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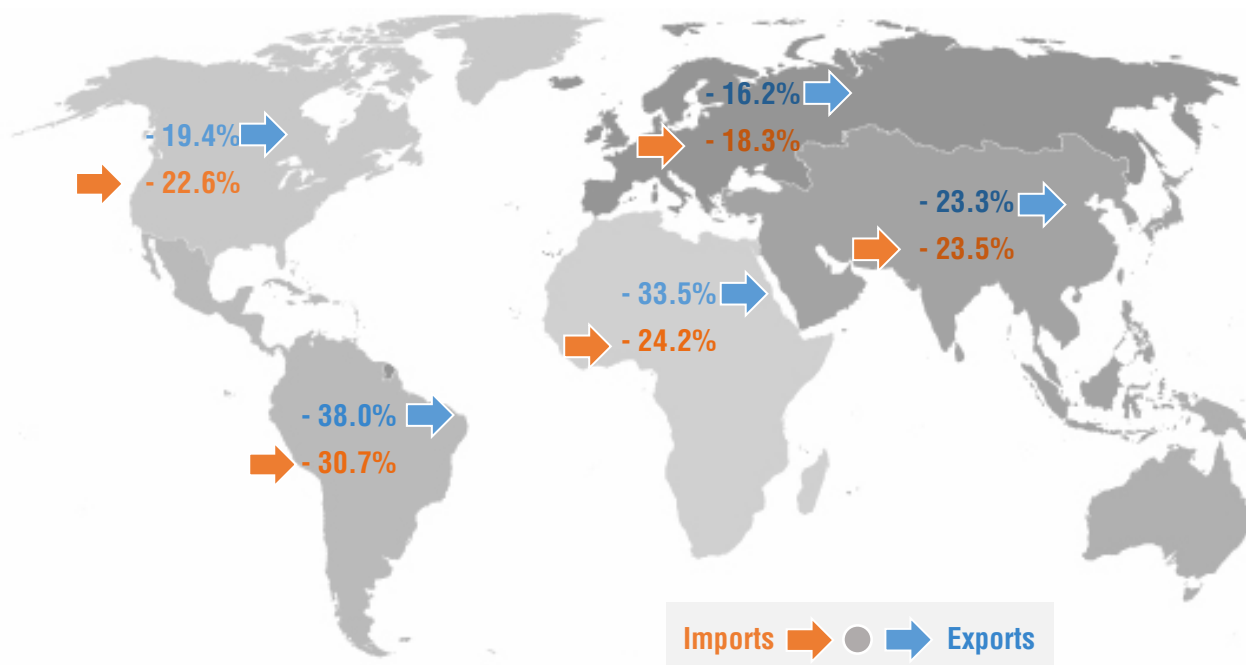
INTERNATIONAL TRADE IN SERVICES 2020

World services exports dropped by 20% in 2020, marking the heaviest decline in services trade in over 50 years. Compared to 2019, internationally sold transport services fell by 20% as well. Expectedly, travel was the hardest hit sector, plummeting by 63% amidst the Covid-19 pandemic. Regions which rely more on travel in their services trade - such as Latin America and the Caribbean or Africa - lost over 30% of their total services exports in 2020. Asia and Oceania recorded 23% drop, Northern America 19%, and Europe 16%. On the imports side, Latin America and the Caribbean recorded 31% decline.

World services exports Trillions of US\$			
	2019	2020	Growth %
Total	6.227	4.984	-20.0
Transport	1.041	0.830	-20.3
Travel	1.466	0.548	-62.6

US\$5 trillion
World services exports
-20%

Figure 1. Annual growth rate of total services exports and imports by region, 2020 (percentages)



Structure of world services exports

Travel - formerly most traded service-category - came only fourth in 2020 (US\$548 billion). Various business services were at the top, accounting for over a quarter of total services sold internationally (US\$1338 billion). Transport came second (US\$830 billion), followed by telecommunications, computer, and information services (US\$710 billion).

