

International trade in services

Statistics Explained

*Data extracted in September 2018.
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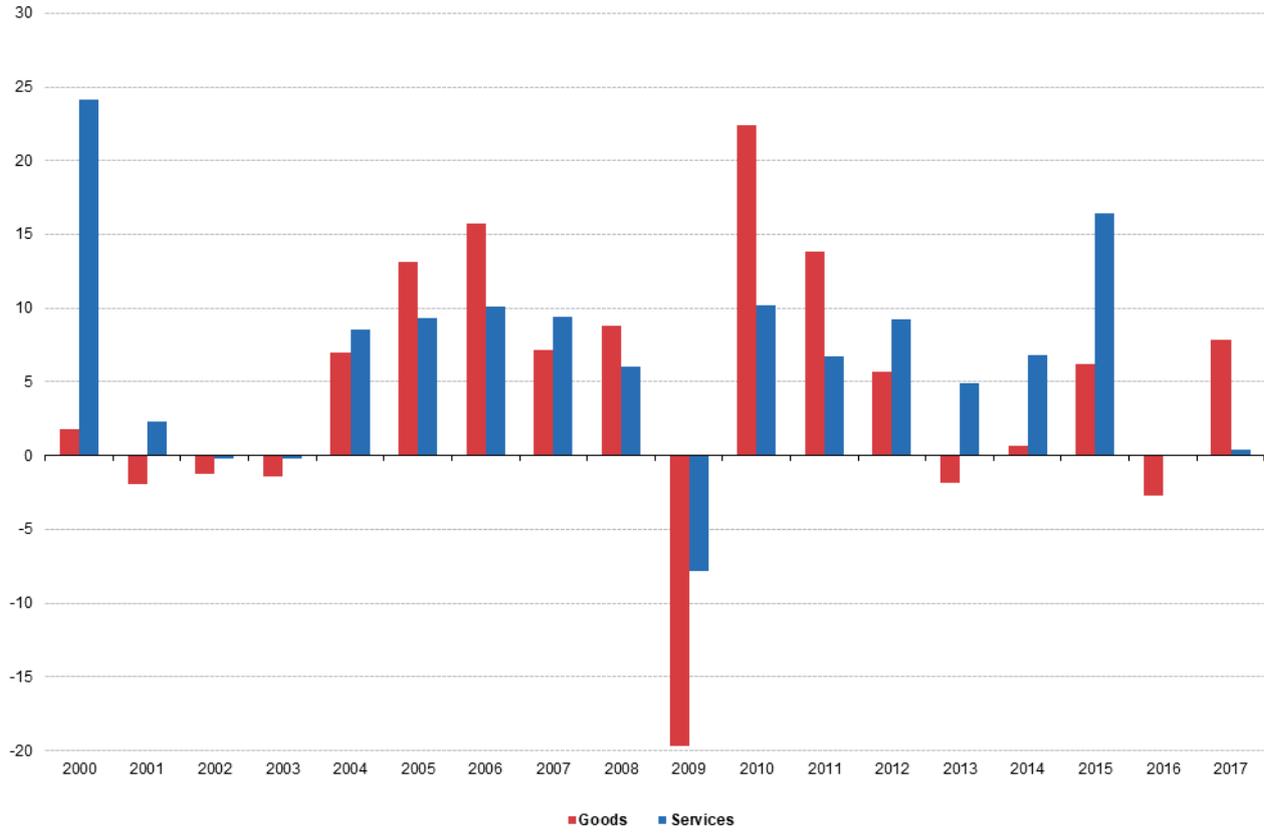
This article describes the major developments of international trade in services in the [European Union \(EU\)](#), the EU Member States and some [EFTA](#) and EU [candidate countries](#). Furthermore, it provides information about the EU's main trading partners for services and about the different categories of services traded.

General overview

Services play an important role in all modern economies. A resilient tertiary service sector, as well as an increased availability of services, may boost economic growth and enhance industrial performance. In an increasingly globalised world, services such as finance, insurance, transport, logistics and communications deliver key intermediate inputs and thereby provide crucial support to the rest of the economy.

Figure 1 presents the development from 2000 to 2017 of the sum of exports and imports for the [EU-28](#)'s transactions of goods and services with non-member countries (in other words, trade outside of the EU, also known as extra-EU trade); these data are based on quarterly balance of payments statistics. During this period, the EU-28's services transactions with non-member countries grew each year with the exception of 2009, the year in which the global financial and economic crisis was at its peak and the EU-28's transactions in services fell by 7.8 %. From 2010 onwards, the combined exports and imports of services traded with non-member countries increased at a relatively rapid pace, with growth peaking at 16.4 % in 2015, reaching marginal growth of 0.1 % and 0.4 % in 2016 and 2017 respectively. The EU-28 net surplus of services, in other words the value of exports minus the value of imports, increased (almost doubled) between 2000 and 2017. Nevertheless, during the last years for which data are available (2012-2016), growth for the EU-28's international trade in services was higher than for international trade in goods, with this trend changing in 2017.

