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Trade in services: East Asian and Latin American Experiences

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Trade in services: East Asian and Latin American Experiences

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Abstract

This paper investigates the trend and characteristics of trade in services in two fertile regions where different forms of trade integration have taken place: East Asia and Latin America. To that end, the World Bank data are utilized to categorize services trade in order to put on view the national and regional positions on dynamic sectors, and to compare East Asia and Latin America in terms of revealed comparative advantages, the weight of service activities in the regional economic activity, the share of services employment. The paper deals also with the issue of internationalization of services through FDI. Overall, it shows the increasing importance of East Asia as a trading region while the share of North & Latin America is low and declining over time.

Keywords: Service trade, East Asia, Latin America, foreign direct investment

JEL: F14, F15, O53, O54, O57

1. Introduction

The growth of services sector in the global economy has been accompanied by growth in its share in the world transactions. World exports of commercial services¹ amounted to US\$ 3,350 billion in 2009, after growing on average at around 7.9% per year in value terms since 1980. Trade in *commercial services* grew faster than trade in goods (6.6% on average) during this period, increasing its share in total world trade by 6 percentage points. In 2009, the share of services in world trade reached 21% that is 2 percentage points up from the previous year, as the decline in global trade in services was considerably less pronounced than that of goods².

This increasing world transactions in services can be partly attributed to the greater extent of liberalization of services (bilateral and multilateral) undertaken by different countries and partly to the technological advances that has enabled higher tradability of services. Service trade liberalization is one of the most important areas of negotiations in the Doha agenda. The “concession demanders” in the area of service trade liberalization are the rich, industrialized countries; partly because of this fact, trade liberalization in services is almost universally believed to be against the trade interests of the developing countries. In 2003, developed country share of total world exports of services was as high as 75.8% (Findlay and Sidorenko, 2005) while developing countries generally remained net importers (UNCTAD, 2005). Developed countries also rely more heavily on services than developing countries. As much as 71% of developed country GDP comes from services whereas for least developed countries, services only account for about 46% GDP (Findlay and Sidorenko, 2005). However, services are potentially a significant source of economic growth for emerging economies. The development of services domestically can facilitate growth in other parts of the economy. Services liberalization can act as spur to domestic reforms, promoting more efficient, varied and competitive markets at home. It can provide access to new markets overseas and can encourage foreign investment.

It worth mentioning that there is few in-depth analysis of the trade in services in developing countries. It is then useful to explore the trade in services and its nature regarding emerging countries.

This paper investigates the trend and characteristics of trade in services in two fertile regions where different forms of trade integration have taken place: East Asia and Latin America. In a previous paper (N. Aminian, KC Fung and F. Ng, 2009), we studied trade integration in these two regions and stressed that East Asia has been integrating via the markets long before formal agreements have been in vogue in the region while Latin America has primarily been using formal regional trade treaties as the main channel of integration. However, despite the relative lack of formal regional trade treaties until recently, East Asia is more integrated among itself than Latin America, as far as the trade in goods is concerned.

It is now interesting to examine more precisely the trade of services in these two areas and assess the characteristics and nature of trade in services.

What is under consideration when speaking of international trade in services?

International trade can be split into two categories: trade in goods and trade in services. Trade in services does not correspond to trade in goods. This situation derives from services specificities: the term services covers a heterogeneous range of intangible products and activities that are difficult to sum up within a simple definition. According to World Investment Report (2004, p. 145), “services are usually perceived as intangible, invisible, perishable and requiring simultaneous production and consumption, while goods are tangible, visible and storable and do not require interaction between producers and consumers”. The *Manual on Statistics of International Trade in services* (MSITS, 2002) takes into account the 1993 System of National Accounts (SNA) use of the term *services*, which is defined as follows: “services are not separate entities over which ownership rights can be established. They cannot be traded separately from their production. Services are heterogeneous outputs produced to order and typically consist of changes in the condition of the consuming units realized by the activities of the producers at the demand of the customers. By the time their production is completed they must have been provided to the consumers.” Examples of service activities are wholesale, retail, certain kinds of repair, hotel, catering, transport, postal, telecommunication, financial, insurance, real estate, property rental, computer-related, research, professional, marketing and other business support, government, education, health, social, sanitation, community, audiovisual, recreational, cultural, personal, and

1: Commercial services do not include government services.

