



EUROPEAN SERVICES FORUM

Importance of Trade in Services in the EU Economy

Facts & Figures



EUROPEAN TRADE IN SERVICES
STANDS FOR:

24%

EU GDP

EUROPEAN TRADE IN
SERVICES STANDS FOR:

22m

JOBS IN THE EU

Exported

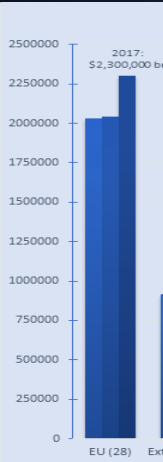
€912bn

SURPLUS= 191 BIO

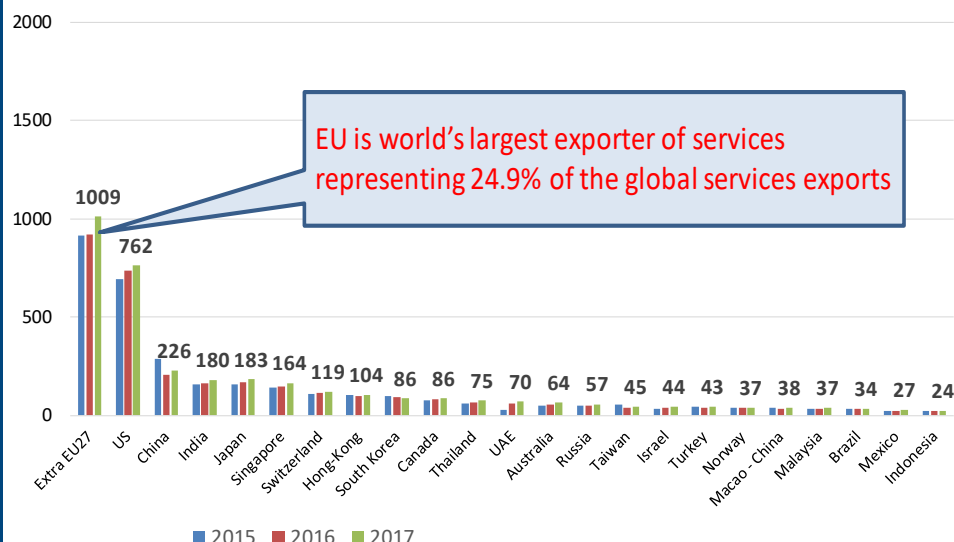
Invested

87%

FDI STOCKS INSIDE EU



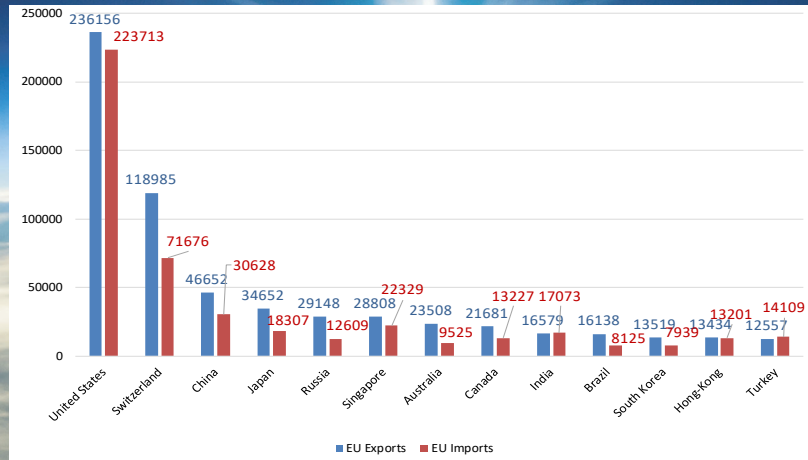
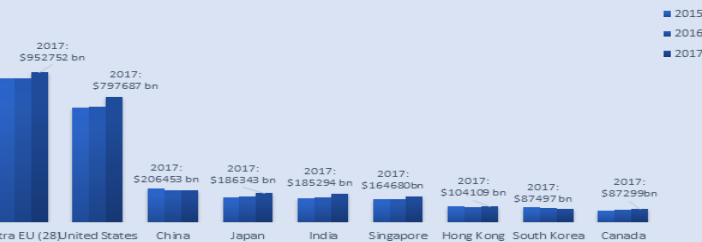
THE EU IS BY FAR THE WORLD BIGGEST EXPORTER OF TRADE IN SERVICES