Annual change in international trade (exports plus imports) with non-member countries (extra-EU), EU-28, 2000–2017 (%)

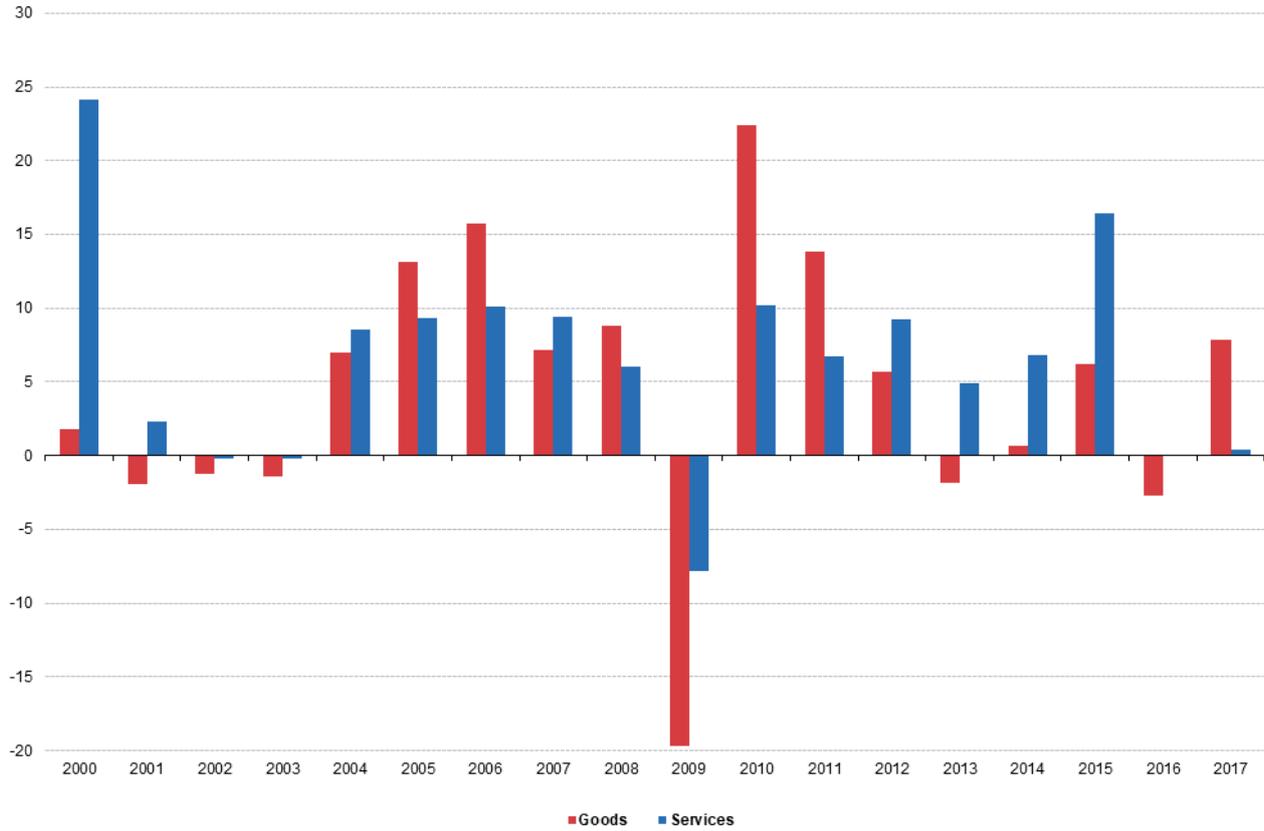


Source: Eurostat (online data code: bop_eu6_q)



Annual change in international trade (exports plus imports) with non-member countries (extra-EU), EU-28, 2000-2017(%) Source: Eurostat (bop_eu6_q)

Annual change in international trade (exports plus imports) with non-member countries (extra-EU), EU-28, 2000–2017 (%)



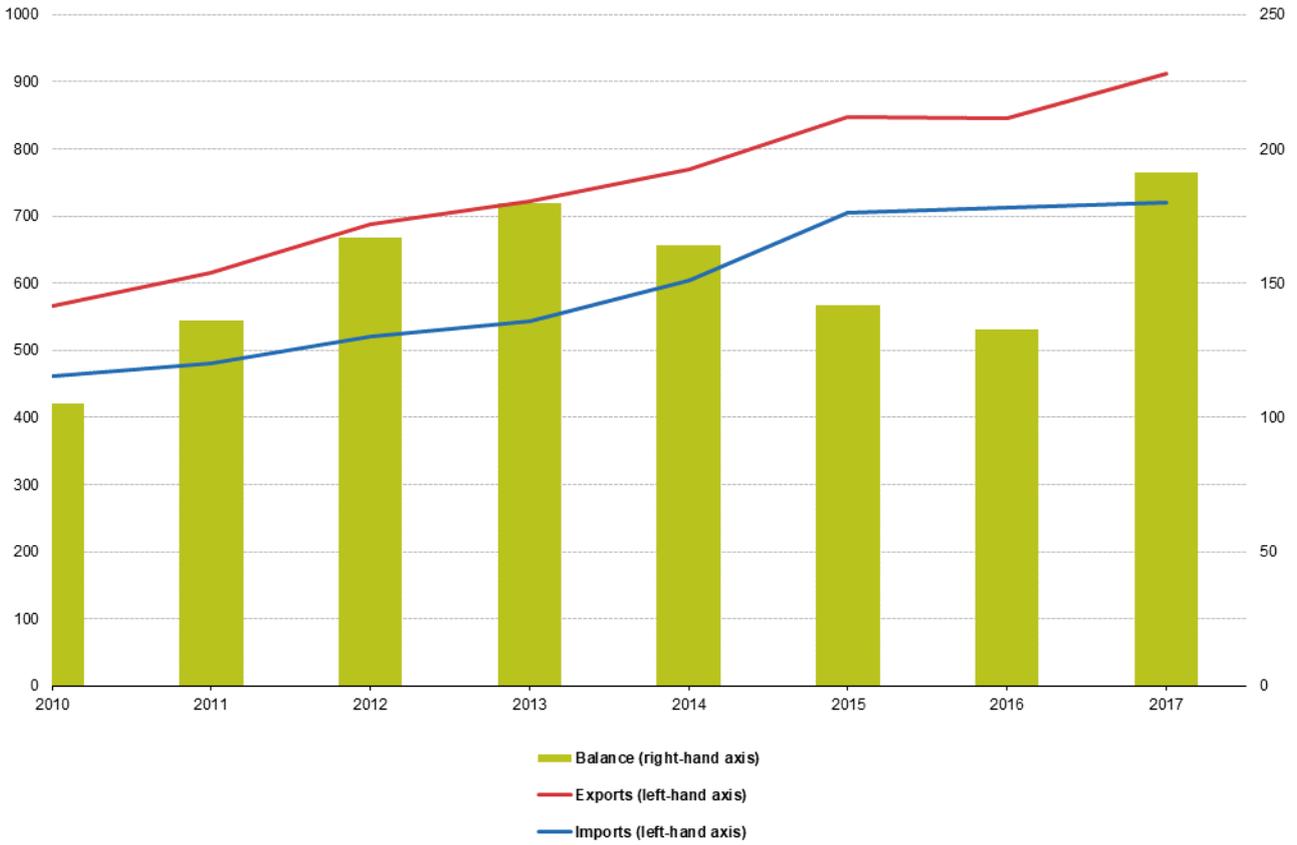
Source: Eurostat (online data code: bop_eu6_q)



Figure 1: Annual change in international trade (exports plus imports) with non-member countries (extra-EU), EU-28, 2000-2017(%)Source: Eurostat (bop_eu6_q)

Over the period studied, from 2010 to 2017 the EU-28’s exports of services to non-member countries increased every year, from EUR 567 billion in 2010 to EUR 912 billion in 2017. On the other hand, during the same period, EU-28 imports of services from non-member countries progressed from EUR 462 billion in 2010 to EUR 721 billion in 2017, resulting in the surplus for trade in services increasing from EUR 105 billion to EUR 191 billion (see Figure 2).

International trade in services with non-member countries (extra-EU), EU-28, 2010-2017



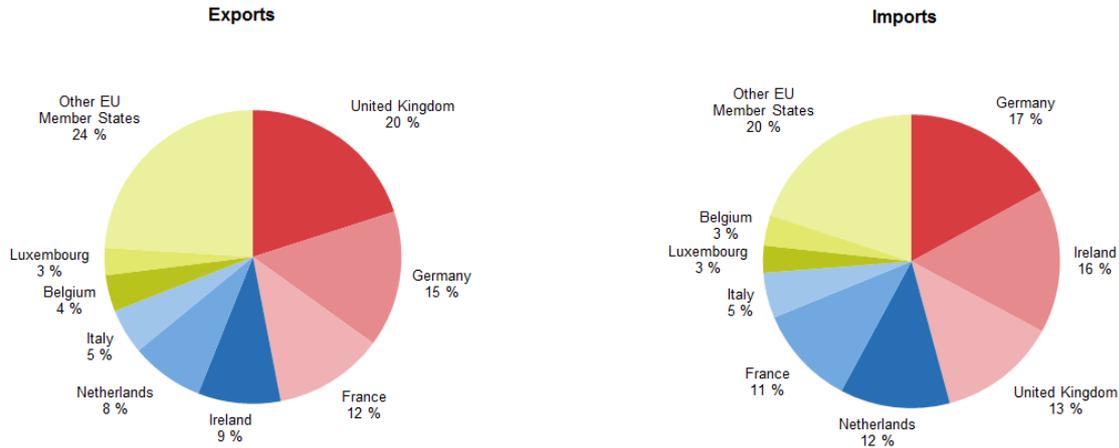
Source: Eurostat (online data code: bop_its6_tot)



Figure 2: International trade in services with non-member countries (extra-EU), EU-28, 2010-2017 (billion EUR) Source: Eurostat (bop_its6_tot)

The 2017 data confirm that, as in previous years, the United Kingdom was the EU Member State with the highest value of exports of services to non-member countries, its EUR 185 billion of exports equivalent to 20 % of the EU-28 total — see Figure 3. The next highest levels of exports to non-member countries were recorded in Germany (EUR 136 billion or 15 %), France (EUR 113 billion or 12 %), Ireland (EUR 86 billion or 9 %) and the Netherlands (EUR 72 billion or 8 %). Germany had the highest level of services imports from non-member countries, these being valued at EUR 124 billion or 17 % of the EU-28 total; Ireland (EUR 115 billion or 16 %), the United Kingdom (EUR 96 billion or 13 %), the Netherlands (EUR 89 billion or 12 %) and France (EUR 80 billion or 11 %) followed.

