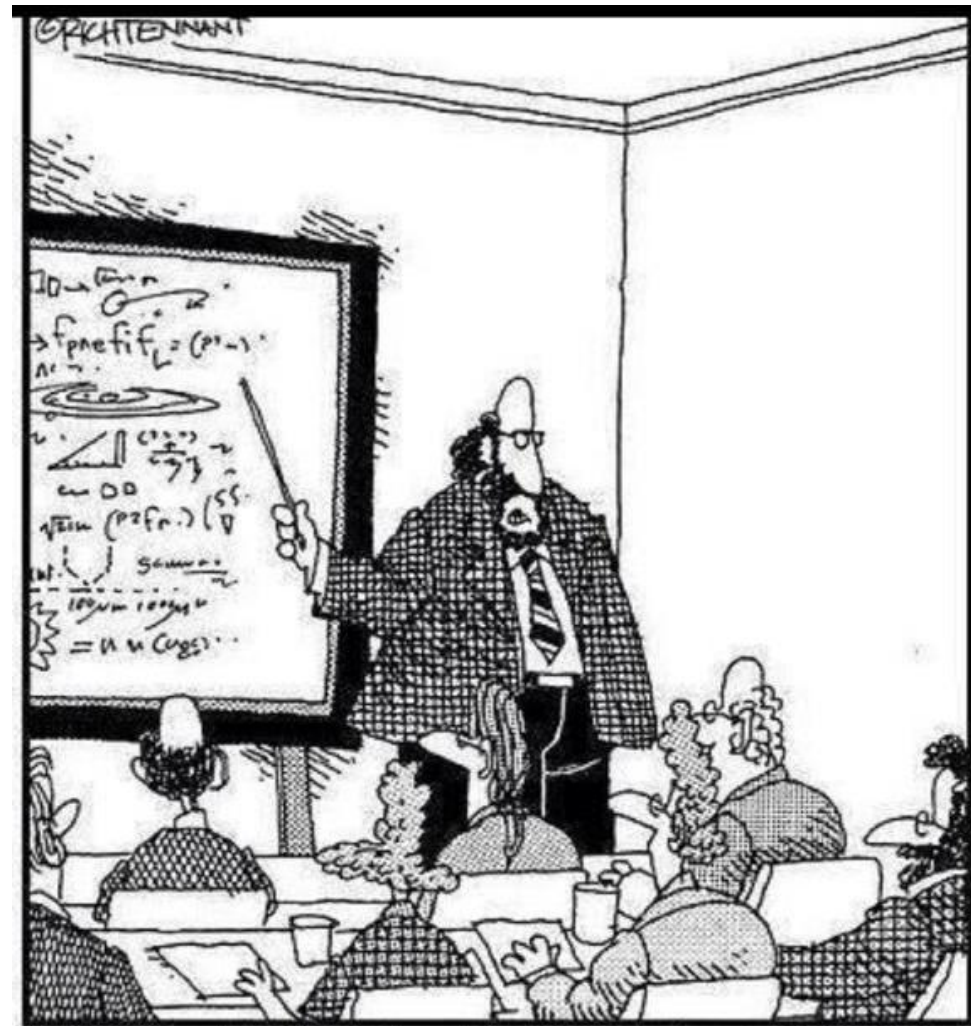


Why **#ServicesMatter** more than you think?

Lucian Cernat
Chief Trade Economist
European Commission

 @Lucian_Cernat



"Along with 'Antimatter,' and 'Dark Matter,' we've recently discovered the existence of 'Doesn't Matter,' which appears to have no effect on the universe whatsoever."

The #FutureofEurope: **what kind of trade policy?**

1 March – President Juncker publishes the White Paper on the Future of Europe



"Who does what is not well enough explained and the EU's positive role in daily life is not visible if the story is not told locally."

p.12

A handwritten signature in blue ink, appearing to be 'JC Juncker'.

*Jean-Claude Juncker
1 March 2017*

November 2014, DG TRADE Chief Economist Note, p.7

"Individuals find it hard to relate with abstract trade gains that are not directly linked to their daily lives.

