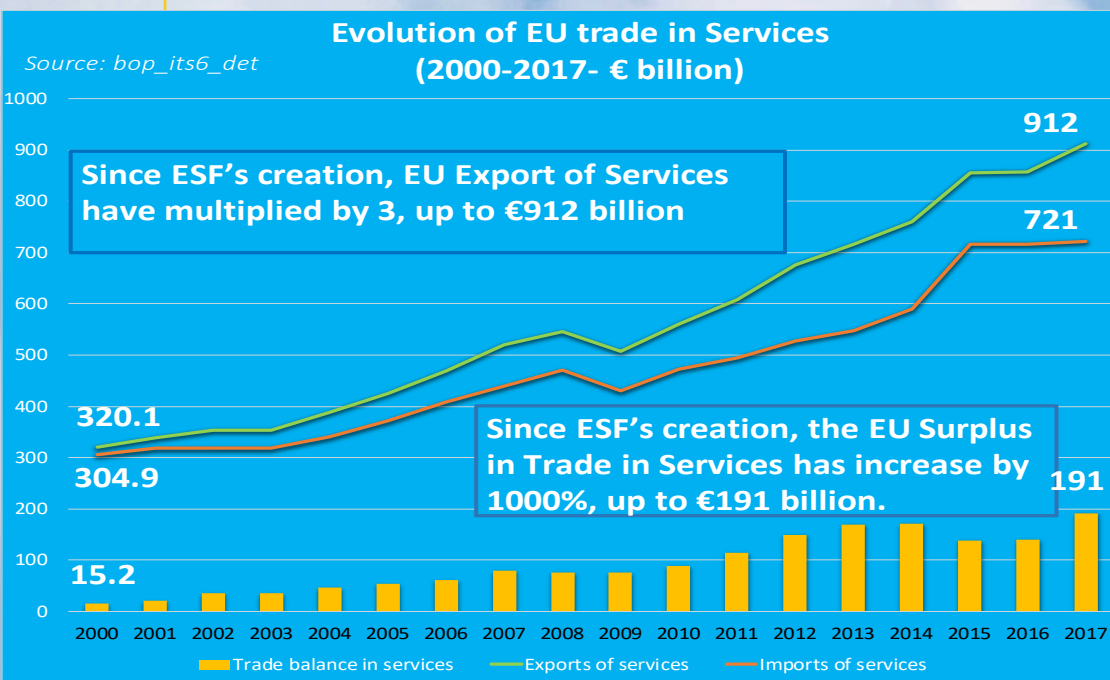




The voice of the European Services Industry in Trade & Investment

Importance of Trade in Services in the EU Economy Facts & Figures

Trade in Services & GDP



EUROPEAN TRADE IN SERVICES EXPORTS

€912 billion

SURPLUS= 191 BILLION

EUROPEAN TRADE IN SERVICES ACCOUNTS FOR:

22 million

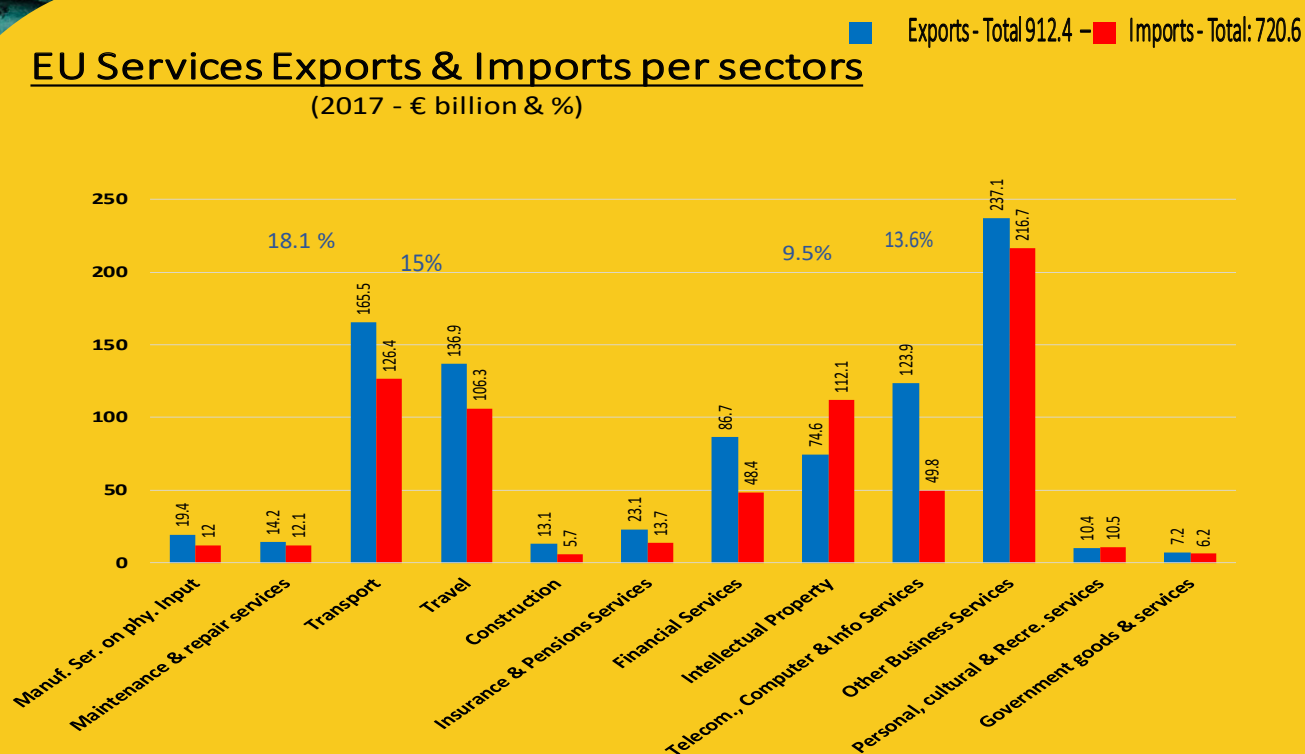
JOBS IN THE EU

EUROPEAN TRADE IN SERVICE ACCOUNTS FOR:

