson J and te Velde DW, 2016, *The Role of Services in Economic Transformation – with an Application to Kenya*, Khanna A, Papadavid P, Tyson J and te Velde DW, Sustainable Economic Transformation, London.

[15] See Hansen UE, Nygaard I, Morris M and Robbins G, 2022, Servicification of manufacturing in global value chains: Upgrading of local suppliers of embedded services in the South African market for wind turbines, *Journal of Development Studies*, 58(4):787–808.

[16] Nguyen C and Thangavelu S, 2025, Trade, structure adjustment in the economy and productivity growth in Viet Nam: Shifting to service sectors, in: Kimura F, Thangavelu SM, Findlay C and Chen L, eds. *Services Global Supply Chains in ASEAN and East Asia*, Springer, Singapore: 227–252.

19. In addition to country-level cases, several multi-country and regional studies provide broader analytical insights into servicification patterns. Analysis of trade in value added at the level of the Association of Southeast Asian Nations (ASEAN) indicates a strong correlation between imported technology-intensive business services and export competitiveness in agriculture and mining.[17] Similarly, sector-level global value chain data from Asian economies[18] points to widespread servicification, with varying reliance on foreign and domestic services inputs depending on countries' positions in value chains. Economies with deeper participation in global value chains but lower value-chain positions tend to rely more on foreign services embedded in manufacturing exports, while those positioned higher make greater use of domestic services.

20. Regional analysis of manufacturing in Latin America using the OECD trade in value added database suggests a different configuration. Servicification seems to rely more heavily on domestic services inputs and has been associated with more limited competitiveness gains, reflecting structural constraints in domestic service sectors, such as scale, technological intensity and linkages with manufacturing. [19]

21. Overall, these studies highlight the importance of technology-intensive services, together with technological upgrading and institutional capacity, in shaping the role of servicification in competitiveness and value-chain integration.

III. Policy instruments for servicification, diversification and development

22. Servicification outcomes vary widely across countries depending on specific national capacities. Harnessing the developmental and diversification potential of servicification depends on coordinated action in three critical areas: digital infrastructure, regulation and skills.

23. **Digital infrastructure**. As services become increasingly deliverable by digital means, and as the production of goods and services relies ever more on digitally enabled services, affordable, reliable and high-quality connectivity is essential to enable services to be accessed, supplied and integrated across sectors. However, data show digital divides in both access and quality, within and between countries. In 2024, 83 per cent of urban residents used the Internet compared with 48 per cent of rural residents. Cross-country gaps are also stark: fifth generation mobile technologies, known as "5G", covered 84 per cent of people in high-income countries but just 4 per cent in low-income countries, while "4G" reached 92 per cent globally but only 52 per cent in low-income countries. Affordability remains a key barrier, with mobile Internet costs in Africa estimated at 14 times those in Europe in 2024.[20]

[17] Avendano R, Bontadini F, Mulder N and Zaclicever D, 2020, *Latin America's Faltering Manufacturing Competitiveness: What Role for Intermediate Services?*, Economic Commission for Latin America and the Caribbean (United Nations publication, Santiago).

[18] Thangavelu S, Wenxiao W and Oum S, 2017, Servicification in global value chains: The case of Asian countries, Discussion Paper Series No. 2017-12, Economic Research Institute for ASEAN and East Asia.

[19] Avendano R et al., 2020.

[20] International Telecommunication Union, 2025, *Measuring Digital Development: Facts and Figures 2025*, Geneva.

24. **Skills**. Firms require a combination of technical, managerial and complementary skills to use services effectively as inputs and to develop higher value added service activities. The UNCTAD *Technology and Innovation Report 2025* highlights skills and firm-level capabilities as key conditions for translating artificial intelligence and digital technologies into productivity gains, particularly in developing economies.[21] Available enterprise-level evidence suggests that ICT adoption remains uneven and often limited in developing economies. For instance, in the textile and clothing industry of Türkiye, many small and medium-sized enterprises have adopted digital tools, such as websites and messaging applications, to connect with foreign buyers. Yet limitations in skills and organizational learning continue to constrain the effective use of digital technologies for design, coordination and other higher value added services.[22, 23]