*Why should a particular country or societal group be in favour of trade liberalisation if there is little information about what trade policy can bring to **them** as opposed to **Europe**?*

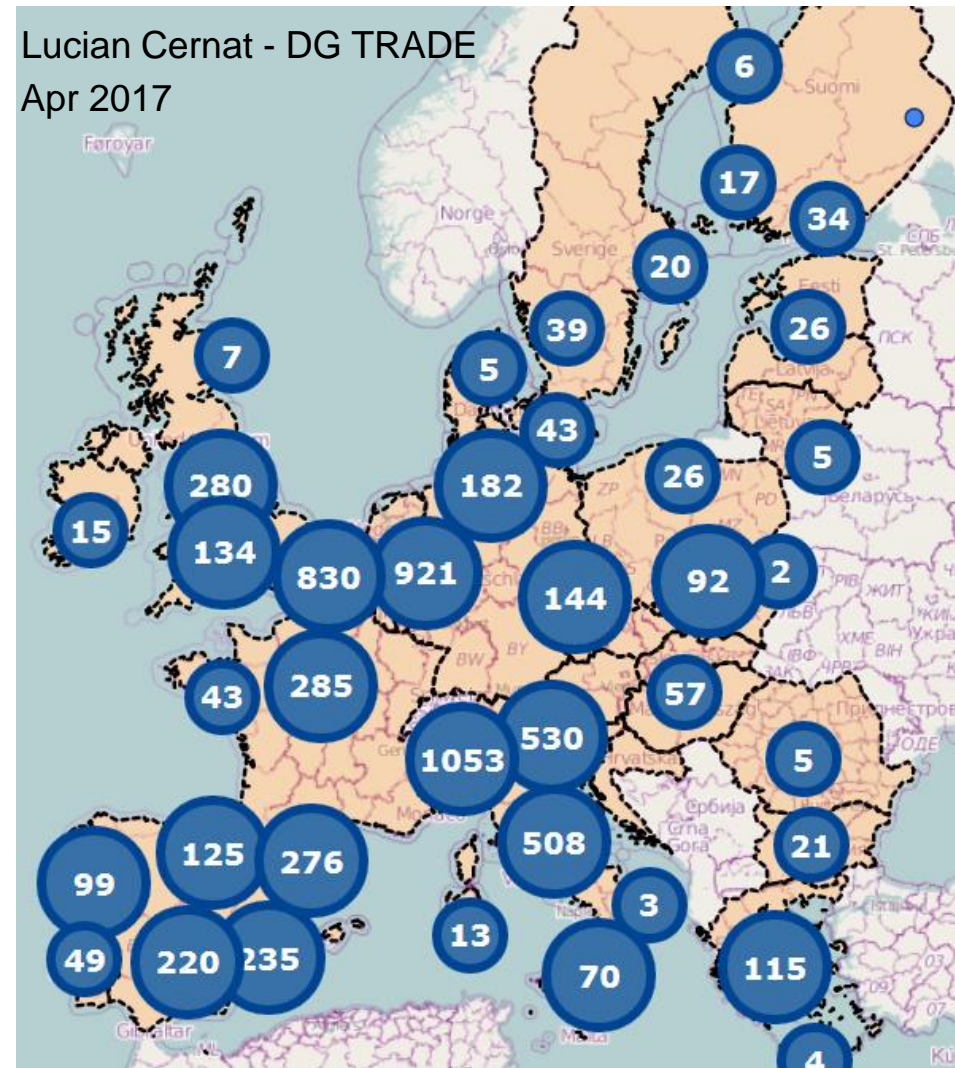
If firm-level trade statistics would be used more systematically, then trade policy could "come to your town".