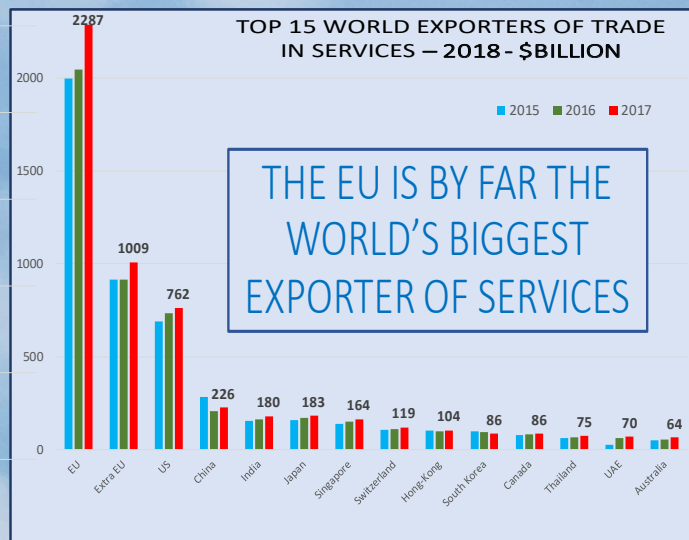
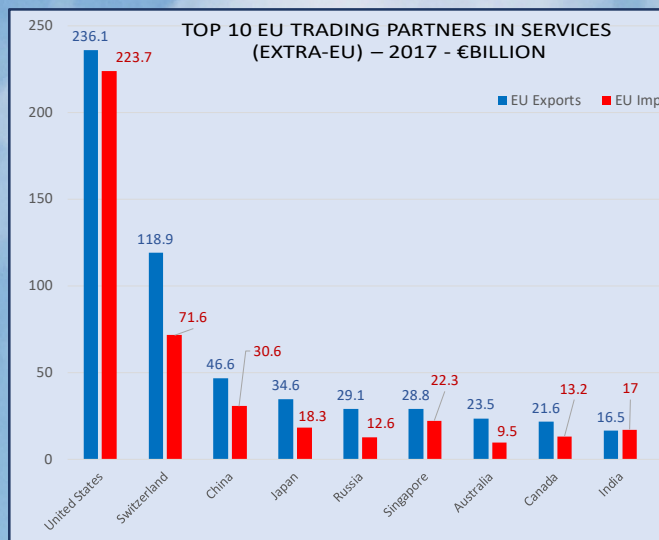
24%

EU GDP

EU Services Exports & Imports per sectors (2017 - € billion & %)



Source: Eurostat 2019 – Note: Other business services comprise mainly: research and development, professional and management consulting services, technical, trade-related services.



Total World Export of services 2017=5279 Bio US\$-

Source: WTO Trade Statistical Review 2018 - Bio US\$

3 MAIN SERVICES SECTORS

Transport

274 billion euros are exported and imported in the transport sector accounting for 17.5% of EU services trade



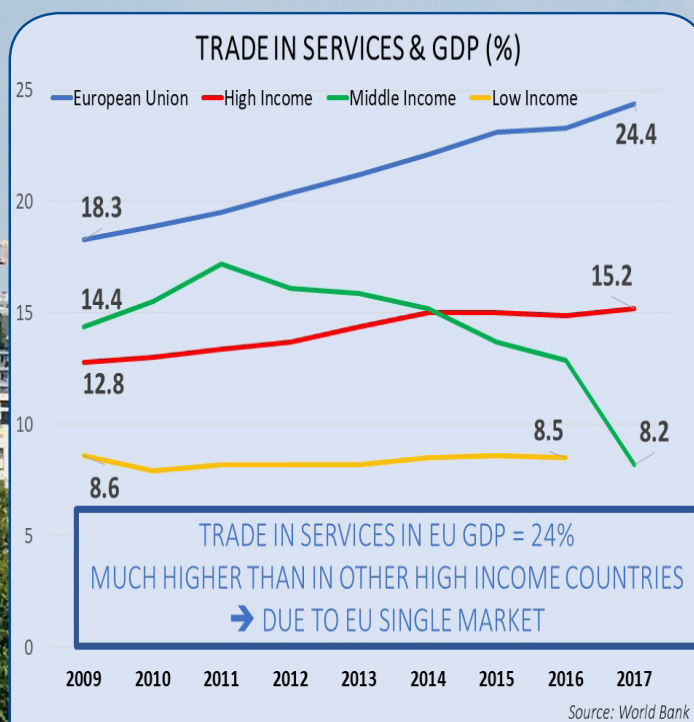
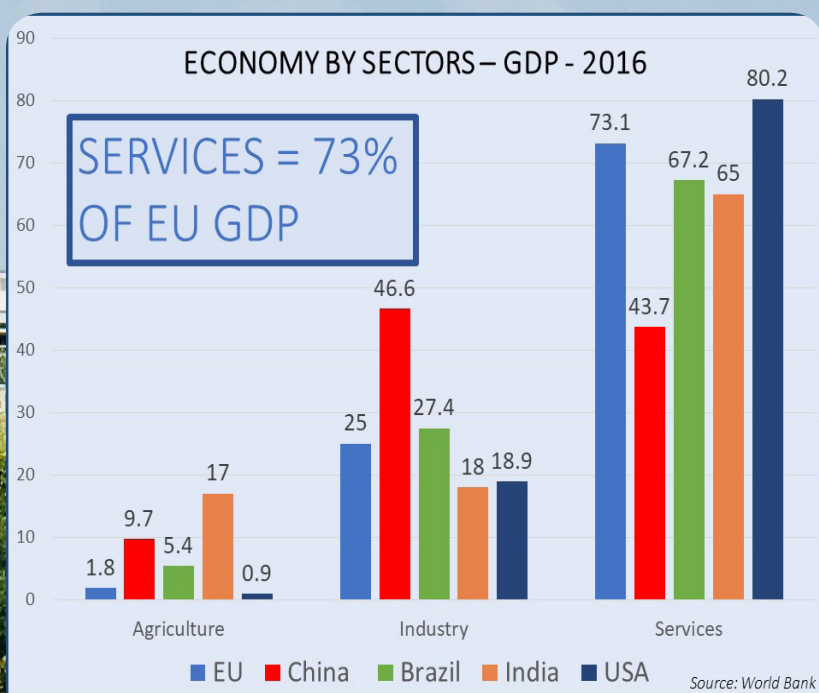
Travel