2: World trade in services has been severely hit by the financial and economic crisis. It fell by 12% in 2009, a significant drop, but less than 23% decline in merchandise trade during the same year.

domestic services. The 1993 SNA definition stresses that non storability and intangibility are not a categorization per se; they derive from the non separability and, above all, the impossibility to establish ownership rights over services.

These definitions show that trade in services is a more difficult concept than trade in goods. For example, long distance trade of services is quite difficult, even if new information and communication technologies have made it easier in some cases. The international trade in services has to be correctly defined as far as many services are non-transportable, i.e., they require the physical proximity of supplier and customer. For example, the provision of a hotel service requires that the hotel is where the customer wishes to stay, a cleaning service for a business must be provided at the site of the business, and a haircut requires that both hairstylist and client be present. For international trade in such non-transportable services to take place, either the consumer must go to the supplier or the supplier must go to the consumer.

The 1995 General Agreement on Trade and Services (GATS) originated a new approach for international trade in services, and identified four “modes of supply” for services which represent different forms of international trade:

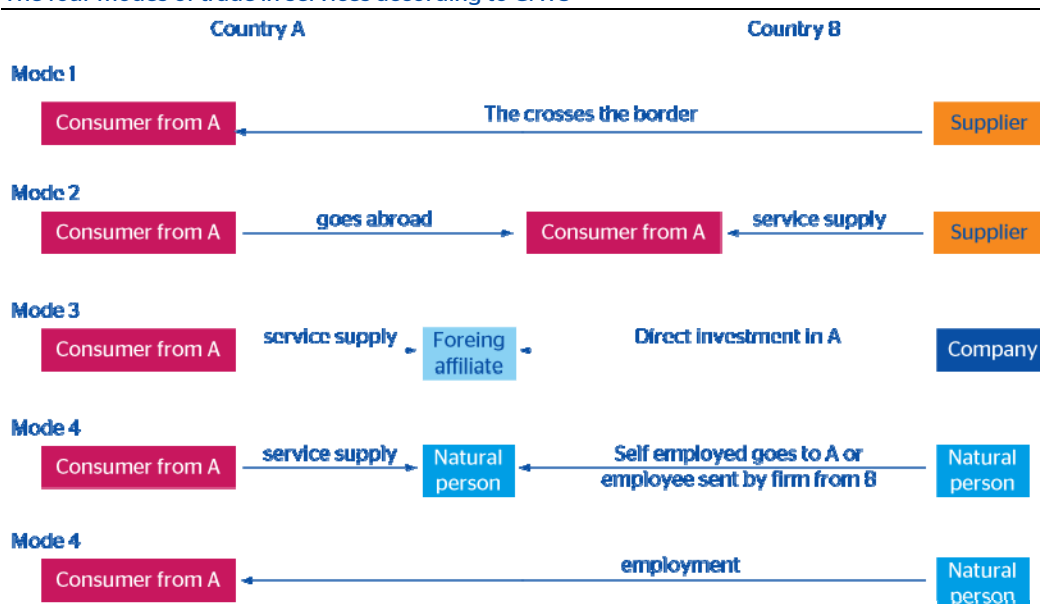
- **Mode 1: cross border** (trade that takes place from the territory of one country into another, e.g. telecoms, financial services or e-commerce).
- **Mode 2: consumption abroad** (the recipient of the service moves from a country to another to purchase the service, e.g. tourism).
- **Mode 3: commercial presence** (establishment of a firm from one country in the territory of another, particularly important for financial services and professional services). It pertains to foreign investment in services in order to provide on location. In the economic literature, it is known as Foreign Affiliates Trade in Services (FATS).
- **Mode 4: movement of natural persons** (the ability for nationals to work overseas for a temporary period).

