

TRENDS IN THE EVOLUTION OF THE WORLD INTERNATIONAL TRADE SERVICES

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Trade in services is a sector with a high degree of complexity across multiple interior areas. In such acceptance, trade in services is one of the most important aspects of the modern economy, becoming an element of the market economy.

World trade in services has undergone in the last twenty years an impressive increase. Thus the total value of international transactions in services has tripled from 1990. During this period the share of services in international trade has increased from 65% to 75% for developed countries and from 45% to 52% for developing countries. Today, services contribute to the creation of new jobs, 70% of the labor force working in services in developed countries and 35% in developing countries.

This paper attempts to highlight the trends of development of international trade in services worldwide and analyze global exports and imports of goods and commercial services. Also, for a profound analysis, the main exporters and importers of world trade in services are brought into question.

Key words: economy, commerce, trend, services, export, import, development

JEL Classification: F1, F15

1. Introduction

According to the concept of sustainable development of society, trade has a strategic importance for the development of balanced and sustainable economic and social systems of any country (Patrichi, 2007). Permanently between services market and commodities market is an interdependence relationship. Increased trade in commodities in recent years has boosted trade in services.

Business services, including information technology and communications and financial services and insurance are in an upward trend, in 2007 they accounted for almost one third of trade in services of developing countries. If the current financial crisis will prolong, production of mentioned services and also their trade will be affected directly, and these effects will reverberate on commodities trade, by limiting access to commercial loans.

On 12 November 2008, experts from nineteen of the most important international and regional financial fields met together with the WTO Secretariat to discuss upon the current financial crisis in the world. There were identified a number of issues regarding:

1. reducing the liquidity of trade loans. It is estimated a loss of financial liquidity concerning trade of about \$ 25 billion;
2. a general reassessment of risks caused by financial crises and the slow progress of global economy.

The financial crisis will reduce export opportunities by reducing demand, particularly for developing countries.

The results of this meeting have seen a series of measures, including:

- *International Finance Corporation* (IFC), institution of the World Bank was responsible for operations in the private sector and actively involved in raising the ceiling of lending to financial trade from \$ 1 billion to \$ 3 billion;
- lending agencies for export activities have increased the percentage of business with 30% in the last twelve months;
- national governments, for example Germany, Hong Kong (China) and Japan actively supports this growth.

In the medium term, the solution of all problems is that commercial banks, international financial institutions and lending agencies for export, take risks and participate in the cash deficit reduction; improving the access mechanism to information, the risks for reassessment of trade and finance; developing a mechanism to allow cooperation between the private banks with international financial institutions and lending agencies and export awareness of the importance of trade to solve the current economic crisis.

2. Trends in the evolution of world trade in services

In the period 1970-1990 growth rates of trade in services was higher than those of commodities trade, that's why an increase occurred, although not spectacular, in the relative importance of this trade; during this period the share of transactions in services exports in the world increased from 28.4% to 32.9% and the share of total imports of services increased by 3.2% from 30.9% to 34.1%. Increasing the share of such flows is determined on one hand by the trend of increased globalization of markets and business expansion of multinational and transnational companies and, on the other side by the investments in developing countries and their increasing technological dependence of developing countries, the increased foreign debt and increasing interest rates (Ioncica, 2003).

In the period 1991-2000, excluding the years 1994-1995 and 1999-2000, commercial services have continued to have higher growth rates than commodities trade. In 1994, the economies of most developed countries have emerged from recession and growth has resumed, which has primarily triggered the boost of commodities exports.

In 2004 it was recorded the highest growth rate in commodities exports (21.6%), leading to continuing the trend of increase in world export of factor services within commodities exports worldwide. Also, export to worldwide non-factor services saw the highest growth rate in 2004 (20.8%). Over the next two years, commodities exports as well as services exports have been contracted from the previous year. In 2007 we can say that global exports of commercial services increased and exceeded the supply.