239 billion euros are exported and imported in the travel sector accounting for 15.4% of EU services trade



Other business services

434 billion euros are exported and imported in the other businesses sector accounting for 25.6%



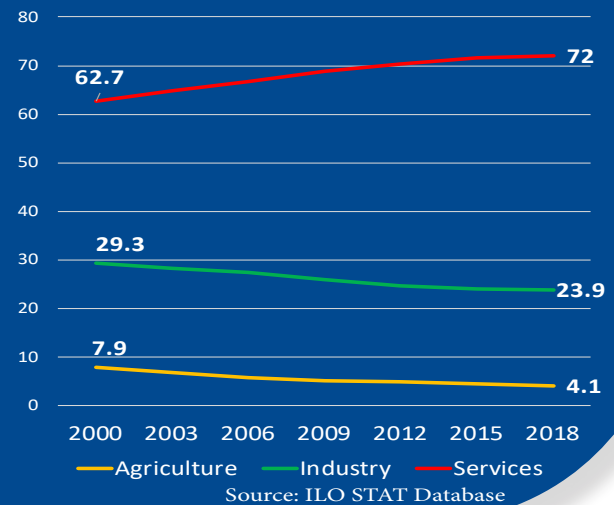
Trade in Services & Jobs

1

Services drive employment growth. In the EU, Services account for 72% of total employment in 2018 (up from 62.7% in 2000).

% of Total Employment

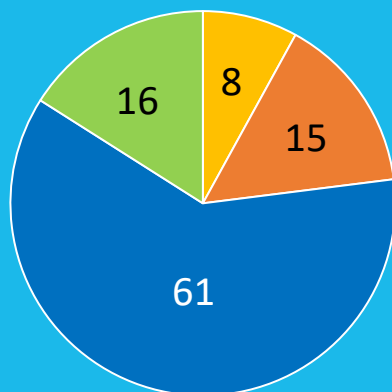
EU EMPLOYMENT BY ECONOMIC SECTOR



2

Export-supported jobs by sector – 2017 - %

■ Non-metallic & basic metals ■ Machinery & transport equipment ■ Services ■ Others



22 million jobs in services thanks to EU exports

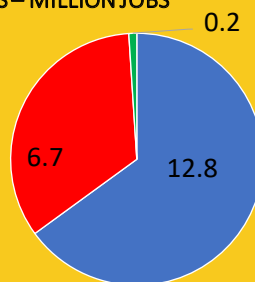
EU Exports support 36 million jobs!
61% of export-related jobs are in services

Source: Report "EU Exports to the world: Effect on Employment" - 2018

3

EXPORTS OF SERVICES MEANS JOBS IN THE EU IN SERVICES SECTORS – MILLION JOBS

IN 2014, EU EXPORTS TO THE REST OF THE WORLD SUPPORTED 19.7M JOBS IN THE SERVICES SECTOR ACROSS THE EU.

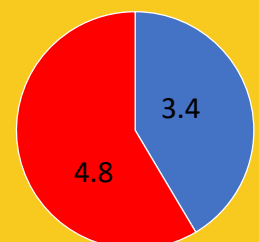


■ Services Jobs driven by sales of services sector to Rest of the World (RoW)
■ Services jobs driven by exports of EU manufacturing sector to RoW
■ Services jobs driven by exports of EU primary sector to RoW

Source: Report "EU Exports to the world: Effect on Employment" – page 49 - 2018

EXPORTS OF SERVICES MEANS JOBS OUTSIDE THE EU – MILLION JOBS

IN 2014, EXPORTS OF THE WHOLE EU TO THE REST OF THE WORLD SUPPORTED AROUND 8.2 MILLION SERVICES SECTORS JOBS IN COUNTRIES OUTSIDE THE EU!

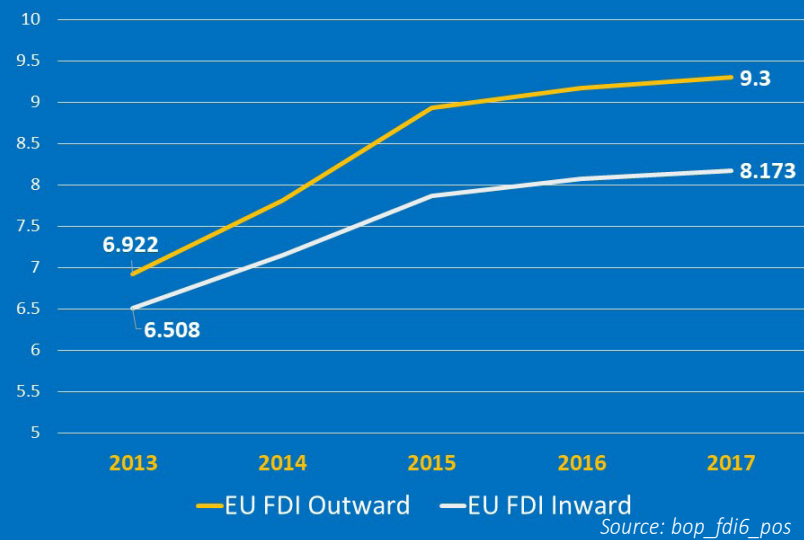


■ Services sectors Jobs outside the EU supported by EU services Exports
■ Services sectors Jobs outside the EU supported by EU manufacturing Exports