Table 1 presents a synthetic view of different modes of supply.

Recent cooperation between a numbers of international organizations has defined the statistical coverage that would proxy the four modes of supply (MSITS, 2002). However, there are still serious shortcomings in recording the item “other services” (other than travel and transportation) in the balance of payments³.

3: See for a discussion D. Brussolle, 2006).

Chart 1
The four modes of trade in services according to GATS



Source: MSITS (2002)

The remainder of the paper is organized as follows: section 2 describes the general pattern of international trade in services in East Asia and North & Latin America. Section 3 focuses on the characteristics of services trade in East Asia and North & Latin America and compares the two regions. Section 4 investigates the foreign direct investment (FDI) inflows of services into these two areas. Section 5 concludes.

2. General pattern on service trade

Most East Asian and Latin American economies are in the top 15 developing country providers of international services as shown in table 2. That is why it is important to focus our analysis on these two regions.

Table 1
Major providers of international services among developing countries

	1990		2000		2007		2008		2009	
	ST	SWT	ST	SWT	ST	SWT	ST	SWT	ST	SWT
Developing countries	100	18	100	23	100	25	100	26	100	26
China	3.9	0.71	8.74	1.99	13.86	3.53	14.71	3.78	14.35	3.79
Hong Kong	11.93	2.16	11.62	2.65	9.61	2.44	9.21	2.37	9.56	2.53
India	3.08	0.56	4.79	1.09	9.86	2.51	10.29	2.65	10.09	2.67
Singapore	8.54	1.55	8.09	1.84	9.15	2.33	8.32	2.14	8.18	2.16
Korea (Rep. of)	6.43	1.17	8.77	2.00	7.19	1.83	7.72	1.98	6.48	1.71
Taiwan	4.67	0.85	5.75	1.31	3.55	0.90	3.39	0.87	3.43	0.91
Thailand	4.28	0.78	3.98	0.91	3.44	0.88	3.34	0.86	3.35	0.88
Malaysia	2.57	0.47	4.01	0.91	3.34	0.85	3.03	0.78	3.18	0.84
Turkey	5.35	0.97	5.61	1.28	3.29	0.84	3.5	0.90	3.68	0.97
Brazil	2.51	0.46	2.73	0.62	2.72	0.69	3.04	0.78	3.07	0.81
Egypt	3.98	0.72	2.82	0.64	2.26	0.58	2.49	0.64	2.38	0.63
Mexico	5.40	0.98	3.95	0.90	2.00	0.51	1.85	0.48	1.71	0.45
Saudi Arabia	2.02	0.37	1.37	0.31	1.81	0.46	0.94	0.24	1.07	0.28
Macao	0.98	0.18	1.03	0.23	1.57	0.40	1.75	0.45	1.90	0.50
South Africa	2.27	0.41	1.45	0.33	1.57	0.40	1.28	0.33	1.33	0.35

Abbreviations: ST: share in trade by developing countries (%)

SWT: share in world trade (%)

Source: UNCTAD, World Economic Situation and Prospects, 2011

2.1. Commercial services trade in East Asia and North and Latin America

Table 3a and 3b present the exports of commercial services, its annual growth rate and the share of the regional and world market trade for East Asian, North and Latin American countries during 1985 to 2006, respectively. These tables also report similar figures for global trade for comparison.