25. **Regulatory environment**. The use of services as productive inputs is shaped primarily by domestic regulation and cross-border regulatory frameworks. These influence the conditions under which services can be supplied, such as licensing and authorization procedures, professional and technical standards, competition-related disciplines and data governance. While regulatory environments enhance predictability and interoperability, firms may be better positioned to access services inputs and engage in higher value added activities. For developing economies, the extent to which regulatory frameworks support diversification depends on regulatory coherence, implementation capacity and complementarities with domestic policies.[24]

26. In sum, these three critical areas – or dimensions – are mutually reinforcing: infrastructure enables service delivery, skills allow services to be effectively supplied and embedded in value chains, and the regulatory environment determines the effective use of services across borders.

IV. Trade agreements as an enabler of servicification

27. Trade policy shapes the conditions under which services can be accessed, supplied and combined with other production inputs across borders.

28. Trade agreements constitute an important international channel through which countries articulate and formalize trade-related policy priorities. Empirical data suggest that trade agreements that combine wide coverage with substantive digital trade commitments support servicification and upgrading within global value chains.[25]

29. Digital trade rules can promote servicification by lowering regulatory heterogeneity, enhancing legal certainty, and supporting cross-border collaboration and innovation.[26] In contrast, restrictive digital trade measures (for example, limitations on cross-border data flows) tend to constrain services inputs and weaken value-chain integration.[27]

[21] UNCTAD, 2025a, *Technology and Innovation Report 2025: Inclusive Artificial Intelligence for Development* (United Nations publication, Sales No. E.25.II.D.1, Geneva).

[22] Divrik B and Baykal E, 2024, Turkish textile and clothing SMEs: Importance of organizational learning, digitalization, and internationalization. *Autex Research Journal*, 24(1): 20230043.

[23] On skills, see also European Bank for Reconstruction and Development, 2024.

[24] See UNCTAD, 2025b, *Digital Economy Report: Pacific Edition 2024 – Promoting Digital Entrepreneurship and Trade* (United Nations publication, Sales No. E.25.II.D.2, Geneva).

[25] Luo X and Xiao Y, 2025, Digital trade rules and division of labour in global value chains, *Finance Research Letters*, 85(D): 108164; Cai D and Ji T, 2025, The impact of digital trade barriers and financial development on global value chain participation: An empirical analysis based on Asia–Pacific regional cooperation agreements, *Finance Research Letters*, 86(PG); Wu J, Luo Z and Wood J, 2023, How do digital trade rules affect global value chain trade in services? Analysis of preferential trade agreements, *The World Economy*, 46(10):3026–3047.

[26] Liu Y, Zhang Y, Jiang R, Cheng J and Dai J, 2024, Limiting heterogeneity in cross-border data flow: Impact on domestic value chains stability and the role of innovation, *PLOS ONE*, 19(8): e0308716.

[27] Hao S, Chen Z, Wang CC, Hung C-Y, 2023, Impact of digital service trade barriers and cross-border digital service inputs on economic growth, *Sustainability*, 15(19): 14547; Liu et al., 2024.

30. As trade agreements are typically implemented gradually and their economic effects materialize over time, these texts offer a forward-looking snapshot of emerging trade policy priorities. From a review of a sample[28] of 19 trade agreements signed or concluded in 2025 that concerned economies at different levels of development and across multiple regions, several patterns can be observed for the three dimensions of trade policy that support servicification: infrastructure, regulatory environment and skills.[29]

31. A first observation is that trade agreements most commonly address infrastructure through a telecommunications chapter (seen for 71 countries in the 2025 review sample). These provisions, inter alia, set conditions for the access to and use of public telecommunications networks, the administration of scarce resources, interconnection and the operation of network infrastructure. In the 2025 review sample, digital public infrastructure emerged as an area of growing trade policy relevance, including through provisions on digital identification systems (for 53 countries) and open government data (for 92 countries). Provisions concerning the operational integrity or security of digital infrastructure remain largely out of the remit of trade agreements.