#CETAcomes2town

Putting exporters on the EU map

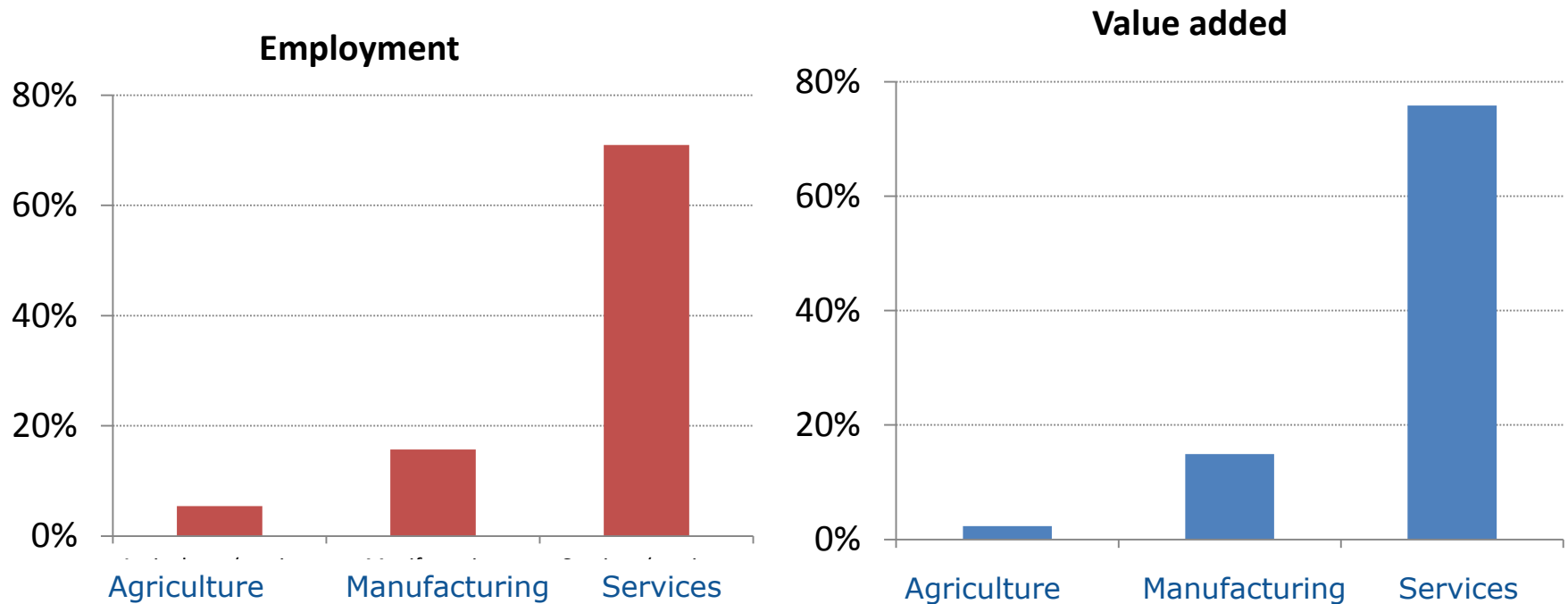
70'000 EU firms export goods to Canada. Most are SMEs!