Trade in Services & GDP

Services Exports in Million USD

Source: WTO



274 Bio

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



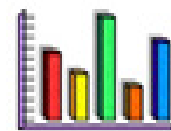
239 Bio

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

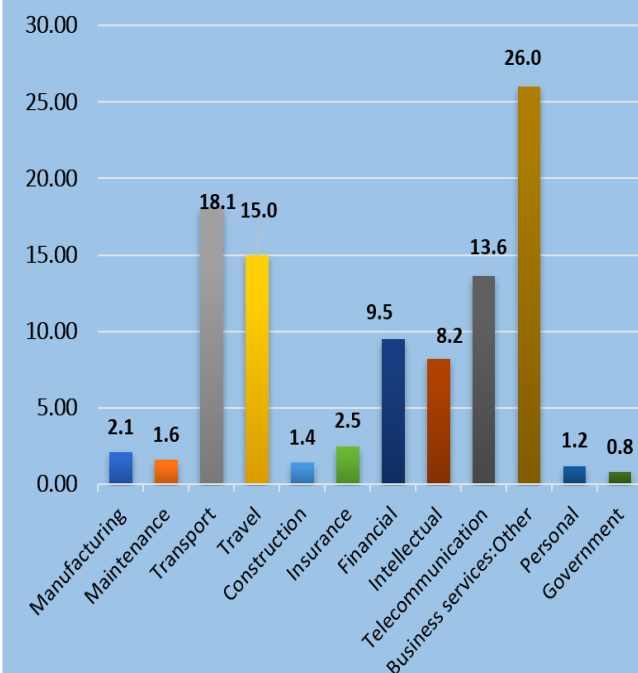


434 Bio

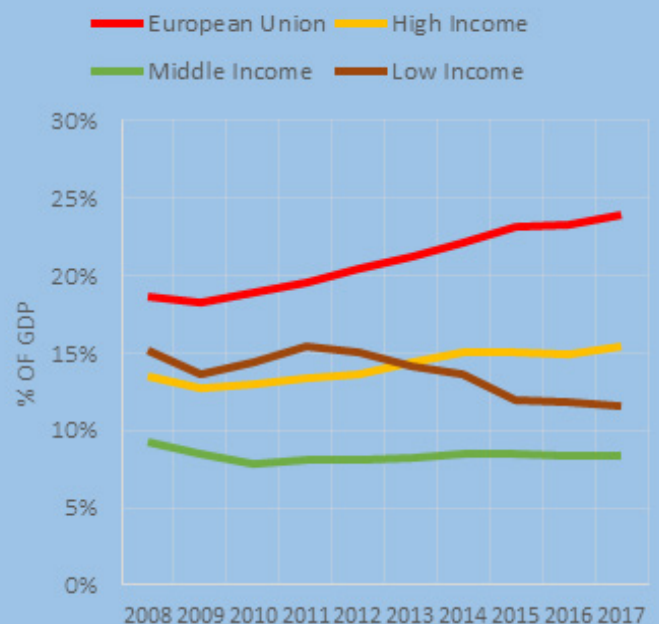
434 billion euros are exported and imported in the other businesses sector accounting for 25.6% of EU services trade



EU Services Exports to Extra-EU 28 by Sector, % of total in 2017



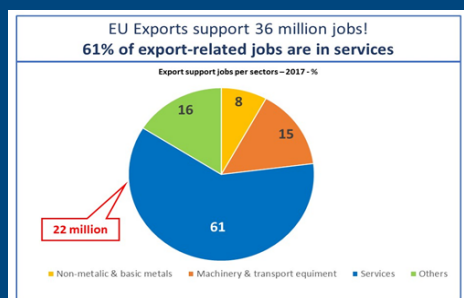
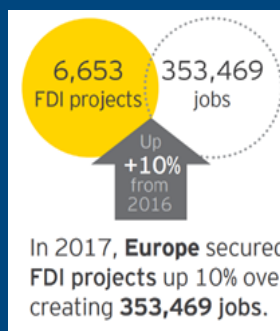
TRADE IN SERVICES (24% OF GDP)