Regarding the export share, two key points emerge from tables 2a and 2b. Firstly, the share of East Asia in total world service exports is relatively high and it increased over the period 1985-2006: East Asia's share rose from 10.66% in 1985 to 17.54% in 2006. The share of Latin America is very low and it declined from 3.02% in 1985 to 2.17% in 2006. However, the share of North & Latin America is stronger than that of East Asia but, it exhibits a downward trend from 21.57% in 1985 to 18.59% in 2006. It is interesting to note that, in 2006, the shares of the two regions are very close to each other (17.54% and 18.59%) when taking into account the developed countries of each regions, namely Japan for East Asia and the United States and Canada for North & Latin America). The East Asia's strong global share is essentially attributable to Singapore: its share increased from 1.17% in 1985 to 2.12% in 2006. In terms of the annual growth rate of export values, East Asian exports grew from 10.8% in 1985 to 14.5% in 1995 but, it declined to 8.4% in 2006. For Latin America, the corresponding figures were 7.0% and 9.7% and 5.8%, respectively.

Secondly, within the East Asian countries, the largest contributor to the rapid expansion of exports is China. The regional share of China increased from 7.0% in 1985 to 9.9% in 1995 and reached 18.8% in 2006. Between 1995 and 2006, a decreased dependency on regional trade can be seen for other East Asian countries, although sizeable differences regarding the extent of the decreased dependency exist among those countries. Although data are not available for Hong Kong during the 1980s and 1990s, it worth mentioning that Hong Kong is ranked as the third main regional exporters of services in 2006, behind Japan and China. A sizeable decline occurred in the share of Japan by almost 27.4% from 1985 to 2006. Despite the setback, however, Japan still remains as the single largest export sourcing country for East Asia. As for the Latin American countries, the largest contributor to the regional service exports is Brazil. Brazil is the only country experiencing a steady upward regional share, increasing from 10.1% in 1985 to 11.8% in 1995 and 11.9% in 2006. In terms of figures, Chile is very close to Brazil; even though Chile experienced a higher growth rate between 1985 and 1995 from 10.1% to 15.1%, its growth rate declined from 15.1% to 11.9% in 2006.

Table 2a
Exports of Commercial Services in East Asia, (1985, 1995, 2006)

Country/region	Exports (US\$ Million)			LS Annual Growth Rate (%)			Export Share in the Region (%)			World Market Share in Exp (%)		
	1985	1995	2006	1985-06	1985-95	1996-06	1985	1995	2006	1985	1995	2006
East Asia												
Cambodia	..	103	1 244	..	..	22,3	..	-0,1	0,3	..	0,01	0,04
China	2 925	18 430	91 421	16,0	18,0	14,7	7,0	9,9	18,8	0,74	1,52	3,29
Hong Kong	..	..	72 674	..	..	9,3	..	..	14,9	..	..	2,62
Indonesia	844	5 342	11 091	11,3	20,2	7,9	2,0	2,9	2,3	0,21	0,44	0,40
Japan	21 648	63 966	115 140	6,4	10,4	5,7	51,1	34,4	23,7	5,51	5,28	4,15
Korea, Rep.	3 550	22 133	48 382	11,2	15,1	7,1	8,5	11,9	9,9	0,90	1,83	1,74
Malaysia	1 834	11 438	21 722	12,2	18,7	3,9	4,4	6,1	4,5	0,47	0,94	0,78
Mongolia	70	47	483	8,8	-11,0	25,3	0,2	0,0	0,1	0,02	0,00	0,02
Myanmar	63	353	256	10,0	17,6	-9,3	0,2	0,2	0,1	0,02	0,03	0,01
Philippines	1 862	9 323	6 453	3,9	15,7	-9,2	4,4	5,0	1,3	0,47	0,77	0,23
Singapore	4 597	25 404	58 957	10,9	18,5	8,9	11,0	13,6	12,1	1,17	2,10	2,12
Taiwan	2 559	15 016	29 272	10,1	17,1	6,0	6,1	8,1	6,0	0,65	1,24	1,05
Thailand	1 898	14 652	24 636	10,1	20,6	3,9	4,5	7,9	5,1	0,48	1,21	0,89
Vietnam	..	..	5 100	..	..	7,2	..	..	1,0	..	..	0,18
All above countries	41 851	186 207	486 829	10,8	14,5	8,4	100,0	100,0	100,0	10,66	15,38	17,54
World	392 775	1 210 617	2 775 161	8,0	10,8	7,5				100,00	100,00	100,00