With the retraction of international travel and transport in 2020, the service exports in Europe, Northern America, and Asia and Oceania were even more dominated by financial, insurance, intellectual property, and various business services. In Latin America and the Caribbean, the share of these products in total services exports rose from 17% in 2019 to 25% in 2020. In Africa, it moved from 15 to 20%.

Figure 2. World services exports by service-category, 2020
(Billions of US\$)

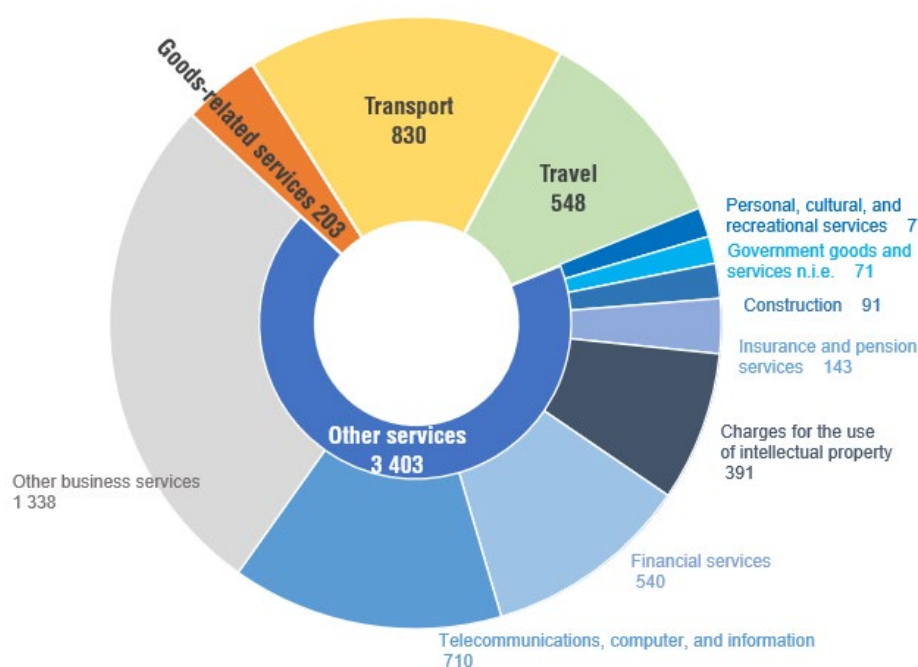
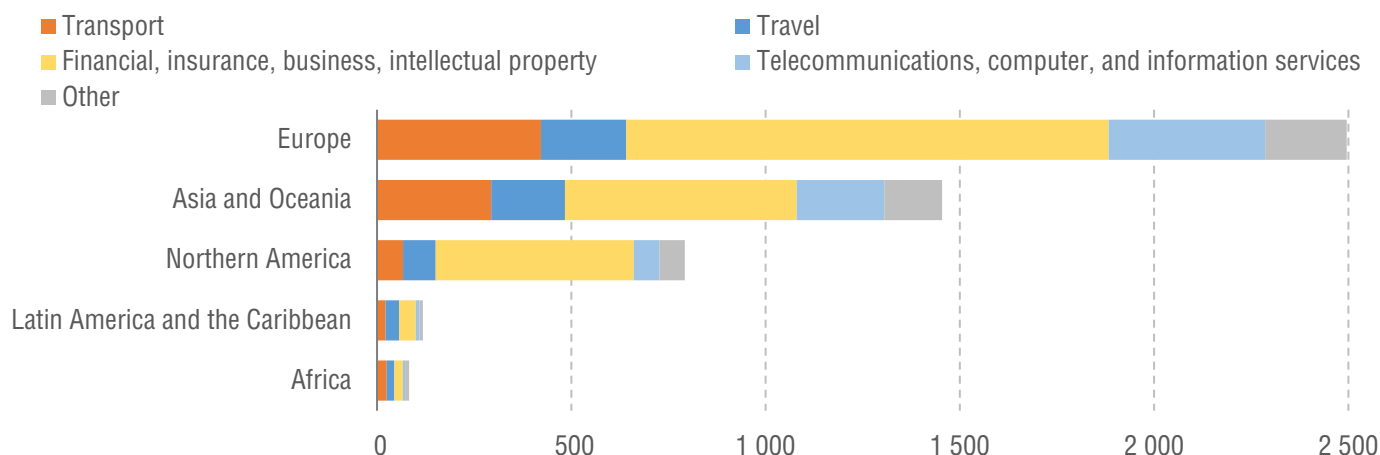