Share of EU Member States in international trade in services with non-member countries (extra-EU), 2017
(% of EU-28 total)



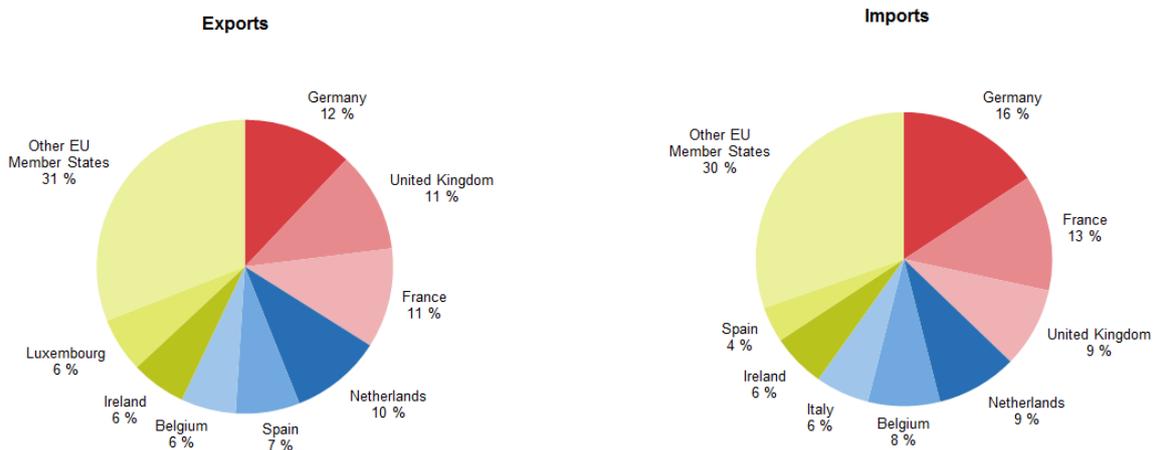
Source: Eurostat (online data code: bop_its6_tot)

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Figure 3: Share of EU Member States in international trade in services with non-member countries (extra-EU), 2017(% of EU-28 total)Source: Eurostat (bop_its6_tot)

Figure 4 presents a similar analysis to that for Figure 3, but concerns trade in services between EU Member States (intra-EU trade) rather than with non-member countries. Germany recorded the largest value of services exports to other EU Member States (EUR 137 billion or 12 %), followed by the United Kingdom (EUR 134 billion or 11 %) and France (EUR 131 billion or 11 %). Again Germany was the largest importer of services from other EU Member States, with imports valued at EUR 170 billion or 16 %, ahead of France (EUR 138 billion or 13 %) and the United Kingdom (EUR 92 billion or 9 %).

Share of EU Member States in international trade in services within the EU (intra-EU), 2017
(% of EU-28 total)



Source: Eurostat (online data code: bop_its6_tot)

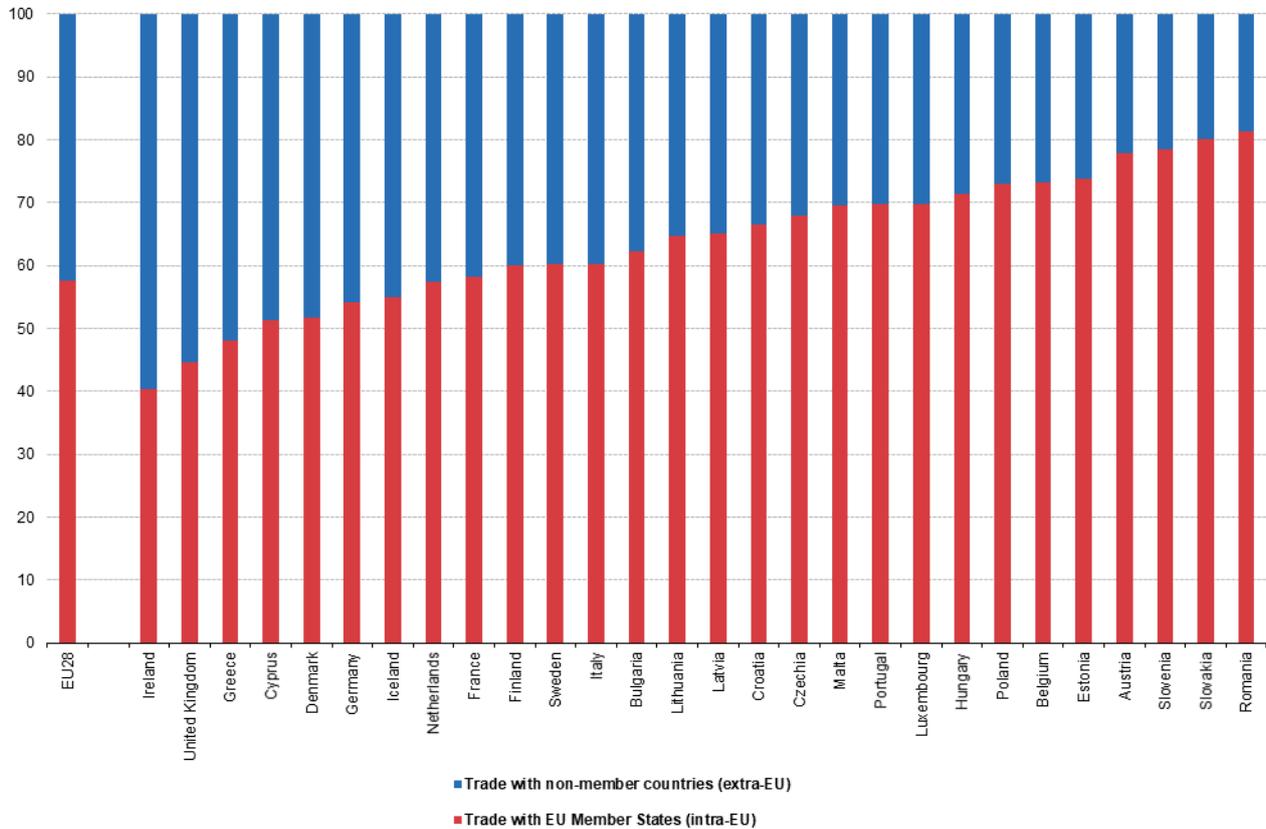
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Figure 4: Share of EU Member States in international trade in services within the EU (intra-EU), 2017(% of EU-28 total)Source: Eurostat (bop_its6_tot)