Source: Report "EU Exports to the world: Effect on Employment" – page 59 - 2018

Trade in Services & Investments

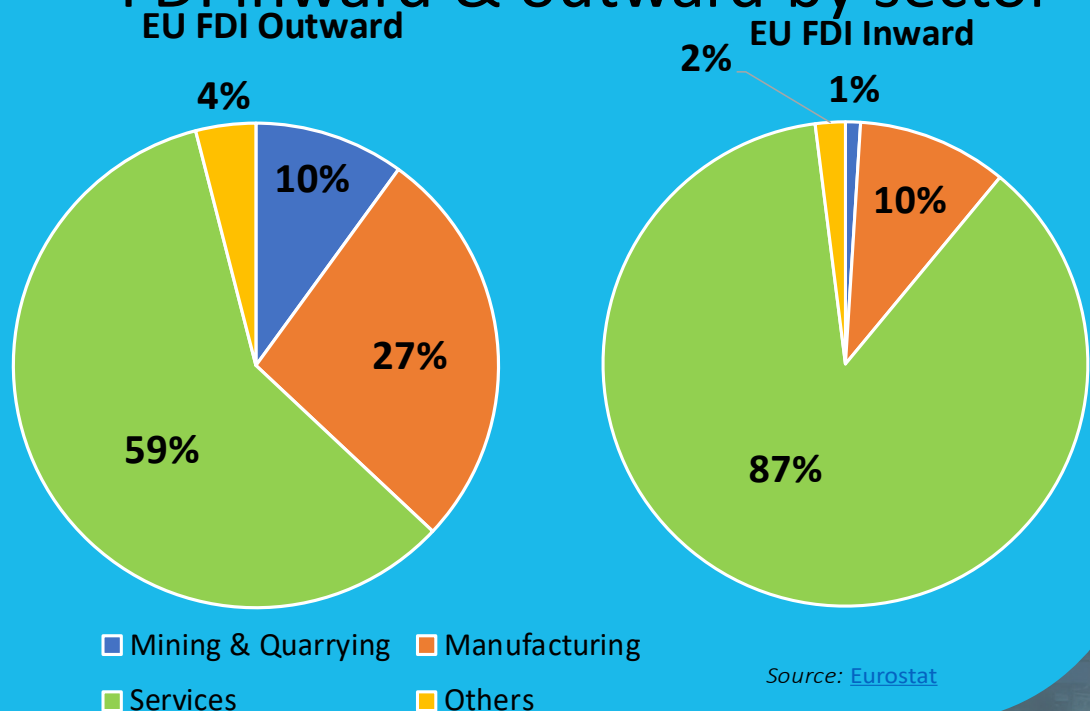
EU FOREIGN DIRECT INVESTMENT - 2013-2017 - € TRILLION



Foreign Direct Investment (FDI) is vitally important in enabling businesses to produce efficiencies via new technological developments and know-how brought in by investing companies. Furthermore, external investment is often crucial in developing new infrastructure that can require considerable sums of capital and expertise, particularly important for developing countries. FDI is also crucial for gaining access to new markets where a commercial presence may be needed. For European businesses, expansion abroad through foreign direct investment can help European service providers to reach more consumers, ultimately creating new jobs and support competition within the EU and bringing new expertise to the business.

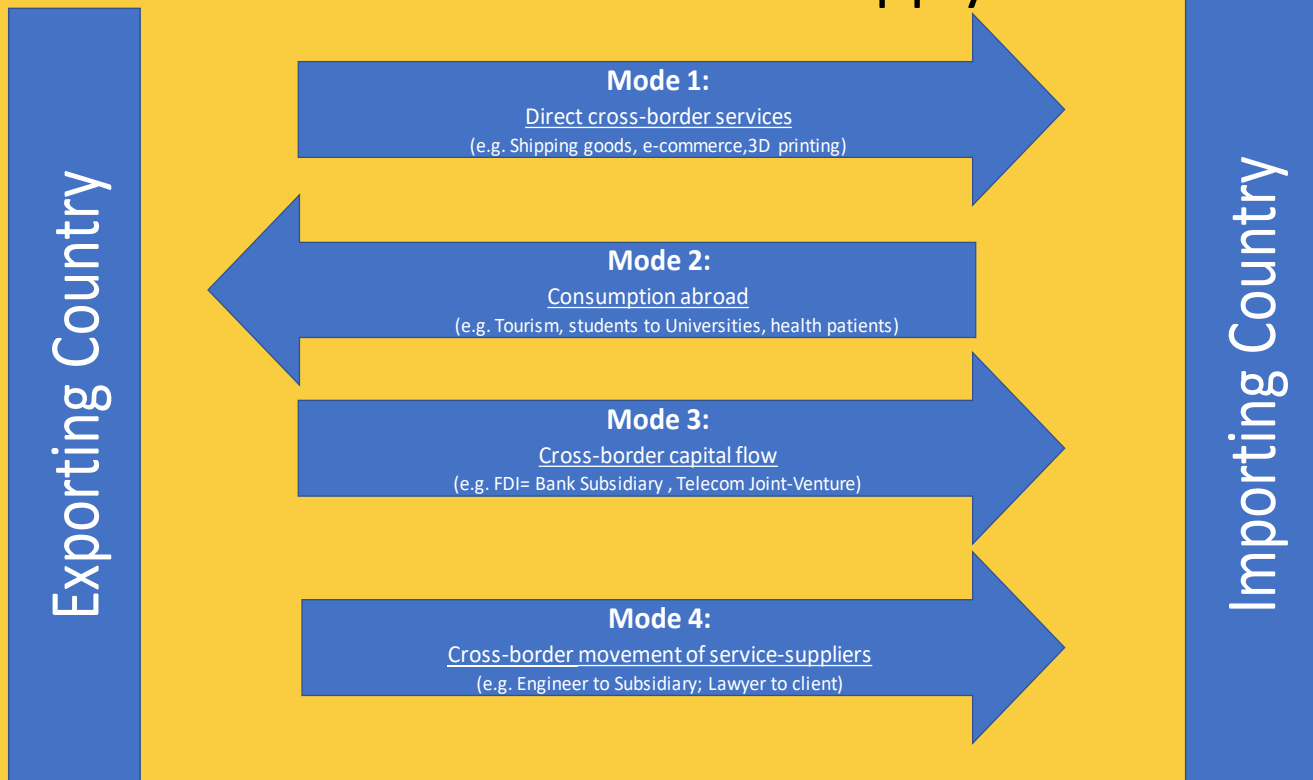
- 60% OF ALL FDI GOING FROM THE EU TO THE REST OF THE WORLD COMES FROM SERVICES SECTORS
- NEARLY 90% OF ALL FDI COMING TO THE EU GOES TO SERVICES SECTORS