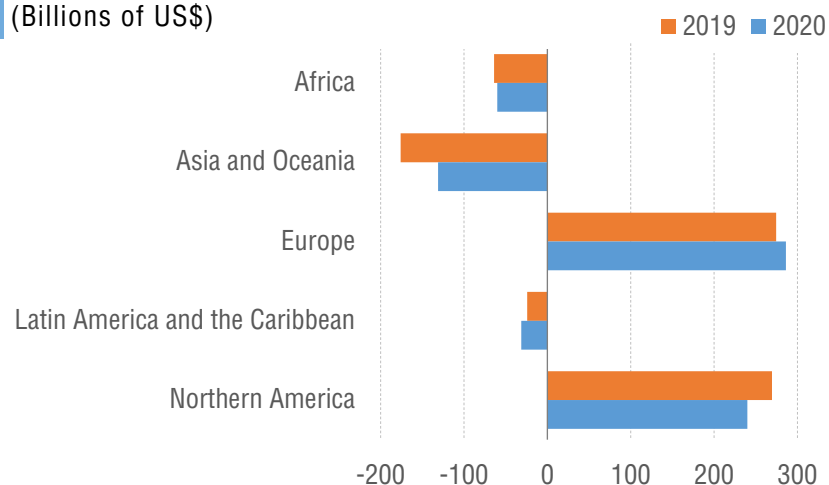
Figure 3. Exports of services by region and service-category, 2020
(Billions of US\$)



Regional trade balance

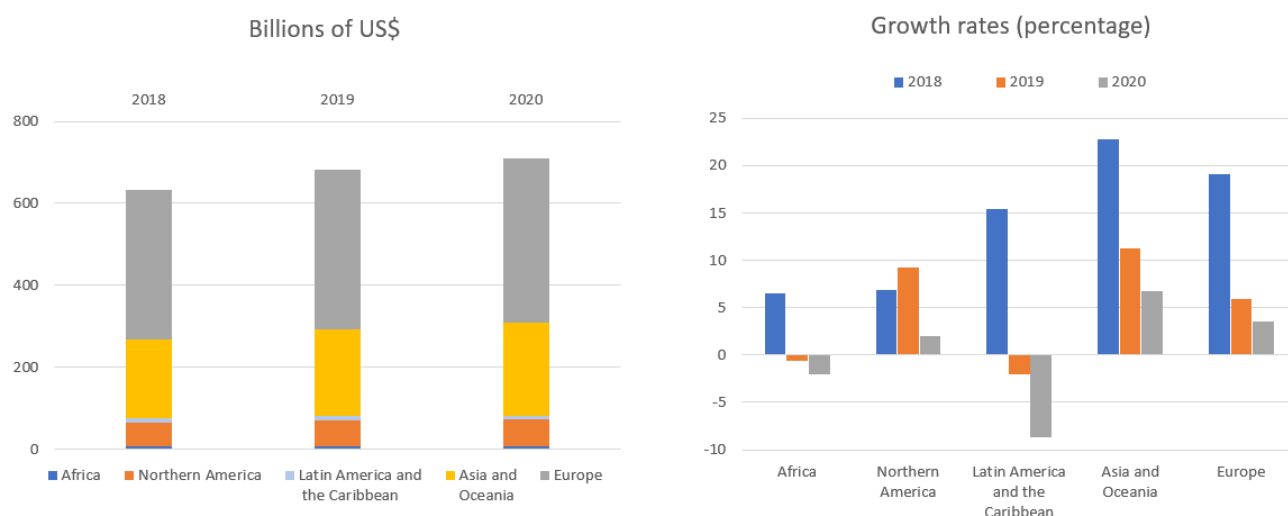
In services trade, Europe and Northern America have for years been running substantial and growing surpluses. In 2020, the European surplus increased compared to the year before, while the surplus of Northern America declined. The services trade deficit in Africa and Asia decreased in 2020. In Latin America and the Caribbean, the deficit went up.