Source: World Bank World Development Indicators database

Table 2b
Exports of Commercial Services in North and Latin America, (1985, 1995, 2006)

Country/region	Exports (US\$ Million)			LS Annual Growth Rate (%)			Export Share in the Region (%)			World Market Share in Exp (%)		
	1985	1995	2006	1985-06	1985-95	1996-06	1985	1995	2006	1985	1995	2006
North and Latin America												
Argentina	1 599	3 676	7 627	6,7	8,7	3,9	1,9	1,5	1,5	0,41	0,30	0,27
Bolivia	88	174	419	6,8	6,3	9,0	0,1	0,1	0,1	0,02	0,01	0,02
Brazil	1 993	6 005	17 946	10,1	11,8	11,9	2,4	2,4	3,5	0,51	0,50	0,65
Chile	657	3 249	7 720	10,1	15,1	11,9	0,8	1,3	1,5	0,17	0,27	0,28
Colombia	824	1 641	3 301	4,0	7,3	3,0	1,0	0,6	0,6	0,21	0,14	0,12
Ecuador	370	687	939	4,3	6,3	4,6	0,4	0,3	0,2	0,09	0,06	0,03
Mexico	4 436	9 585	16 372	6,1	9,1	4,0	5,2	3,8	3,2	1,13	0,79	0,59
Paraguay	148	566	735	6,0	12,2	1,0	0,2	0,2	0,1	0,04	0,05	0,03
Peru	626	1 042	2 323	6,2	4,0	4,3	0,7	0,4	0,5	0,16	0,09	0,08
Uruguay	376	1 309	1 366	6,0	14,5	-2,3	0,4	0,5	0,3	0,10	0,11	0,05
Venezuela, RB	760	1 529	1 469	1,4	7,4	-1,3	0,9	0,6	0,3	0,19	0,13	0,05
Canada	9 356	25 425	57 750	7,9	9,3	4,7	11,0	10,0	11,2	2,38	2,10	2,08
United States	63 493	198 501	397 833	7,8	11,4	5,4	74,9	78,3	77,1	16,17	16,40	14,34
All above countries	84 724	253 388	515 799	7,7	11,0	5,6	100,0	100,0	100,0	21,57	20,93	18,59
Above Latin countries (excl. CAN & USA)	11 875	29 462	60 216	7,0	9,7	5,8	14,0	11,6	11,7	3,02	2,43	2,17
World	392 775	1 210 617	2 775 161	8,0	10,8	7,5				100,00	100,00	100,00

Source: World Bank World Development Indicators database

Table 4a and 4b present the trade balance of commercial service for East Asian, North and Latin American countries respectively for 1985, 1995 and 2006. These tables also include the figures for the World for comparison.

East Asia appears to have been characterized by a deficit trade balance of service during the whole period under study, even though it is noteworthy that the service balance deficit as percent of GDP declined from -1.1% in 1995 to -0.4% in 2006. Within the East Asian countries, the Philippines appeared as the unique case of a trade surplus over the whole period, even though the trade surplus is declining in the 2000s. Hong Kong showed a significant trade surplus in 2006, followed by Cambodia. The figures for these two countries are respectively 18.8% and 6.8%. Singapore exhibited a trade surplus in the 1980s and the 1990s, however, the trend has been downward and turned to a trade deficit in 2006.