In 2017, the division of total trade in services (imports and exports combined) between trade with non-member countries on one hand and trade with other EU Member States on the other hand varied significantly among the

EU Member States (see Figure 5). This reflected, to some extent, either the geographical proximity or historical trade associations. Hence, Ireland (60 %) displayed a large proportion of international services transactions occurring outside the EU, as did the United Kingdom (55 %) and Greece (52 %). For example, the services exchanged with the United States alone accounted for 32 % of all of Ireland’s transactions with non-member countries and 19 % of all of its transactions with the rest of the world.

Distribution of intra-EU and extra-EU trade (exports plus imports) in services, 2017 (%)



Source: Eurostat (online data code: bop_its6_tot)



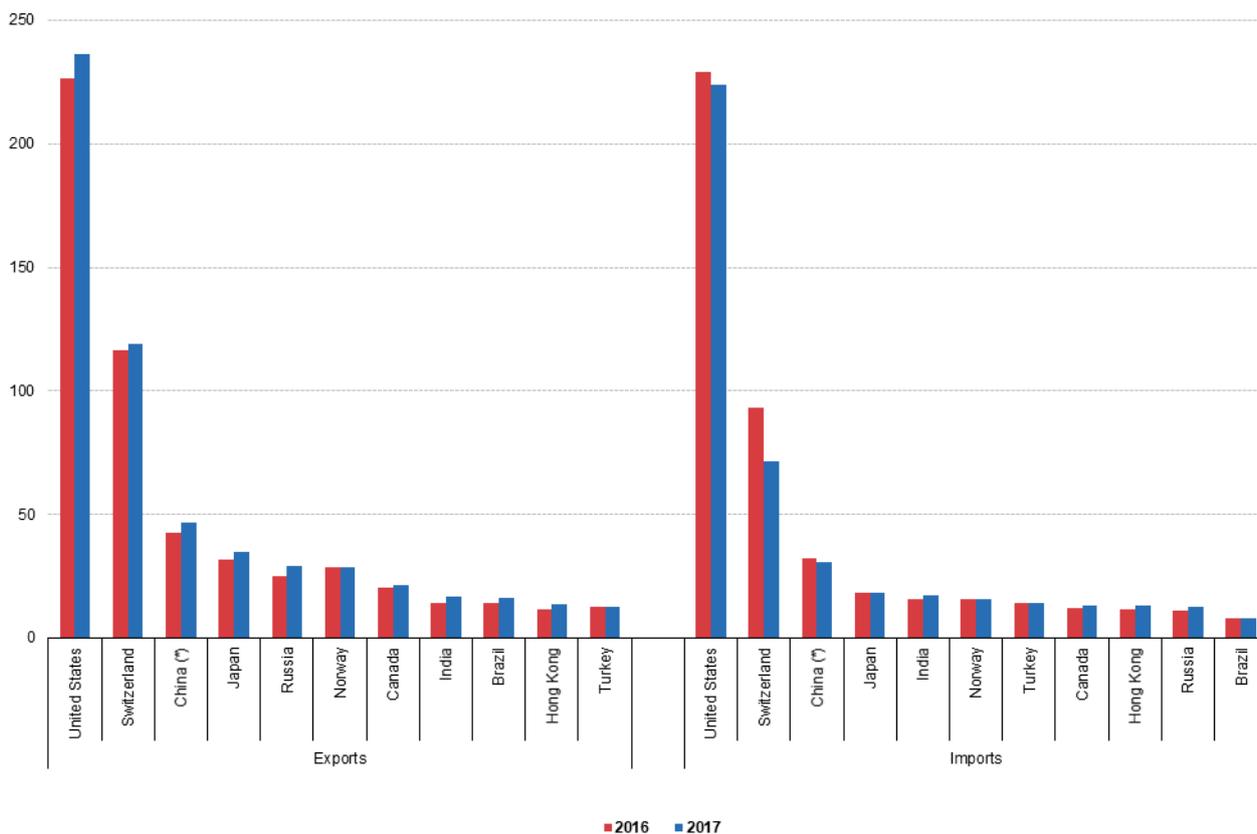
Figure 5: Distribution of intra-EU and extra-EU trade (exports plus imports) in services, 2017(%)Source: Eurostat (bop_its6_tot)

At the other end of the spectrum, 81 % of Romania’s international trade in services was recorded with other EU Member States, with this share also above three quarters for Slovakia, Slovenia and Austria. The EU-28 average shows that 58 % of all international services transactions took place within the EU-28, whereas 42 % were with non-member countries.