Figure 4. Services trade balance by region
(Billions of US\$)



Amidst the Covid-19 pandemic, telecommunications, computer, and information services' share in global services trade increased from some 10% in 2018 and 2019 to 14% in 2020. The share augmented across the world. However, the exports of these services grew in Europe, Northern America, and in highly industrialized economies of Eastern and South-Eastern Asia. This growth was more significant in 2018 and 2019 than in 2020. Africa and Latin America and the Caribbean - which already held low shares in global exports of telecommunications, computer, and information services - recorded low negative growth rates for these exports in 2019, and even lower in 2020.

Figure 5. Telecommunications, computer, and information services exports by selected regions

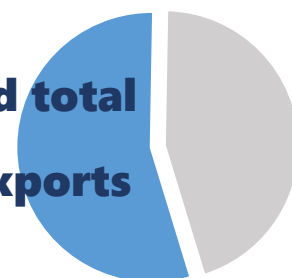


Leading exporters and importers in 2020

Economic groupings	Leading exporters	Billions of US\$	Annual % change	Leading importers	Billions of US\$	Annual % change
Developing economies	China	281	-0.9	China	381	-23.9
	India	203	-5.4	Singapore	173	-17.1
	Singapore	188	-13.6	India	154	-14.2
	Korea, Republic of	87	-12	Korea, Republic of	103	-18.8
	China, Hong Kong SAR	64	-37.4	United Arab Emirates	60	-32.5
	United Arab Emirates	62	-31.2	Saudi Arabia	54	-31.5
	China, Taiwan Province of	41	-20.6	China, Hong Kong SAR	51	-37
	Turkey	35	-45.2	Brazil	49	-29.6
	Thailand	32	-60.9	Thailand	47	-17.6
	Philippines	31	-23.9	China, Taiwan Province of	38	-33.5
Developed economies	United States of America	706	-19.5	United States of America	460	-22.1
	United Kingdom	342	-15.5	Germany	309	-16.8
	Germany	311	-10.4	Ireland	296	-11
	Ireland	263	6	France	232	-14.2
	France	246	-16.5	United Kingdom	205	-26.2
	Netherlands	187	-32.3	Japan	185	-10.5
	Japan	160	-22.7	Netherlands	169	-36.3
	Belgium	116	-4.8	Belgium	115	-5.9
	Switzerland, Liechtenstein	115	-12.4	Switzerland, Liechtenstein	114	-6.9
	Luxembourg	111	-2.2	Italy	93	-24.4



58% world total services exports



Africa

Figure 6. Share of Africa in the world services trade (percentage)

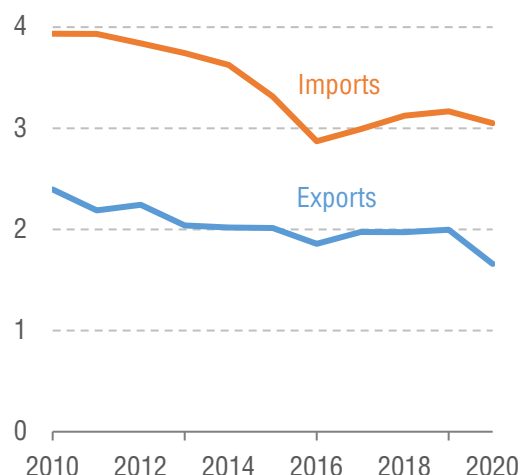
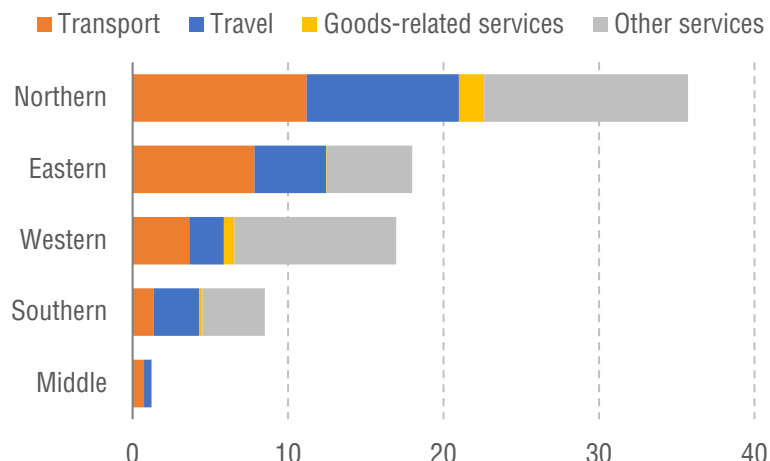