Table 4a

Trade balance of Commercial Services in East Asia, 1985-2006

Country/Region	Trade Balance (X-M) of Commercial Service(US\$ million)			Service Balance as % of GDP		
	1985	1995	2006	1985	1995	2006
East Asia						
Cambodia	..	-78	495	..	-2,3	6,8
China	664	-6 205	-8 906	0,2	-0,9	-0,3
Hong Kong	..	..	35 769	..	..	18,8
Indonesia	-4 166	-7 888	-10 096	-4,8	-3,9	-2,8
Japan	-9 604	-57 581	-18 760	-0,7	-1,1	-0,4
Korea, Rep.	313	-3 261	-19 641	0,3	-0,6	-2,2
Malaysia	-1 980	-3 383	-1 771	-6,2	-3,8	-1,1
Mongolia	30	-40	-31	1,4	-3,3	-1,0
Myanmar	-13	121	-291	-0,2	1,6	-2,1
Philippines	1 017	2 417	429	3,3	3,3	0,4
Singapore	1 085	4 676	-2 788	6,1	5,5	-2,0
Taiwan	-2 874	-9 037	-4 389	-4,5	-3,3	-1,2
Thailand	155	-3 977	-8 205	0,4	-2,4	-4,0
Vietnam	..	..	-8	..	-0,2	0,0
All above countries	-15 373	-84 237	-38 194	-0,7	-1,1	-0,4
World	-13 188	-9 541	187 803	-0,1	0,0	0,4

Source: World Bank World Development Indicators database

Latin America run a deficit, even though it is striking that the service balance deficit as percent of GDP remained quite stagnant during the period under study. In contrast, North and Latin American countries together show a surplus in 1995 and 2006, thanks to the surplus of the United States. Among Latin American countries, Uruguay appears as the only country with a trade surplus during the whole period. Mexico experienced a trade surplus only in 1995 and Paraguay in 2006.

Table 4b

Trade balance of Commercial Services in North and Latin America, 1985-2006

Country/Region	Trade Balance (X-M) of Commercial Service (US\$ million)			Service Balance as % of GDP		
	1985	1995	2006	1985	1995	2006
North and Latin America						
Argentina	-418	-3 317	-641	-0,5	-1,3	-0,3
Bolivia	-137	-146	-368	-2,5	-2,2	-3,2
Brazil	-1 420	-7 156	-9 204	-0,6	-0,9	-0,9
Chile	-343	-275	-520	-2,1	-0,4	-0,4
Colombia	-551	-1 172	-2 127	-1,6	-1,3	-1,6
Ecuador	-241	-454	-1 326	-2,0	-2,2	-3,2
Mexico	-908	564	-5 957	-0,5	0,2	-0,7
Paraguay	-24	-110	329	-0,6	-1,4	3,5
Peru	-225	-739	-945	-1,2	-1,4	-1,0
Uruguay	55	495	420	1,2	2,7	2,2
Venezuela, RB	-1 222	-3 125	-4 328	-2,1	-4,2	-2,3
Canada	-3 781	-7 560	-13 996	-1,1	-1,3	-1,1
United States	6 313	69 274	89 484	0,2	0,9	0,7
All above countries	-2 902	46 278	50 822	-0,1	0,5	0,3
Above Latin countries (excl. CAN & USA)	-5 434	-15 436	-24 666	-0,8	-0,9	-0,9
World	-13 188	-9 541	187 803	-0,1	0,0	0,4

Source: World Bank World Development Indicators database

2.2. The structure of services traded in East Asia and North & Latin America

The above section explored the general patterns on service trade in East Asia and North & Latin America. It leads to the conclusion the East Asia position appears globally more pronounced than that of Latin America in total world services trade. However, examining the services trade in the general sense is not instructive enough and, it is necessary to take into account the structure of services traded in order to put on view dynamic sectors.

The service sector comprises a variety of highly heterogeneous economic activities and these various sectors constitute a major field of international competition, this is why OECD and Eurostat, in consultation with IMF, developed in 1966 a detailed classification for international trade in services between residents and non-residents. The Extended Balance of Payments Services Classification of transactions between residents and non-residents recommended by MSITS (2002) is a further extension of the joint classification of OECD and Eurostat, and it allows for the provision of information required in connection with GATS. This classification distinguishes services into transportation, travel, communications services, construction services, insurance services, financial services, computer & information services, royalties & license fees, other business services, personal, cultural and recreational services, government services. The detailed classification recommended by MSITS is given in Appendix 1.

2.2.1. