The difference between productivity growth in manufacturing and services has shrunk since 2000 in most economies. The average productivity growth in the services sector has recently exceeded that of manufacturing in many developing economies.

Sources: Groningen Growth and Development Centre database; World KLEMS database; and IMF staff calculations.

Note: The figure shows the average annual growth differential between labor productivity growth in manufacturing and services during 2000–15 on the y-axis and during 1965–99 on the x-axis. Observations below the diagonal line denote a decline in the productivity growth differential. Labor productivity is defined as value added per worker at constant national prices. Data labels use International Organization for Standardization (ISO) country codes.