Nearly **1 million** jobs in Europe are supported by EU exports to Canada

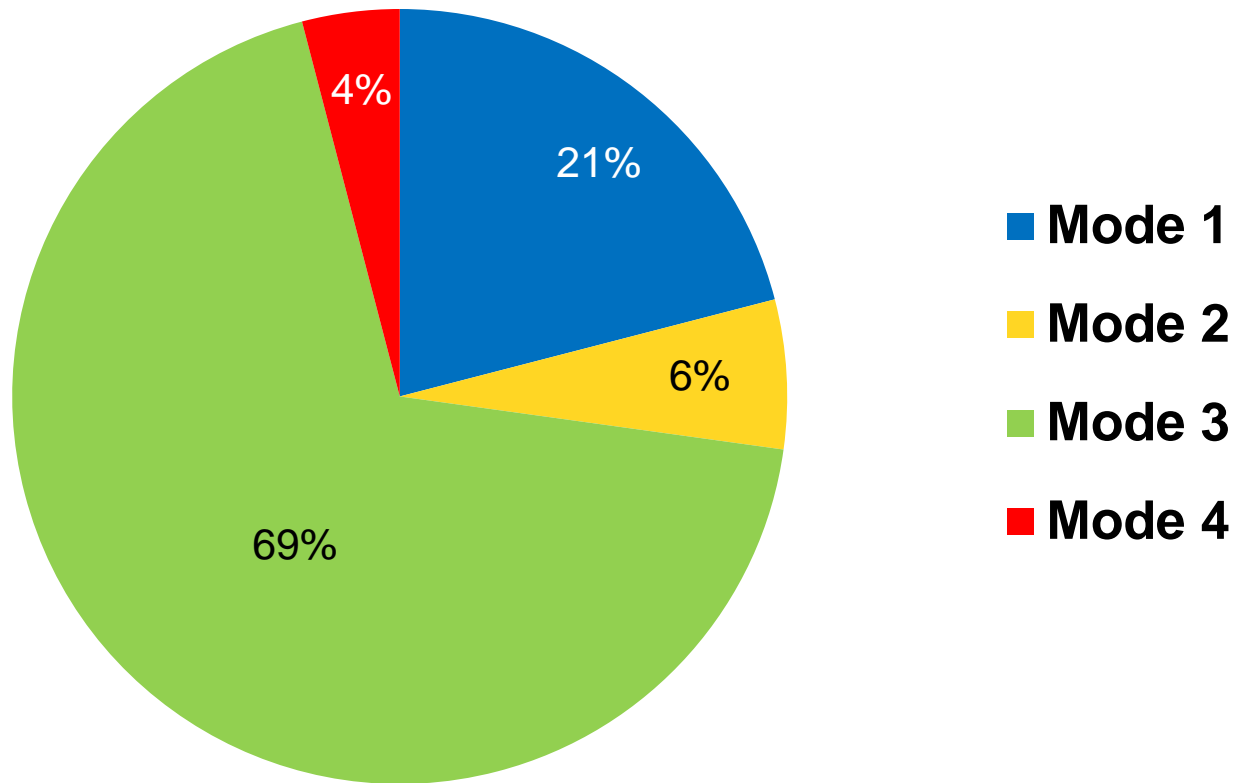


But where are the **services** exporters?

The relevance of services



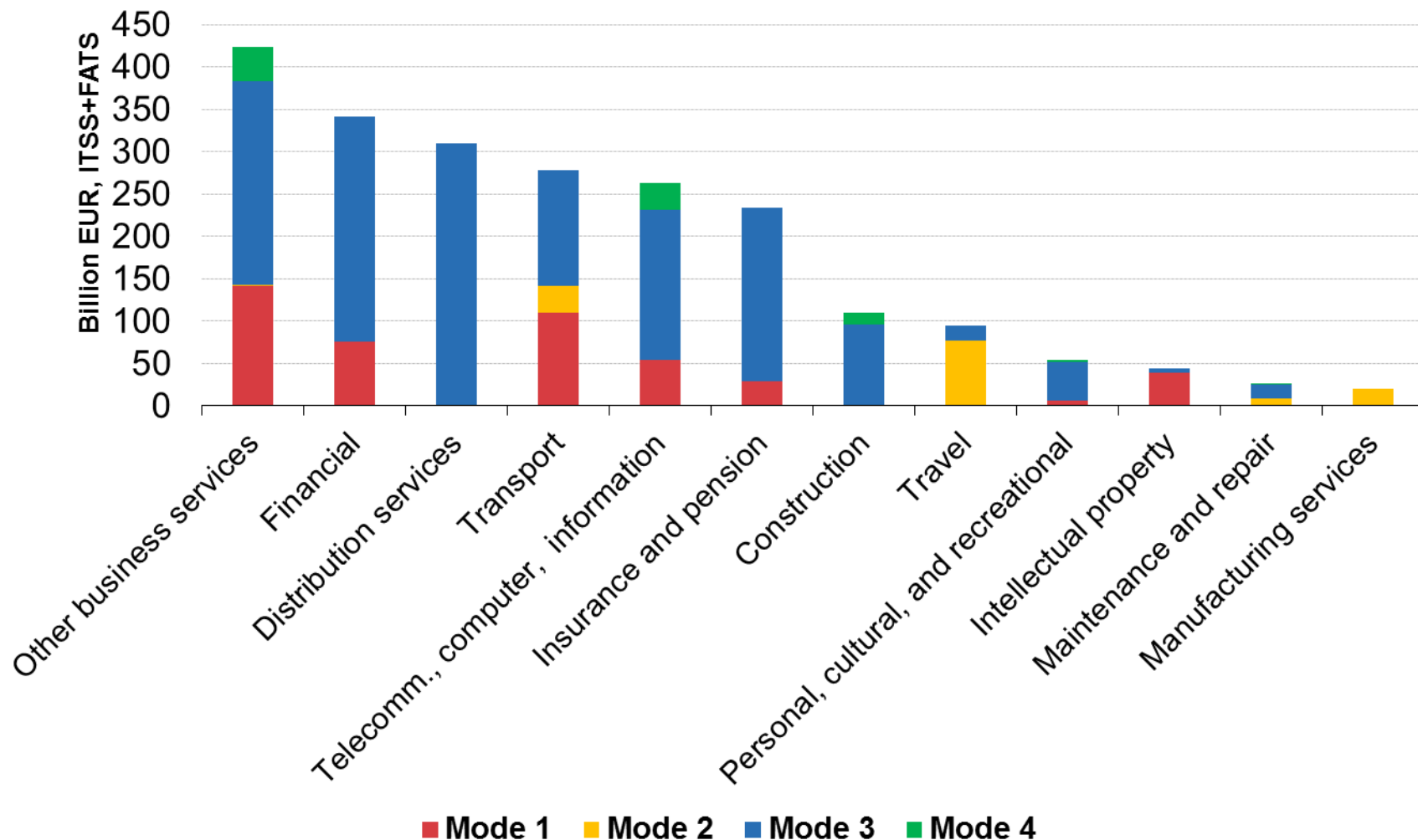
Value of EU services exports by GATS modes of supply