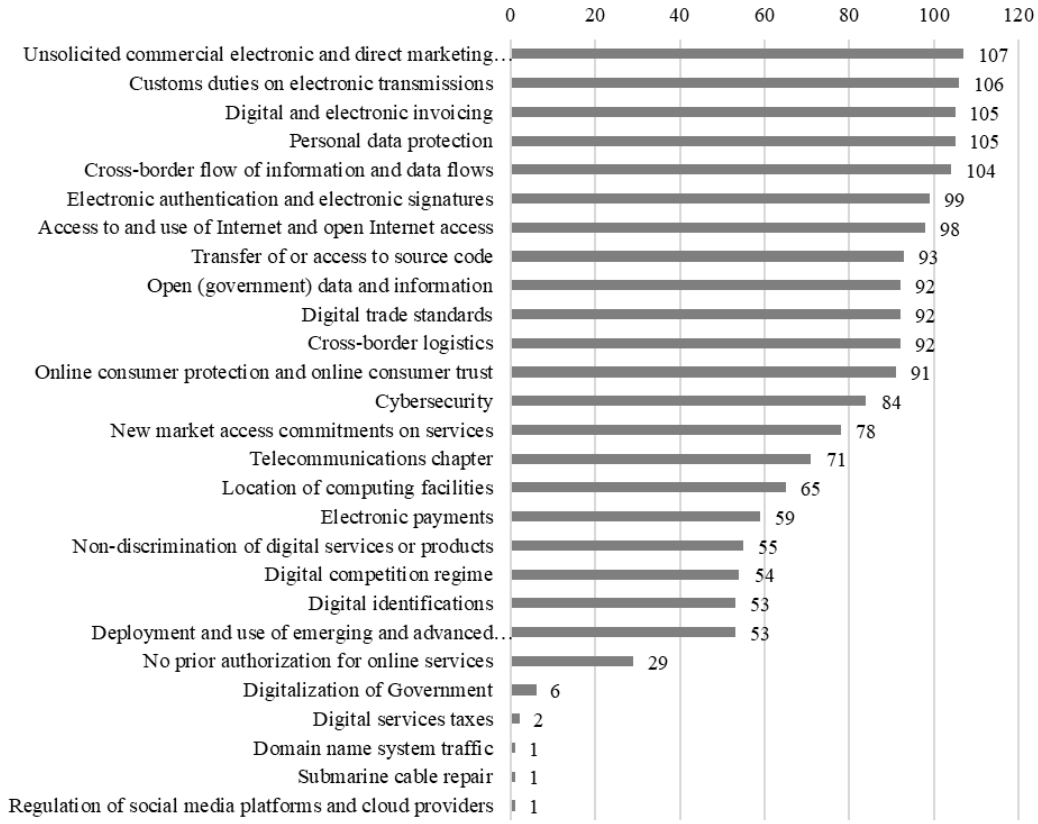
32. With respect to the regulatory environment, trade agreements concluded in 2025 demonstrate extensive engagement with digital trade issues. As illustrated in figure 4, commitments on customs duties on electronic transmissions, data governance (including personal data protection and cross border flow of data) and the legal validity and cross-border usability of digital transactions are among the most prevalent. New market access commitments on trade in services covered at least 78 countries.

33. Trade agreements address skills mainly through market access commitments on the temporary movement of natural persons (Mode 4) and the recognition of professional qualifications. In 2025, agreements with services market access commitments generally include Mode 4-type provisions, although their scope and depth vary, while commitments on recognition of professional qualifications remain limited.

[28] The analysis in this chapter is based on a sample of 19 free trade agreements that were concluded or signed in 2025 and for which a text was publicly available as of January 2026. The sample comprises the following agreements: Agreement Establishing the African Continental Free Trade Area, Annexes to the Protocol on Digital Trade and Regulatory Frameworks on Communications and Financial Services; Agreement between the United States of America and Malaysia on Reciprocal Trade; Agreement between the United States of America and the Kingdom of Cambodia on Reciprocal Trade; ASEAN–China Free Trade Agreement 3.0, Upgrade Protocol; Canada–Indonesia Comprehensive Economic Partnership Agreement; Interim Trade Agreement between the Eurasian Economic Union and Mongolia; Eurasian Economic Union–United Arab Emirates Comprehensive Economic Partnership Agreement; European Free Trade Association–Malaysia Economic Partnership Agreement; European Free Trade Association–MERCOSUR (Southern Common Market) Free Trade Agreement; European Free Trade Association–Thailand Free Trade Agreement; European Free Trade Association–Ukraine Free Trade Agreement; European Union–MERCOSUR Free Trade Agreement; European Union–Mexico Modernized Global Agreement; European Union–Republic of Korea Digital Trade Agreement; European Union–Indonesia Comprehensive Economic Partnership Agreement; India–Oman Comprehensive Economic Partnership Agreement; India–United Kingdom Comprehensive Economic and Trade Agreement; Malaysia–United Arab Emirates Comprehensive Economic Partnership Agreement; New Zealand–United Arab Emirates Comprehensive Economic Partnership Agreement.

[29] The number of signed trade agreements is of a magnitude higher than that notified by members of the World Trade Organization under the Transparency Mechanism for Regional Trade Agreements (1 signed for the year 2025).

Figure 4
Prevalence of digital trade issues in provisions of 2025 trade agreements
(Number of countries)



Source: UNCTAD calculations, based on a sample of 19 free trade agreements concluded or signed in 2025 and for which the text is publicly available.

Notes: Shows the number of United Nations Member States that have undertaken commitments on a given substantive provision in at least one publicly available trade agreement concluded or signed in 2025. As figures do not reflect the full universe of trade agreements, they should be interpreted as a lower bound estimate. No assessment is made regarding the depth, legal enforceability, convergence or restrictiveness of the commitments.

V. Data gaps as key bottlenecks and current initiatives

34. Informed policy decisions require reliable data. Servicification can support structural transformation and more inclusive participation in international trade and global supply chains only if countries have robust, accessible and disaggregated data on services trade and services inputs across sectors. However, such data remain most limited where they are most needed, particularly in developing economies.

35. In many developing economies, services make an important contribution to output, value added, jobs and exports, though services remain underrepresented in statistics, particularly in trade data. Thus, the role of services in diversification and global value chains is left largely invisible. Missing or partial data prevent policymakers from identifying which digital and knowledge-intensive services act as critical inputs into agriculture, manufacturing and other services and from identifying where infrastructure, skills and regulatory gaps may hold back servicification. The absence of robust, accessible and disaggregated data constrains evidence-based trade negotiations and the design of policies that could support servicification for structural transformation and make services trade more inclusive.

36. Importantly, headline indicators can be misleading in the absence of more granular data. For instance, a high share of services in value added embodied in exports does not, by itself, imply competitive or productivity-enhancing servicification. Elevated services value added may also reflect high service prices, including those arising from limited competition or inefficiencies, rather than the effective use of services that enhance productivity, quality or innovation. In this context, servicification outcomes depend not simply on the amount of services embodied in exports, but on the cost, availability, reliability and effective use of those services in production. Without data that capture these dimensions, it is difficult to assess whether servicification supports upgrading and diversification or merely inflates value added measures.

Types of data needed

37. As highlighted in the *Primer on Data for Trade in Services and Development Policies*,[30] effective trade negotiations and policymaking require bilateral services trade data and detailed breakdowns of Extended Balance of Payments Services by partner country and service category. These are critical for developing countries to assess market access opportunities, identify key trading partners, benchmark competitiveness and formulate positions in bilateral, regional and multilateral talks.

38. Balance-of-payments statistics disaggregated by mode of supply, particularly digitally delivered services and commercial presence (Mode 3), are also vital, as they reveal regulatory dependencies and digital trade dynamics that shape global value chain integration and diversification strategies. Empirical research reviewed above reveals that aggregate, economy-wide data (including input–output tables and trade in value added statistics) are often used to measure services value added and services embodied in goods and other services, as well as to compare servicification patterns across countries and over time.