Trade in Services & Jobs

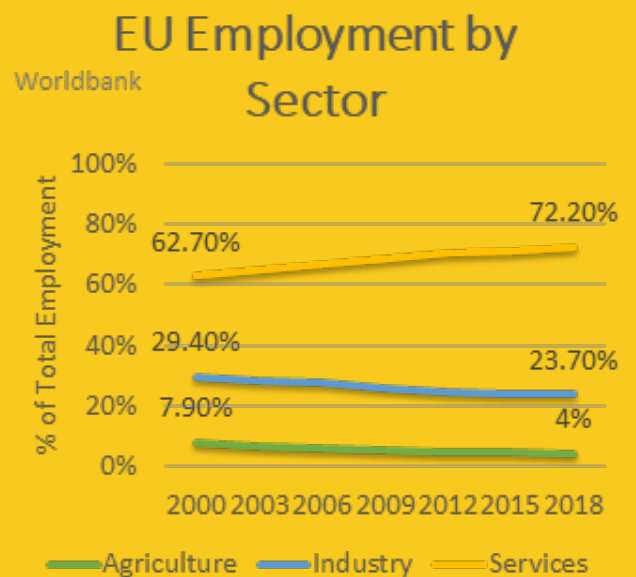
EXPORT & JOBS

1 EU Exports support 36 million jobs in 2017.
61% of export-related jobs are in services,
That makes 22 million services jobs!



2

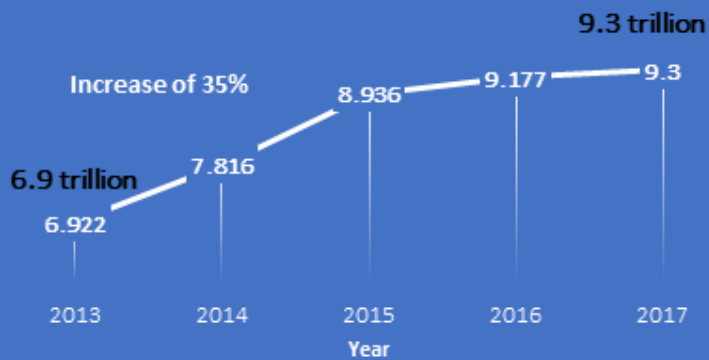
Services also drive employment growth. In the EU, services account for over 70% of employment. Within the EU, services accounted for 62.7% of employment in 2000, by 2018 this figure had risen to 72.2%.



Trade in Services & Investments

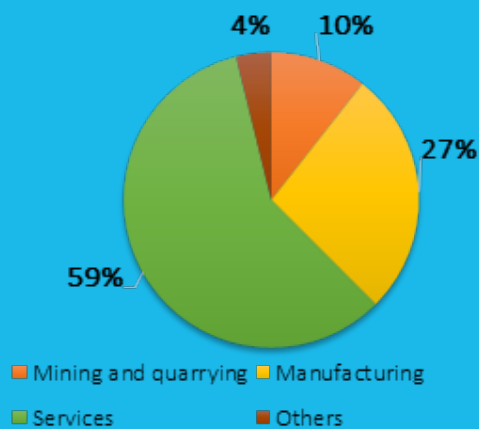
FDI is vitally important in enabling businesses to produce efficiencies via new technological developments and know-how brought in by investing companies. Furthermore, external investment is often crucial in developing new infrastructure that can require considerable sums of capital and expertise, particularly important for developing countries. FDI is also crucial for gaining access to new markets where a commercial presence may be needed. For European companies, 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.