FDI inward & outward by sector

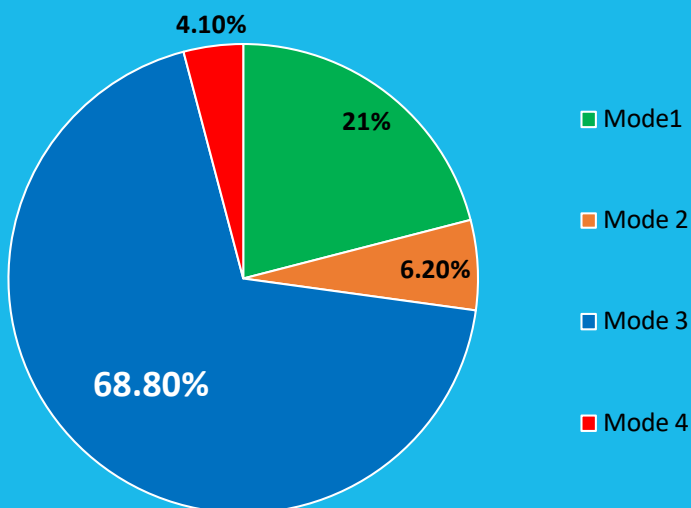


Modes of Supply of International trade

GATS 4 modes of supply

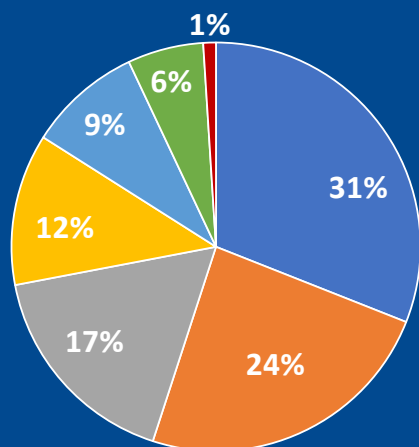


EU Services Exports per modes of Supply



de in Services

EU28 - Mode 1 Services Exports:
sectoral breakdown, partner Extra-EU28 – 2013 - %

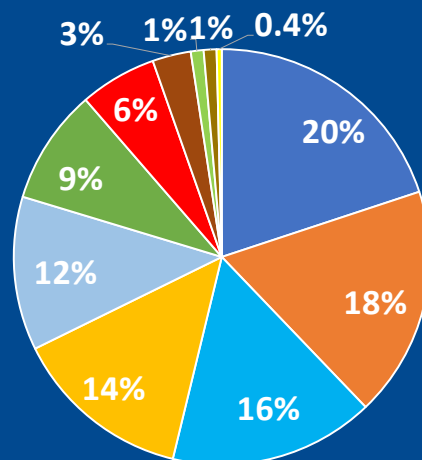


Other Business Services
Telecom & IT
Personal, Cultural & Recreational

Transport
Intellectual Property
Insurance & Pension

Financial

EU28 - Mode 3 Services Exports:
sectoral breakdown, partner Extra-EU28- 2013 - %

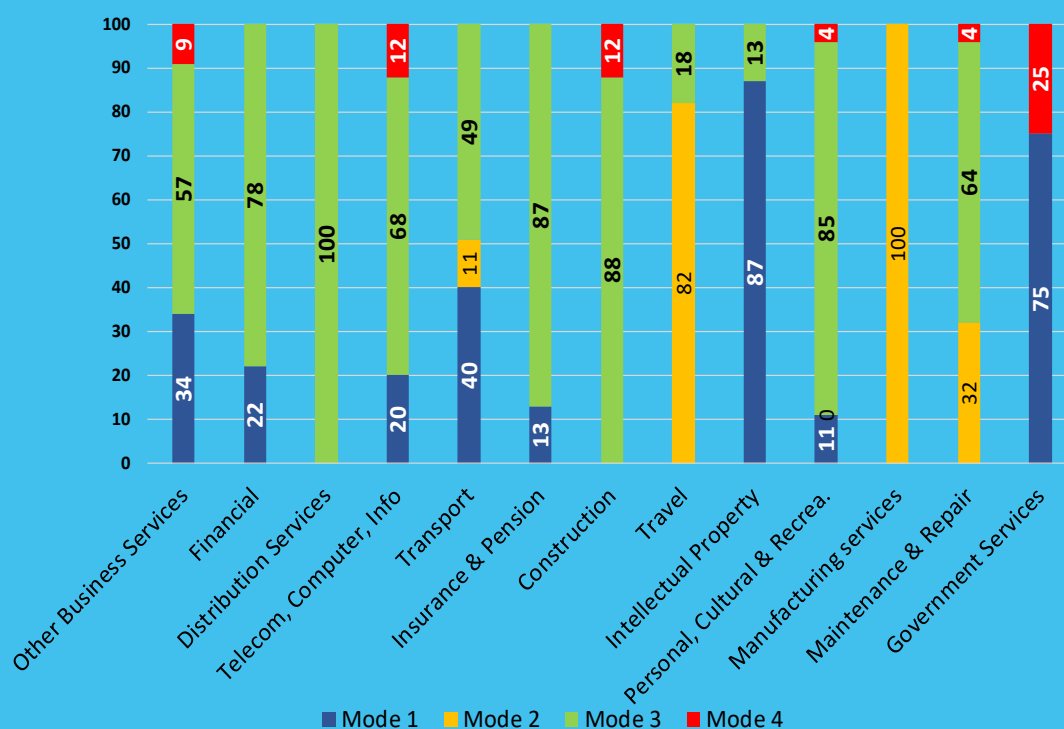


Distribution Services
Financial Services
Other Business Services
Insurance & Pension
Telecom & IT
Construction services
Personal, Cultural & Recreational
Travel
Maintenance & repair services
Intellectual services