Main trading partners

Figure 6 presents the EU-28’s main trading partners for services. Between 2016 and 2017 the EU-28’s exports of services slightly increased for all of its main partners, while imports slightly decreased for the United States, Switzerland and China and remained constant or slightly increased for some of the other partners.

Trade in services with non-member countries (extra-EU), main partners, EU-28, 2016 and 2017 (billion EUR)



Note: Ranked on the average of exports and imports in 2017.

(*) Excluding Hong Kong.

Source: Eurostat (online data code: bop_its6_det)

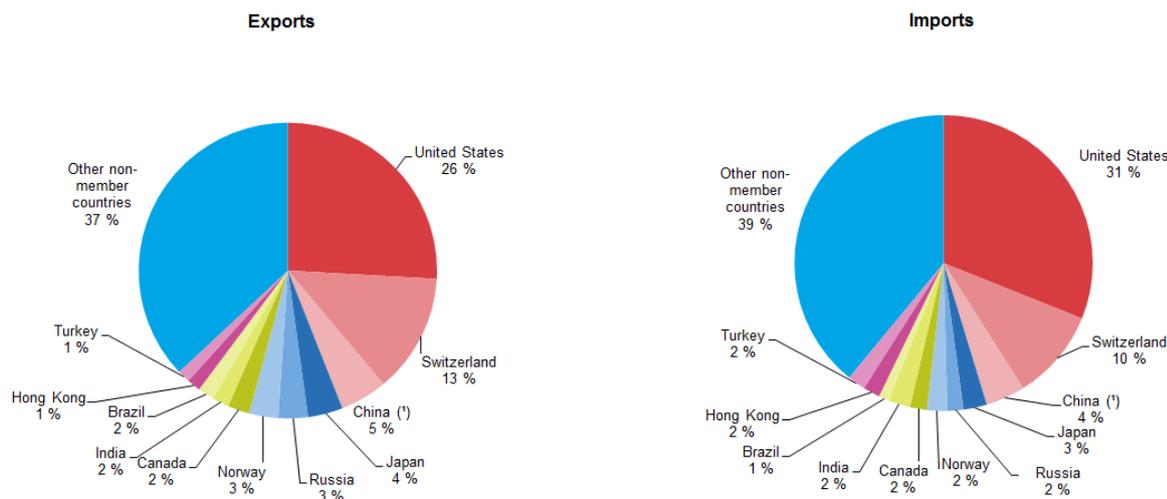


Figure 6: Trade in services with non-member countries (extra-EU), main partners, EU-28, 2016 and 2017 (billion EUR) Source: Eurostat (bop_its6_det)

The relative importance of the EU-28’s main trading partners in 2017 was broadly similar to that in 2016, without significant changes. Figure 7 shows the share of the main partners for services exports and imports.

In 2017, the United States remained, by far, the largest destination for EU-28 exports of services, with this trade valued at EUR 236 billion, representing more than one quarter (25.9 %) of all exports to non-member countries. The next largest destinations were Switzerland (13 %), China (5.1 %), Japan (3.8 %), Russia (3.2 %), Norway, Canada, India and Brazil — see Figure 7. These countries collectively received 60 % of all exports of services from the EU-28 to non-member countries in 2017.

Trading partners' share of EU-28 international trade in services with non-member countries (extra-EU), 2017
(%)



(*) Excluding Hong Kong.

Source: Eurostat (online data code: bop_its6_det)



Figure 7: Trading partners' share of EU-28 international trade in services with non-member countries (extra-EU), 2017(%)Source: Eurostat (bop_its6_det)

The main countries of origin for EU-28 imports of services were the same as the destinations with the highest shares of EU-28 exports of services: the countries shown in Figure 7 collectively accounted for 61 % of all EU-28 services imported from non-member countries in 2017. Again, the United States accounted for the largest value of imported services, some EUR 223 billion which was equivalent to 31 % of the total from non-member countries. The next highest shares were from Switzerland (9.9 %) and China (4.2 %).

