

## New Tables on International Trade in Services

Beginning in November 2007 the OECD Main Economic Indicators publication provides quarterly tables showing the evolution of international trade in services for the OECD countries and some important non-member countries that have quarterly data.

International trade in services can be defined broadly as service transactions between residents and non-residents of an economy. It is a concept that is set out in the IMF Balance of Payments Manual 5th edition (BPM5) and the Manual on Statistics of International Trade in Services (2002). The main components of trade in services in the balance of payments are transportation, travel, communication services, construction services, insurance, financial services, computer and information services, royalties and license fees, other business services, personal cultural and recreational services, and government n.i.e..

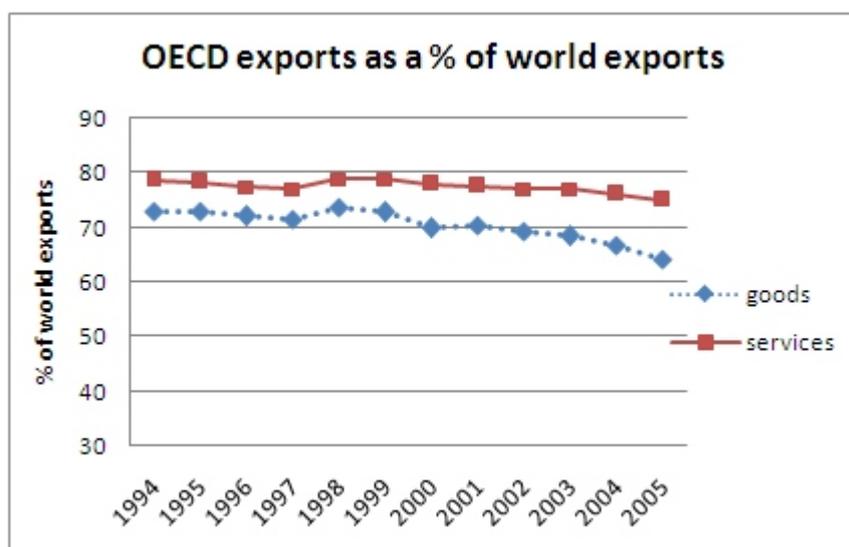
Trade in services is not a pure services grouping as certain goods transactions, for practical reasons, are included that are not measured by Customs procedures when goods physically cross the Customs frontier. Two examples are goods bought by travellers abroad, and goods bought and sold by merchants that do not enter the reporting country, which are recorded net as a merchandising service (i.e. sale price - purchase price).

Just as for trade in goods, service sales of residents to non-residents are described as exports and services purchases are imports.

It is broadly true that measuring services trade is more difficult than measuring goods trade. The intangibility of services makes some of them both hard to identify and describe. Methods of measurement, vary from country to country and may include a mix of banks' international transaction reporting systems, business surveys, household and travel surveys, trade association information and administrative records.

Services are inherently less tradable than goods. Once provided services are simultaneously consumed and so cannot be resold. In addition for many services, for example hotel services, a physical co-location of supplier and customer is necessary at the time of provision. With total exports of goods and services of the 30 OECD member countries in 2006 amounting to 9.6 trillion US Dollars, services accounted for just 22% of these and 19% of imports.

Although rather small compared to goods trade in absolute terms, services trade is relatively important for the OECD group of countries, which together are net exporters of services. OECD services exports accounted for 75% of world service exports total in 2005 compared with 64% in the corresponding case of goods.



Source: IMF BOP Statistics

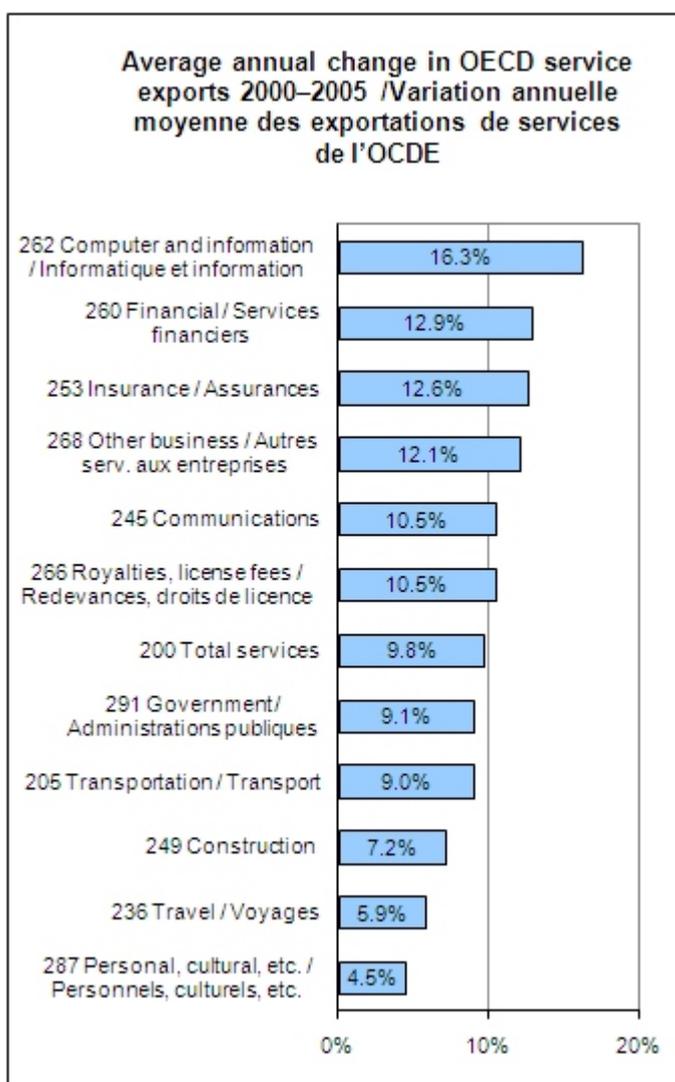
Who were the world's biggest exporters of services with comparison to goods in 2006? The US is the largest service exporter with almost twice the level of exports of UK in second place. Germany is the largest goods exporter. However when both goods and services are combined the US retakes the first place.

Top exporting countries 2006						
		Goods		Services		Goods and services
		\$bn		\$bn		\$bn
1	Germany	1130	US	423	US	1446
2	US	1023	UK	229	Germany	1304
3	China	970	Germany	174	China	1062
4	Japan	615	France	118	Japan	730
5	France	483	Japan	114	UK	680

Source: OECD MEI and IMF BOPS databases

Which types of services are driving growth in services trade? Among OECD exports computer and information services, financial and insurance services, communications and other business services grew faster than the average 2000-2005.

### Fastest growing components of services trade



Source: OECD Statistics on International Trade in Services 2007 Vol 1.

More detailed information on trade in services is available in the OECD Statistics on International Trade in Services: Volumes I and II.