"Other business services" generate nearly one third of EU mode 1 exports, followed by transport services and financial services

More than two thirds of the total value of EU28 mode 3 services was generated by distribution, financial and business services

Modes of supply by services sector- %



Mode 1 Mode 2 Mode 3 Mode 4

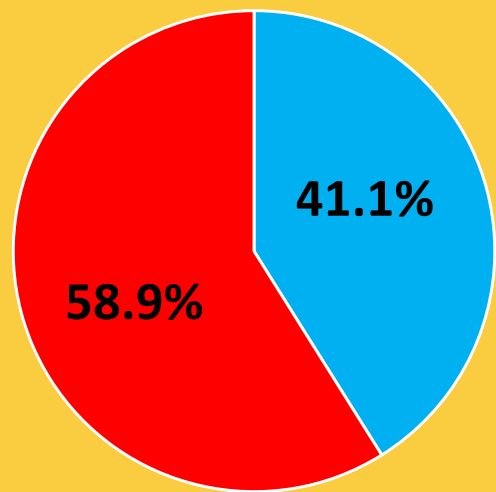
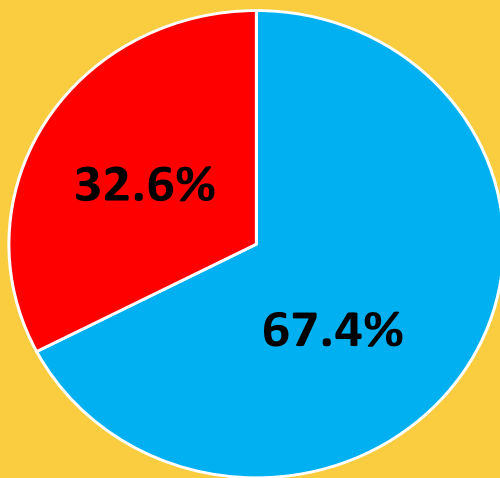
Services & Trade in Value Added

32.6% of Total EU Exports are Services (Balance of Payment – BoP)

58.9% of Total EU Exports are Services (Trade in Value Added – TiVA)

EU Exports in BoP - 2017

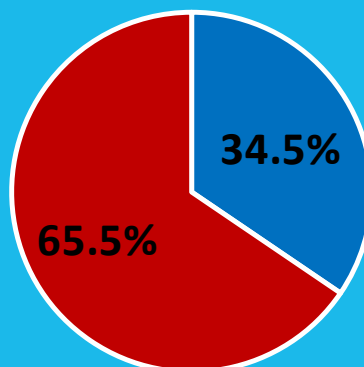
EU Exports in TiVA - 2016



■ Goods ■ Services

Source: Eurostat *bop_its6_det* & TiVA

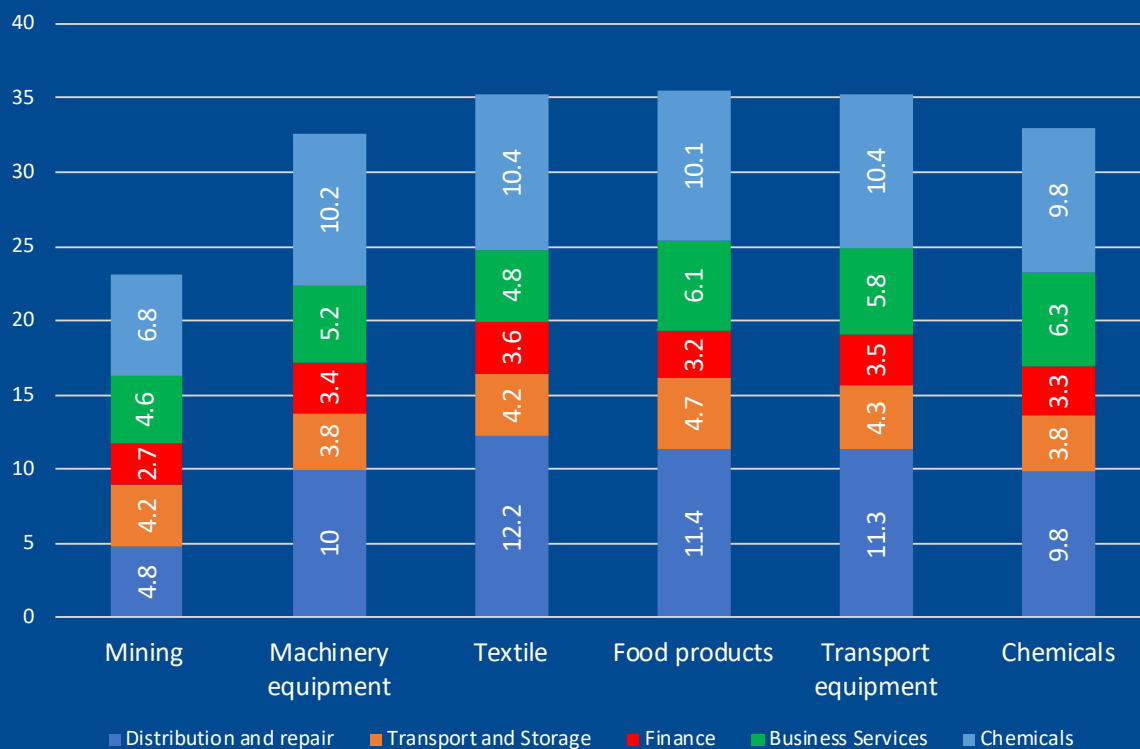
Share of Services in Exports of Manufactured Goods (in Value added) - 2016



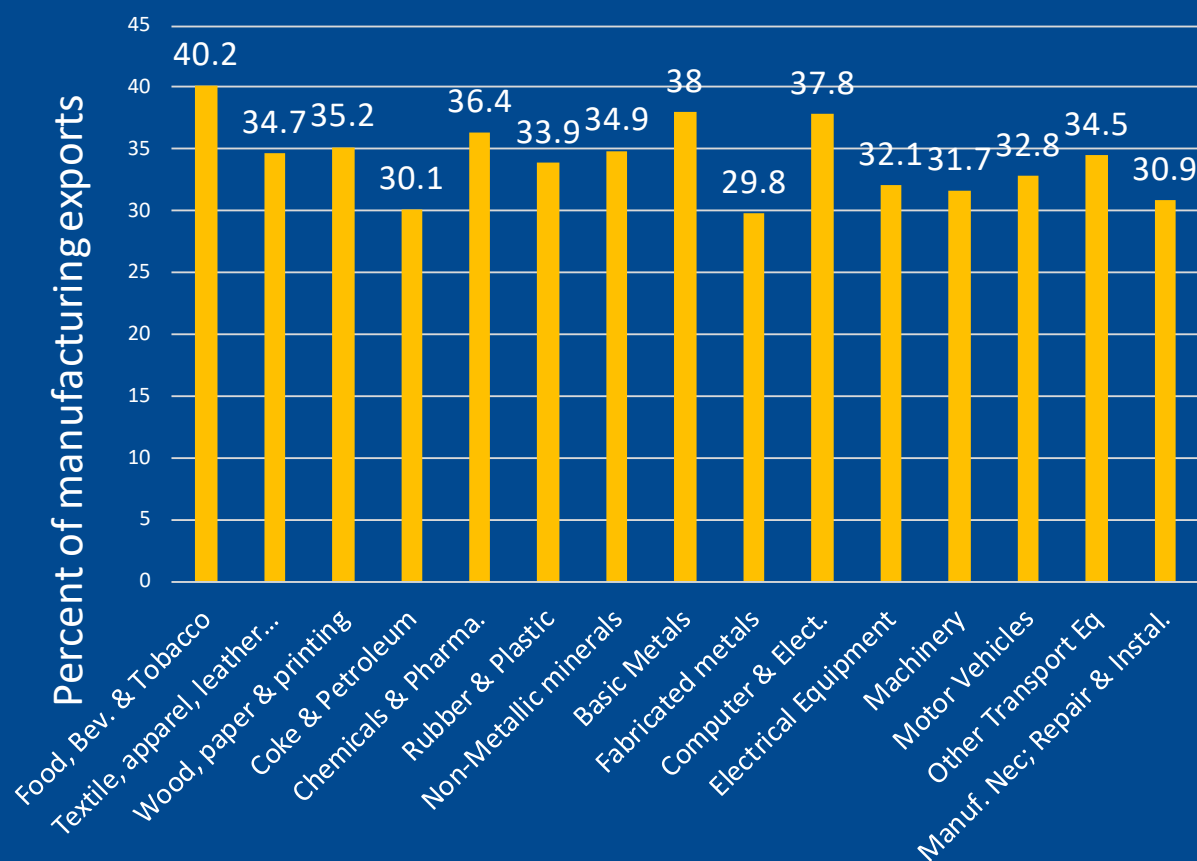
■ Services ■ Goods

Source: TiVA Data base

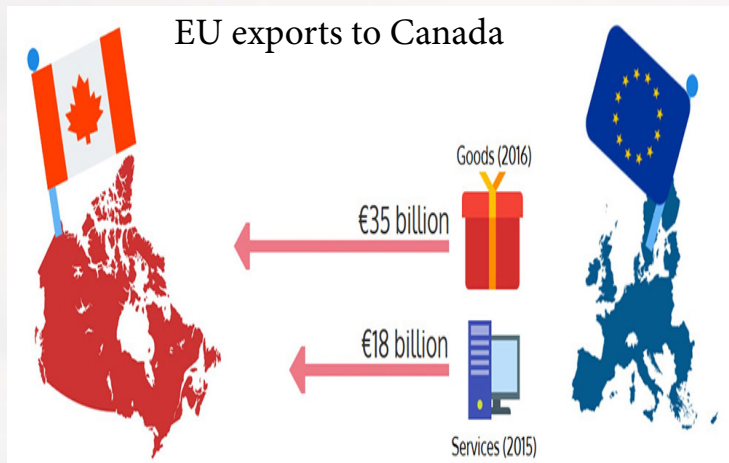
Services are important to manufacturing-%



EU Services Value Added across industries – 2016 - %



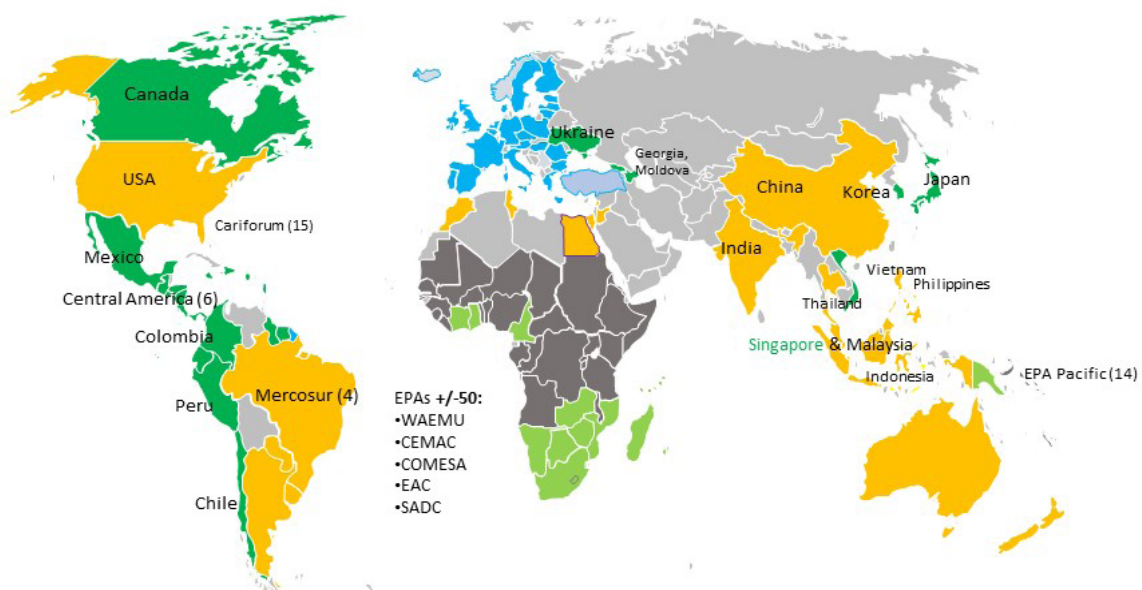
INTERNATIONAL TRADE NEGOTIATIONS



The most advanced EU FTAs with market access provisions for trade in services are with Canada & Japan