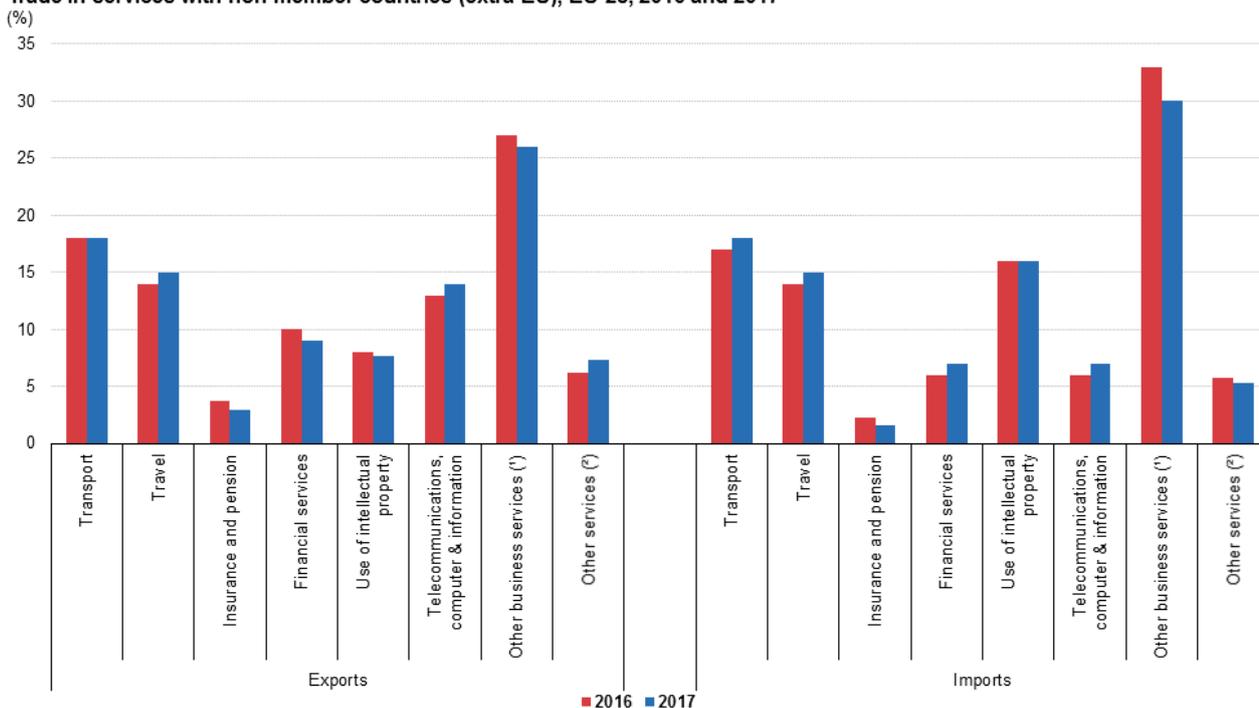
Main services traded

Since the adoption of the sixth edition of the [Balance of Payments and International Investment Position Manual \(BPM6\)](#) in 2013, for the purpose of international trade statistics, services have been grouped into 12 main categories for quarterly data collection and have been divided into more detail — some 97 services categories — for annual data. Figure 8 compares the EU-28 shares of exports and imports for the main services categories in 2016 and 2017: the category of other services shown in this figure includes manufacturing services on physical inputs owned by others, maintenance and repair services not indicated elsewhere, construction services, personal, cultural and recreational services, and government goods and services not indicated elsewhere.

In 2017, other business services represented the bulk of services exported to non-member countries, the EUR 237 billion of such exports from the EU-28 representing 26 % of total exports, down from 27 % in 2016. This group comprises services in the areas of R & D, professional and management consultancy, technical and trade related services, architecture, engineering and scientific services, waste treatment, agriculture and mining and other business services not indicated elsewhere, with the latter including distribution services for water, steam, gas and petroleum products, as well as distribution services for electricity (where these are identifiable separately from transmission services), air conditioning supply, security and investigative services, translation and interpretation, photographic services, building cleaning, real estate and other services to businesses.

Transport constituted the second largest group of services exported by the EU-28 to non-member countries in 2017, valued at EUR 166 billion, equivalent to 18 % of the services total, similar to 2016. This was followed by travel which represented approximately 15 % of all services exported in 2017 while 14 % in 2016, telecommunications, computer and information services which represented 14 % of all services exports in 2017 (up from 13 % in 2016), and financial services which represented 9 % of all services exports in 2017, falling from 10 % in 2016.

Trade in services with non-member countries (extra-EU), EU-28, 2016 and 2017



(*) Includes: R&D; Professional & management consulting; Technical, trade-related and other services

(†) Includes: Manufacturing services on physical inputs owned by others; Maintenance and repair services not identified elsewhere;

Construction; Personal, cultural and recreational services; Government goods and services not indicated elsewhere; Services not allocated

Source: Eurostat (online data code: bop_its6_det)

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Figure 8: Trade in services with non-member countries (extra-EU), main partners, EU-28, 2016 and 2017(%)Source: Eurostat (bop_its6_det)

A similar perspective is obtained when analysing the share of services imported by the EU-28 from non-member countries in 2016 and 2017. Other business services was again the largest group, with the import of these services valued at EUR 217 billion in 2017, a 30 % share of the total, down from 33 % in 2016. Transport services was the next largest group (18 % in 2017 up from 17 % in 2016), followed by charges for the use of intellectual property (16 % in 2016 and 2017), and travel services (15 % in 2017 up from 14 % in 2016).

Source data for tables and graphs

[International trade in services 2017](#)

Data sources

Statistics on international trade in services provide the monetary value of such trade, with an analysis by the type of service (for example computer services or legal services) and by partner country. These statistics are produced from the transactions recorded under a country's balance of payments, which captures all transactions that take place between an economy's residents and non-residents. Furthermore, international trade in services statistics distinguishes between transactions between EU Member States (intra-EU transactions) and transactions with non-member countries (extra-EU transactions). The total includes international transactions with all countries of the world and comprises intra-EU and extra-EU transactions.

The transmission of data on international trade in services to Eurostat is covered by [Regulation \(EC\) No 184/2005](#) of the [European Parliament](#) and of the [Council](#) .

The main methodological references used for the production of statistics on international trade in services are the following:

- the [International Monetary Fund's \(IMF's\) Balance of Payments and International Investment Position Manual \(BPM6\)](#);
- the [United Nations' manual on statistics of international trade in services \(MSITS 2010\)](#) ;
- the [balance of payments services classification \(EBOPS 2010\)](#) .