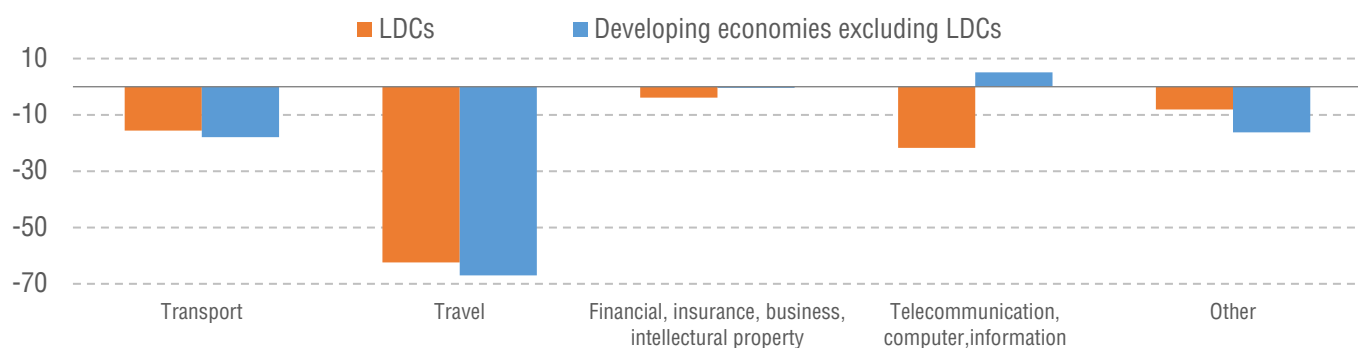
Figure 7. Services exports in Africa by region and service-category, 2020 (billions of US\$)



Since 2016, Africa's low share in world services trade had been increasing modestly. Travel and transport represent significant part of African services trade. As those sectors suffered heavily amidst the Covid-19 pandemic, the services trade decline in Africa in 2020 was relatively more significant than in other parts of the world. Exports dropped by 34% and imports by 24%, both rates surpassing global average.

Least developed countries (LDCs)

Figure 8. Annual growth rate of exports by service-category, 2020 (percentage)