Source: Eurostat/DG TRADE Chief Economist Note 3/2016

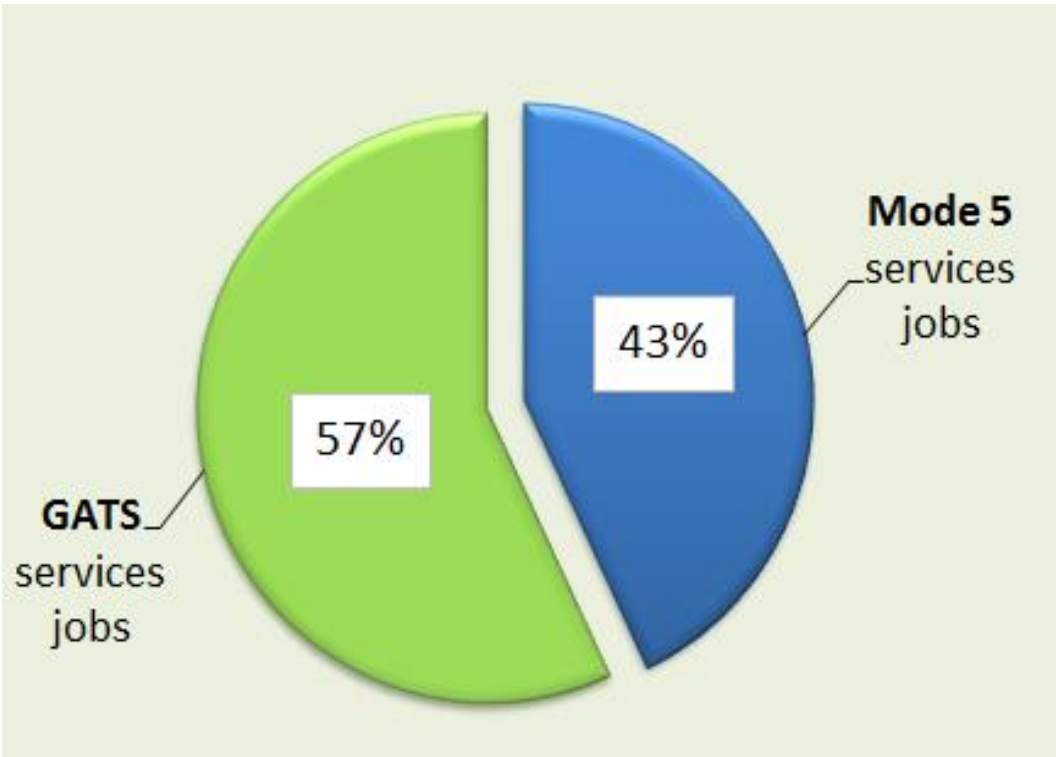
Top EU services exports

by sector and GATS modes of supply



Think jobs and Industry 4.0!