NET FDI OUTWARD 2013-2017 TRILLION EUROS

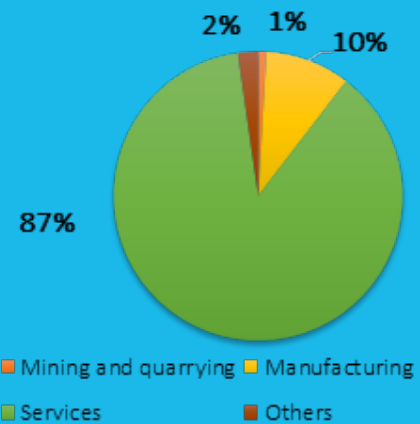


FDI INWARD & OUTWARD BY SECTOR

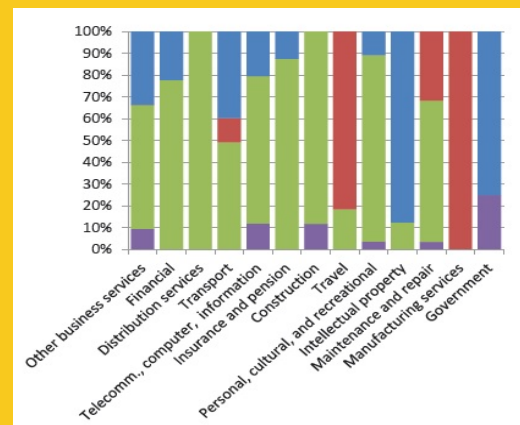
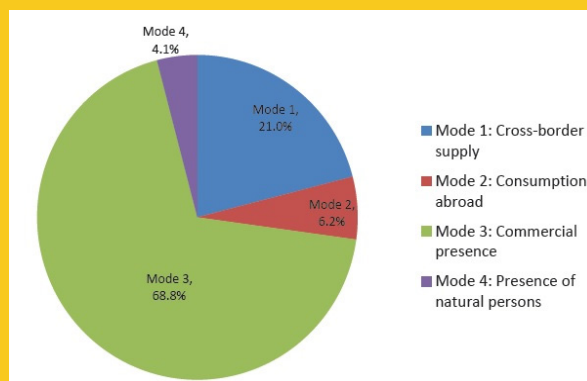
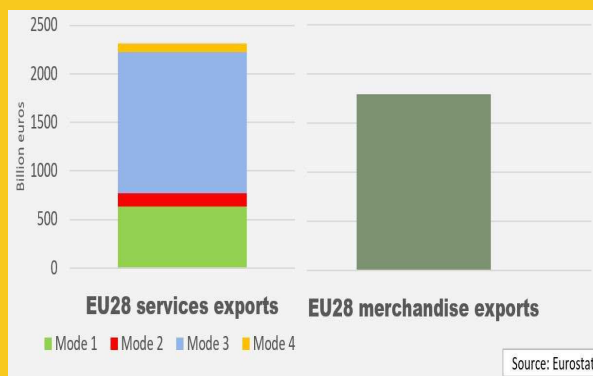
FDI outward