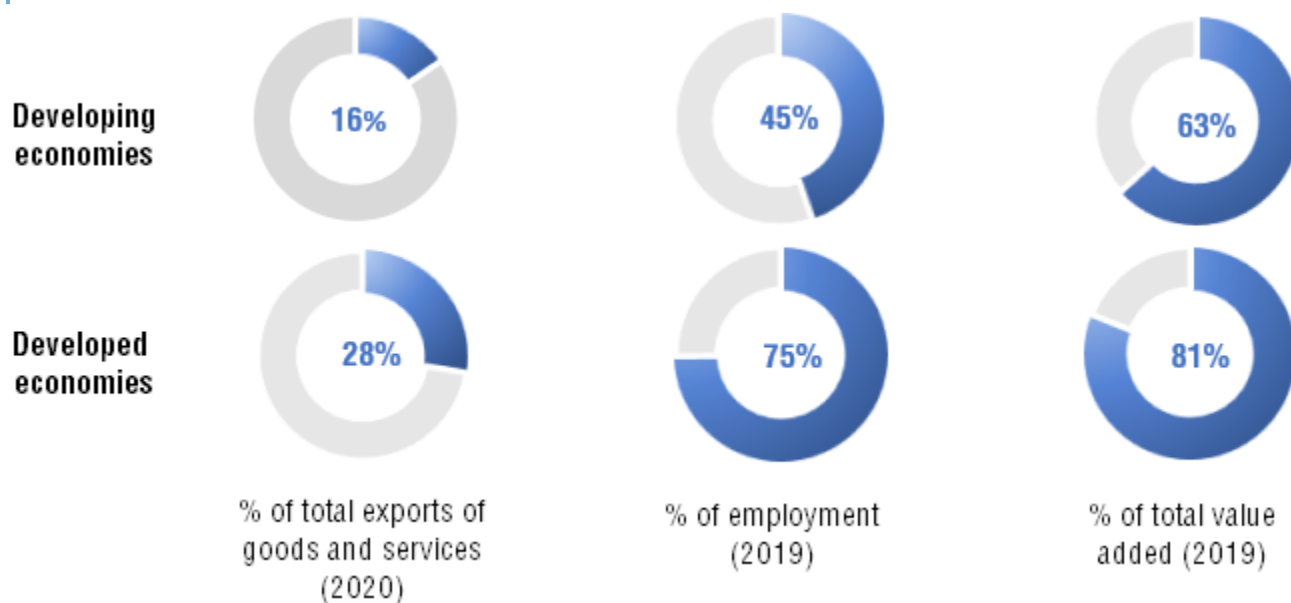
LDCs share in global services trade has been below 1%. In 2020, they recorded negative growth rates across main service-categories. The relative decline was less severe than in other developing economies in many categories. Telecommunication, computer, and information services were a notable exception. Available statistics indicate that it had been difficult for LDCs to sell those services abroad in recent years and even more so in 2020. In insurance, financial and various business services exports, LDCs also recorded a growth rate below other developing economies.

Services trade by partner: selected economies and top 5 partners, 2019

Economies	Exports to	Billions of US\$	Share %	Imports from	Billions of US\$	Share %
China, Hong Kong SAR	World	102	100	World	81	100
	China	37	35.9	China	30	37.0
	United States of America	15	14.2	United States of America	9	10.7
	United Kingdom	9	8.4	Japan	6	8.0
	Japan	4	4.2	United Kingdom	5	6.2
	Singapore	4	4.0	Singapore	3	4.3
Russian Federation	World	63	100	World	99	100
	United States of America	4	6.6	Turkey	8	7.7
	China	4	6.4	Germany	5	5.5
	Switzerland, Liechtenstein	4	6.0	Cyprus	5	5.4
	Cyprus	4	5.8	Ireland	5	5.3
	Germany	4	5.7	France	5	4.8

Why are services important?

Figure 9. Contribution of the services sector to economy
(Percentage)



Sources: UNCTAD (trade), UNCTAD calculations based on ILO data (employment) and UNSD (value added)

Notes

The definition of services follows the IMF *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)* classification. It reads as follows: “Services are the result of a production activity that changes the conditions of the consuming units or facilitates the exchange of products or financial assets. Services are not generally separate items over which ownership rights can be established and cannot generally be separated from their production.”

The BPM6 services include 12 main sub-categories: manufacturing services; maintenance and repair; transport; travel; construction; insurance and pension services; financial services; intellectual property charges; telecommunications, computer and information; other business services; personal, cultural and recreational services; and government goods and services n.i.e. For this presentation, some categories have been grouped.

Goods-related services consist of manufacturing services on physical inputs owned by others, and of maintenance and repair services.

Unless otherwise specified, the figures are sourced from the joint UNCTAD and WTO dataset on international trade in services, produced in cooperation with ITC and UNSD.

Disclaimer: The publication has not been formally edited