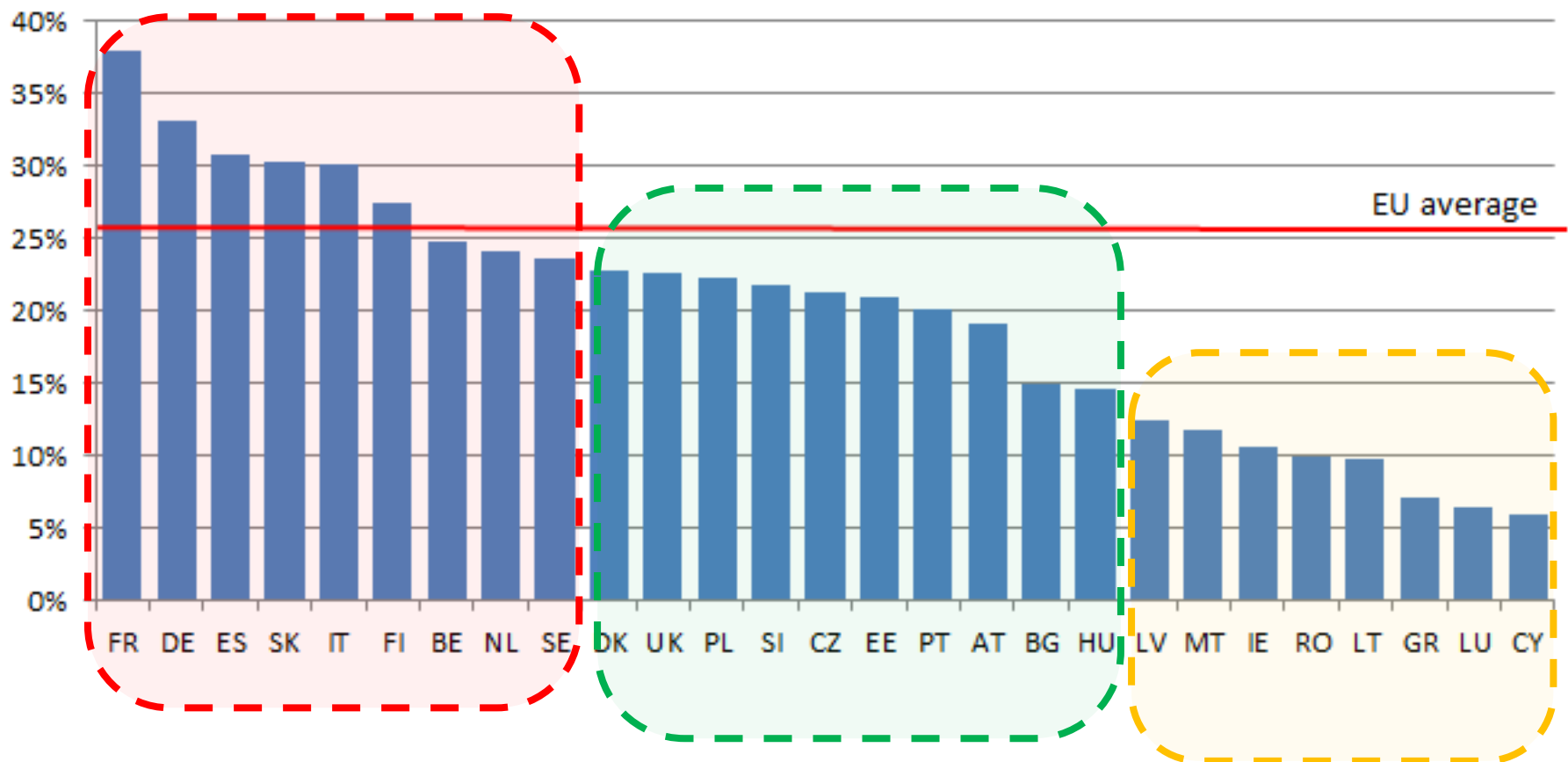
#Mode5services are more important than you think



- Mode 5- Services value-added is exported in "boxes"!
- The services sector has almost as much at stake from manufactured exports as from their own "direct" exports
- The importance of services "exported in boxes" has increased a lot recently

Result: in Europe, there are more trade-related jobs in services than in manufacturing!

Share of #mode5jobs in total jobs supported by exports



Issues for discussion

- Services are perceived as less traded than manufacturing but our usual stats show us only the "tip of the iceberg"
- Our services export performance cannot fly on GATS only, as sole "trade policy engine"
 - We export a lot of services embedded in goods exports (**mode 5 exports**). Except that they pay customs duties. Half a trillion euros worldwide in lost exports!
 - Barriers in GATS services are big, complex, behind-the-border and so far (very) difficult to negotiate away, apart from **bindings and autonomous liberalization**
 - We need to step up our **implementation efforts** and **e-tools** to services exporters – sometimes **lack of transparency** is the biggest barriers for services exporters
- We need **firm-level services data** to negotiate better, implement better, and show trade benefits "in your town"!