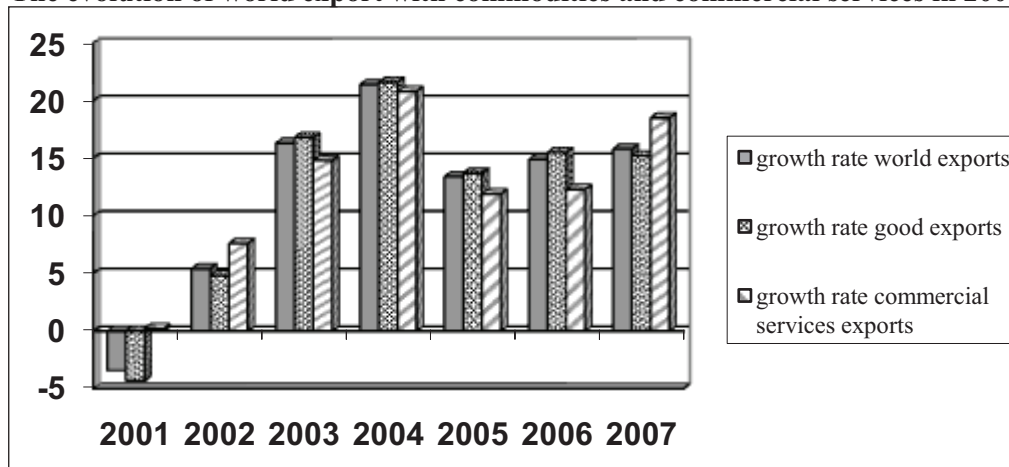
Evolution of world exports in commodities and commercial services 2000-2007

Year	World exports in commodities and commercial services (bill.\$ USD)	World exports in commodities (bill.\$ USD)	Growth rate facing last year (%)	Worlds exports in commercial services (bill.\$ USD)	Growth rate facing last year (%)	The share of commercial services from total world exports (%)
2000	7934,4	6456	-	1478,4	-	18,6
2001	7672,8	6191	-4,3	1481,8	0,2	19,3
2002	8085,8	6492	4,8	1593,8	7,6	19,7
2003	9414,3	7585	16,8	1829,3	14,8	19,4

2004	11429,9	9220	21,6	2209,9	20,8	19,3
2005	12958,4	10485	13,7	2473,4	11,9	19,1
2006	14890,9	12113	15,5	2777,9	12,3	18,7
2007	17241,5	13950	15,2	3291,5	18,5	19

Source: adapted after WTO -*International Trade Statistics 2008*

The evolution of world export with commodities and commercial services in 2007



Source: adapted after WTO -*International Trade Statistics 2008*

Regarding the participation of developed countries and those developing in the services trading area is found (table) that developed countries have a dominant part of total world exports. Since 2004 export of goods to developing countries was a priority, resulting in their decreased export contribution to global services trade.

Share of world exports of services in total world trade in commodities and services (%)

Years	2003	2004	2005	2006	2007
World level	20,1	19,9	19,5	18,9	19,4
Developed countries	22,5	22,7	22,7	22,2	22,8
Transition countries	15,9	14,9	13,8	13,3	14,5
Developing countries	15,0	14,7	14,1	13,7	14,0

Source: WTO- World trade in commercial services by category, 2007

Partial computations for 2008 indicate a decrease in the volume of world exports, while forecasts for 2009 are bleak, indicating a half-life value from the previous year (UN, 2009).

The expansion of border trade with services requires a strong centralized production of these services in several production units with international vocation. This technically predictable structure is inconsistent with the requirement for differentiation and personalization of services that is becoming increasingly obvious and involves the production being in contact with the consumer (Xiang, 2008).

Structure of commercial services exports hasn't known significant changes during 2003-2006 (see table).

The structure of commercial services (%)

Exports in commercial services	2003	2004	2005	2006	2007
Total, from which:	100,0	100,0	100,0	100,0	100,0
Transports	22,2	23,1	23,3	22,6	22,8
Tourism (trips)	29,2	28,8	27,7	27,0	26,0
Other services	48,5	48,1	49	50,4	51,2

Source: WTO- World trade in commercial services by category, 2007

„Other services” have been among the fastest growing components of the trade with non-factor services. The share of this category in total exports increased from 48.5% in 2003 to 51.2% in 2007. Unlike the "other services", the tourism share in total exports of commercial services fell from 29.2% in 2003 to 26% in 2007. With slight variations, in 2004 and 2005, the share of transport in total exports of services remained constant.

Since 2000 to 2003, the growth rate of imports of both goods and services, has been rather slow, because in 2004 to reach the maximum rate 21.7% and respectively, 19.1%. In 2007, the growth rate for the import of commercial services outpaced that of commodities (see table).