The EU Canada CETA agreement and EU-Japan EPA offer improved conditions for services' suppliers, greater mobility for business personnel, and a framework to enable the mutual recognition of professional qualifications, as well as elements of greater legal certainty for exporting and investing, and some new business opportunities in various services sectors. ESF supports ambitious results in services in the ongoing trade negotiations that the EU is currently negotiating at multilateral, plurilateral and bilateral levels

Map of EU Bilateral Trade Agreements – April 2019



EU: (28 Members) Implemented or concluded FTAs: (34)

EPAs with Africa & Pacific: (64) (including 16 Interim agreements, but without Services)

FTA/BIA under negotiations: (16)

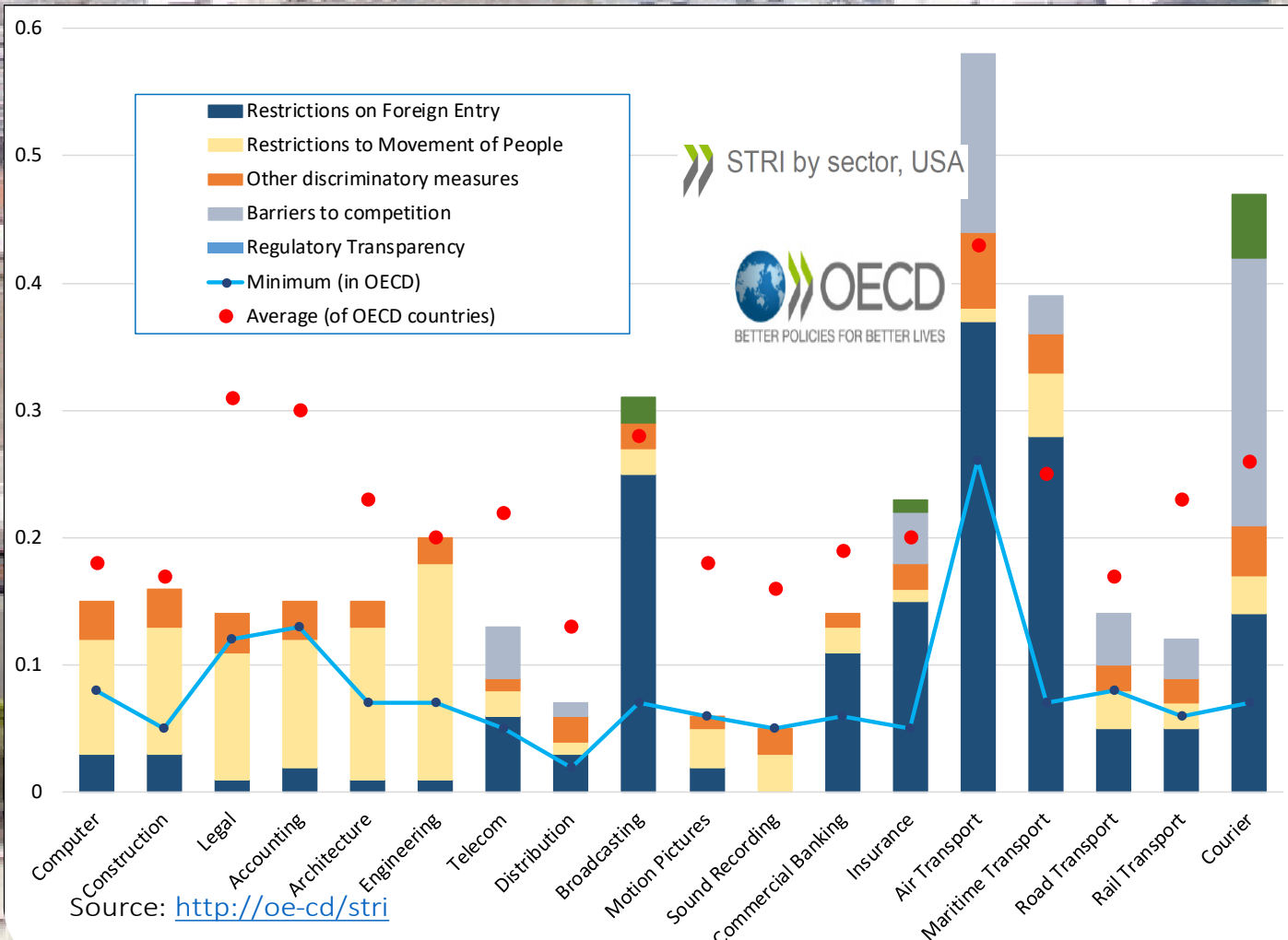
SERVICES TRADE AND BARRIERS

Despite the economic justifications for services liberalisation, services suppliers continue to be negatively impacted by discriminatory trade regimes in many countries. Barriers to services trade include:

- ❖ Closed sectoral market access.
- ❖ Barriers to commercial establishment (including foreign ownership caps and joint venture obligations).
- ❖ Restrictions on types of commercial presence (branch / subsidiary) and number and type of services that can be provided.
- ❖ Discriminatory registration requirements and licensing procedures; lack of transparency in domestic regulation
- ❖ Economic needs tests and discriminatory treatment advantaging domestic businesses over foreign companies.
- ❖ Barriers to cross-border data flows (e.g. localisation requirements for data processing and storage, and for computing facilities; requirement of transfer of code source or algorithm)
- ❖ Nationality and residency requirements.
- ❖ Difficulties in moving high skilled personnel to subsidiaries or to clients

EXAMPLE OF TRADE BARRIERS TO USA

(STRI= SERVICES TRADE RESTRICTIVENESS INDEX)





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