The data presented in this article are based upon the BPM6 methodology which was adopted by the EU Member States from the 2013 reference year onwards. On a voluntary basis, some Member States have provided data according to the BPM6 methodology back to the 2010 reference year. In order to calculate a time series starting in 2010 for the EU-28 aggregate — using data provided according to the previous (BPM5) methodology — Eurostat estimated the missing values for those Member States where data prior to 2013 were not available. Exhaustive annual data for the EU-28 for all services categories are only available from 2010 onwards.

EU-28 data for the total international trade in services for years before 2010 are however available from the quarterly balance of payments. It should be noted that for the years for which data are available from both sources (quarterly balance of payments and annual international trade in services) — in other words since reference year 2010 — the values for these two sources are somewhat different. The differences may be due to differences in coverage and possibly also to different compilation practices.

Context

The provision of services contributes a substantial share of the EU's economic wealth and accounts for more than 50 % of GDP in each of the EU Member States. Nevertheless, the value of exports and imports of goods is generally two to three times higher than that of services. Part of this imbalance may be due to the nature of some services, for example, professional services that are bound by distinct national legislation. Another difference between goods and services concerns the immediacy of the relationship between supplier and consumer: many services are non-transportable, in other words they require the physical proximity of the service provider and consumer, which implies that many services transactions involve factor mobility. For international trade in non-transportable services to take place, either the consumer must go to the service provider or the service provider must go to the consumer. Thus, an important feature of services is that they are provided via various modes of supply. Often services are tailored according to the client's needs and wishes and so tend not to be homogeneous or mass-produced. As such, services cover a heterogeneous range of products and activities that are difficult to encapsulate within a simple definition, while services may also be difficult to separate from the goods with which they may be associated or bundled. International organisations increasingly recognise that there is a need to explore means of gathering further information as to how services are provided, thus perhaps enabling, in the future, better policy-making internationally and, at the same time, offering complementary information for the purposes of bilateral or multilateral negotiations in trade in services; some first steps have already been undertaken in this direction.

In parallel, some initiatives were initiated in order to provide answers to questions such as: who are the services traders, are service traders foreign-owned, and how many people do service traders employ? As such, a first set of experimental data on services trade by enterprise characteristics (STEC) have been collected. These try to measure international trade in services transactions by using data from different data sources. For example, this has been done by linking enterprise based data (from business registers) and data on services traders using a common identifier, namely the business register code. Data compilers involved in this experiment created a cross-classification in order to obtain new data which characterise the set of businesses involved in trade in services.

Despite the fact that the level of international trade in services in the EU is equivalent to one third of the equivalent level for goods, there are number of reasons to believe that the share of services may grow in future years. Technological developments have increased the tradability of some services, for example by simplifying web-based services in services such finance, education, health and government, among others. Furthermore, liberalisation efforts are likely to ease and therefore stimulate international trade in services. Globally, the inclusion of services in the Uruguay Round of trade negotiations led to the general agreement on trade in services (GATS) that entered into force in January 1995. The GATS aims to ensure increased transparency and predictability of relevant rules and regulations and to promote progressive liberalisation through successive rounds of negotiation.

Within the EU, the objective of [Directive 2006/123/EC](#) of 12 December 2006 on services in the internal market was to eliminate obstacles to trade in services. By doing so, the development of cross-border operations will be encouraged, making it easier for service businesses to set up or sell their services elsewhere in the EU. The Directive requires EU Member States to set up 'points of single contact' to assist business through the provision of information relating to offering services abroad. The Directive is intended to improve [competitiveness](#), not just of service enterprises but also of EU businesses as a whole, while providing greater choice and improved quality for consumers.

At the end of May 2012, the [European Commission](#) confirmed that all EU Member States had officially transposed the Services Directive into national law. Following Article 41 of the Directive (which calls for a comprehensive report on the application of the Directive), the European Commission released on 8 June 2012 a Communication titled [A partnership for new growth in services 2012–2015](#) (COM(2012) 261 final). The Communication formed part of a wider 'services package': a set of proposals designed to stimulate growth and release the full potential of the services market.

Other articles

- [All articles on balance of payments](#)
- [Balance of payments and international investment position manual \(BPM6\)](#)
- [EU international trade in transport services](#)
- [EU international trade in other business services](#)
- [Measuring international trade in services - from BPM5 to BPM6](#)
- [Services trade by enterprise characteristics - STEC](#)
- [Services trade statistics by modes of supply](#)
- [The EU in the world - international trade](#)

Database

- [Balance of payments - international transactions \(bop_6\)](#)
- [International trade in services, geographical breakdown \(BPM6\) \(bop_its6\)](#)

Dedicated section

- [International trade in services — Overview](#)
- [Economic globalisation indicators](#)
- [Balance of payments](#)

Methodology

- [Balance of payments - international transactions \(ESMS metadata file — bop_6_esms\)](#)
- [International trade in services, geographical breakdown \(ESMS metadata file — bop_its6_esms\)](#)

External links

- [European Commission — Trade](#)
- [International Monetary Fund \(IMF\) — International Trade in Services: Recent Methodological Developments](#)
- [Newsletter of the Interagency Task Force on Statistics of International Trade in Services](#)
- [OECD — Services trade](#)
- [United Nations Conference on Trade and Development \(UNCTAD\) — Manual on Statistics of International Trade in Services 2010 \(MSITS 2010\)](#)