39. Linking trade data to firm-level data further enables policymakers to better understand domestic firms and trade negotiators to prioritize sectors where domestic firms can scale, thus ensuring that policies support the participation of small and medium-sized enterprises and inclusive trade. It should be noted that much of the empirical evidence used in the case studies presented in chapter II of the present background note relies on trade in value added and firm-level data to examine how servicification contributes to structural transformation. In addition, firm-level data provide valuable insights into the impact of servicification on productivity, upgrading and participation in value chains.[31] These data sets are therefore essential for advancing research on the role of servicification and for supporting evidence-based policymaking.

Key data gaps

40. Key gaps are most acute in developing economies. Only about 15 developing countries consistently publish partner-disaggregated services trade data, and roughly two thirds report beyond the 12 broad Extended Balance of Payments Services categories, compared to 95 per cent of developed economies.[32] Statistics by modes of supply, including foreign affiliates statistics, and on digitally deliverable services remain sparse, obscuring the embedded role of services in goods exports and hindering evidence-based policymaking for structural transformation. Firm-level evidence from developing countries (which could provide statistics on digitalization intensity, share of service outputs, services exports and profitability) is also limited,[33] hindering insights into, for example, productivity linkages, skill gaps and the participation of women and small and medium-sized enterprises.

[30] See UNCTAD, 2025c, *Primer on Data for Trade in Services and Development Policies*, Geneva.

[31] See, for example, Hing V and Thangavelu SM, 2023, Does servicification enhance firm productivity? Evidence from Indonesia, *Journal of Southeast Asian Economies*, 40(3):299–317.

[32] See UNCTAD, 2025c.

[33] Ibid.

41. As noted in the *Primer*, methodologies to measure international trade in services, such as Extended Balance of Payments Services classifications and digital trade measurement, are evolving, but their implementation remains uneven across countries. Services sectors develop so quickly that national statistics offices and policymakers struggle to keep pace, with Extended Balance of Payments Services updated every few years; a new version is expected in 2026. Developing economies lag behind the most, with only a few producing bilateral data or data by mode of supply or on digital trade flows, which hinders comparability and policy analysis.

VI. Conclusions

42. **Servicification is emerging as an increasingly important pathway for economic diversification and structural transformation**, particularly for developing economies that seek to upgrade within global value chains. Digitalization is accelerating these trends by expanding the tradability, scale and cross-border use of services. Outcomes vary across countries and sectors, which reflects differences in infrastructure, skills and regulatory frameworks.

43. **Trade agreements can play an enabling role** by shaping the conditions under which services can be accessed, supplied and combined with other production inputs across borders. Recent agreements increasingly address services and digital trade through provisions that affect infrastructure, the regulatory environment and skills deployment, with extensive coverage of digital trade disciplines.

44. **Realizing the diversification potential of servicification requires a stronger evidence base to inform trade policy**. In many developing countries, data gaps continue to limit understanding of which services contribute most to diversification, how they are supplied, and whether higher services content in exports reflects productivity-enhancing upgrading or underlying structural constraints. Addressing these gaps calls for more granular and internationally comparable trade-in-services statistics, complemented by trade in value added frameworks.

45. Micro-level evidence complements aggregate statistics by shedding light on firm- and sector-specific dynamics that are relevant for trade policy. Such evidence helps to clarify how services are used as inputs in production, which firms and sectors benefit from servicification, and where constraints to upgrading and diversification arise. Linking services trade statistics with firm-level data enhances policy analysis and supports evidence-based policymaking, negotiation and monitoring.[34] Building on this work, UNCTAD is exploring follow-up analytical work to address remaining data and evidence gaps, including how firm-level data, where available, have been used to analyse servicification and its impacts on productivity, upgrading and participation in value chains, as well as how such experiences could be shared more systematically.

46. Participants are invited to share experiences, including firm-level evidence and sectoral or country studies, that shed light on the following questions:

- How does servicification affect productivity, upgrading and export performance across countries and sectors in a given country and/or region?
- How is digitalization reshaping servicification pathways in developing economies?
- What role does trade policy play in enabling or constraining servicification?
- Where are the most significant data gaps and challenges seen in services trade and servicification, and how can UNCTAD and other international organizations best support countries in addressing them?

[34] Ibid.