FDI Inward



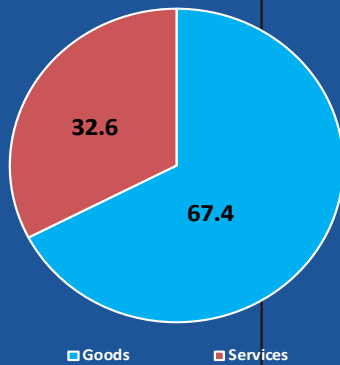
Modes of Supply



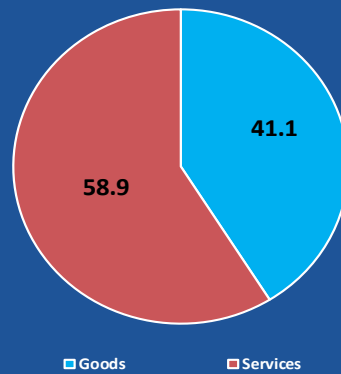
Importance of Trade in Services

Comparison between BoP & TiVA

EU Exports in BOP - 2017 - %

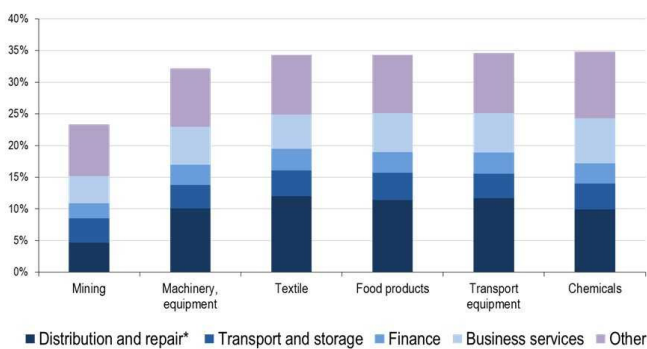


EU Exports in TiVA - 2016 - %



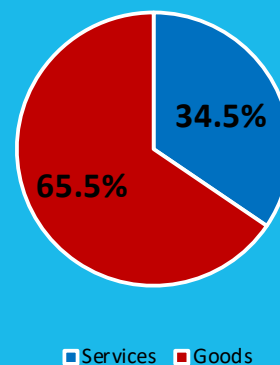
Share of services in Manufactured products

Services are important to manufacturing



Source: OECD Trade and Agriculture Directorate - TiVA - 2011

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



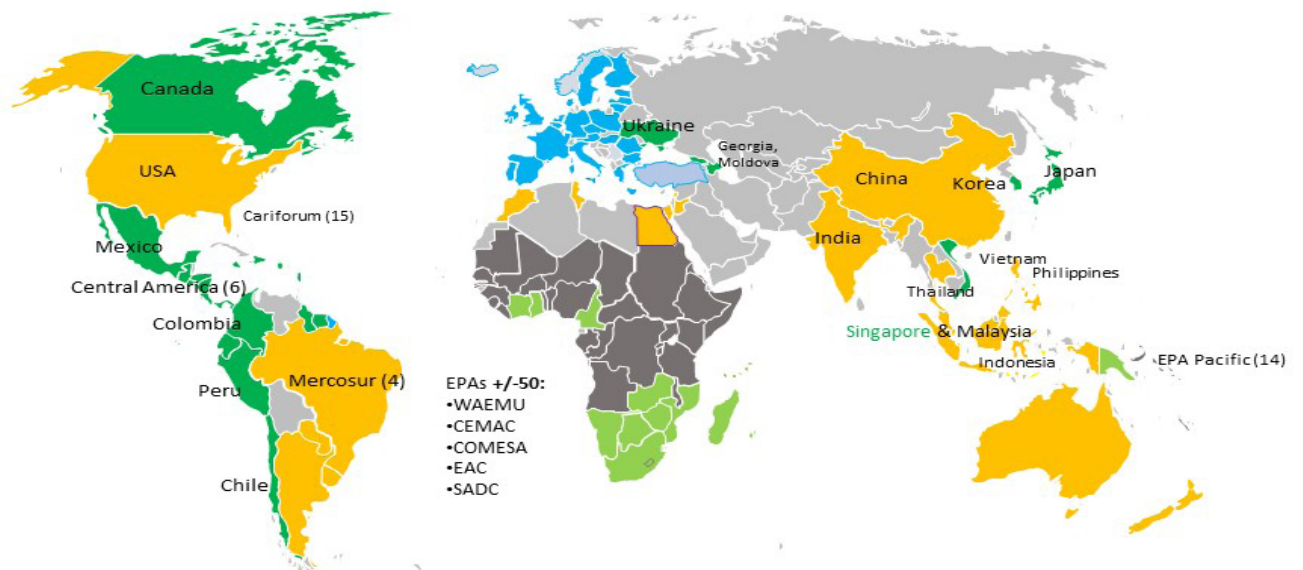
International Trade Negotiations



Most advanced FTAs are with Canada & Japan

The EU Canada CETA agreement and EU-Japan EPA offer improved conditions for services' suppliers, greater mobility for company employees, 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.

Map of EU Bilateral Trade Agreements – April 2019



EU:	(28 Countries)	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

PROTECTIONISM & LIBERALISATION

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:

- ❖ 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.
- ❖ Nationality and residency requirements.
- ❖ Economic needs tests and discriminatory treatment advantaging domestic companies over foreign companies.
- ❖ Closed sectoral market access.
- ❖ Non-Tariff Barriers (NTBs) such as technical barriers and complex regulatory environments.



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