Evolution of world imports of commodities and commercial services 2000-2007

Year	World imports of commodities and commercial services (bill.\$ USD)	World imports of commodities (bill.\$ USD)	Growth rate facing last year (%)	World imports of commercial services (bill.\$ SUA)	Growth rate facing last year (%)	The share of commercial services from total world imports (%)
2000	8178,1	6727	-	1451,1	-	17,7
2001	7955	6485	-0,4	1470	1,3	18,5
2002	8300,7	6744	4	1556,7	5,9	18,8
2003	9640,1	7863	16,6	1777,1	14,2	18,4
2004	11686,1	9569	21,7	2117,1	19,1	18,1
2005	13207,8	10857	13,5	2350,8	11,04	17,8
2006	15048,1	12428	14,5	2620,1	11,5	17,4
2007	17329,9	14244	14,6	3085,9	17,8	17,8

Source: own computations after WTO -*International Trade Statistics 2008*

The first place regarding commercial services export was held in 2007 the U.S., followed by UK, Germany, France and Spain. As with global trade with goods, the leading actors on the market still remain strong industrialized countries. Growth in commercial services exports in the U.S. was 15% in 2007, superior to those of previous years. Regarding imports of services, U.S. had a annual increase rate facing the previous year of 10.9%, followed by Germany (8.1%), UK (6.3%), Japan (4.8%) and China (4.2%).

Major exporters and importers of services world trade in 2007

Place	Exporter	Value bill. \$	Percentage (%)	Annual growth rate (%)	Place	Importer	Value bill. \$	Percentage (%)	Annual growth rate (%)
1	USA	456,4	13,9	15	1	USA	335,9	10,9	9
2	Grand Britain	273,0	8,3	18	2	Germany	250,5	8,1	15
3	Germany	205,8	6,3	15	3	Grand Britain	194,1	6,3	13
4	France	136,7	4,2	16	4	Japan	148,7	4,8	11
5	Spain	128,3	3,9	21	5	China	129,3	4,2	29
6	Japan	127,1	3,9	10	6	France	124,1	4,0	16
7	China	121,7	3,7	33	7	Italy	118,3	3,8	21
8	Italy	110,5	3,4	13	8	Spain	98,4	3,2	26
9	India	89,7	2,7	20	9	Ireland	94,5	3,1	20
10	Ireland	89,0	2,7	30	10	Holland	86,8	2,8	10
11	Holland	87,5	2,7	9	11	Republic of Korea	82,5	2,7	21
12	Hong Kong, China	82,7	2,5	14	12	Canada	80,3	2,6	12
13	Belgium	75,5	2,3	-	13	India	77,2	2,5	22
14	Singapore	67,3	2,0	14	14	Belgium	70,6	2,3	-
15	Sweden	63,8	1,9	28	15	Singapore	70,1	2,3	14

Source: WTO – *International Trade Statistics 2008*

The category "other services", has the largest share in total exports and imports of the U.S., followed by tourism and transport.

It is noteworthy the jump recorded by the Hong Kong that ranked 21 among the main exporters of commercial services in 1980, ranked 14 in 1990 and 12 in 2007. If in 2000, Rep. of Korea had the 13th place among the main exporter of services, in 2007, services exports in the country had decreased, so they find themselves in rank 18.

As with the exporters, the first 9 importers own half (50.3%) of purchases of services.

3. Conclusions

World trade in services has expanded significantly in the recent decades. In 2007, according to data provided by the World Trade Organization (WTO), global exports exceeded the value of 3.291 billion U.S. dollars, which represents more than four times the amount recorded in 1990 (WTO, 2008). Major exporters of services - EU, U.S., Japan, China and India – hold approximately 2/3 of the world exports of services.

In the last years, exports of services of China and India recorded growth rates much higher than the world average. However, it should be noted continuous increase of the share of services exports in India, in parallel with the decrease in the share of Chinese exports. In 2007, services had a share of almost 38.2% of total exports of India (compared to 9% in the case of China) and

26.3% of imports (compared to 11.9% in the case of China). Compared to the U.S. - which holds the largest market of integrated global services - services had a share of 28% of exports and 14% of total imports.

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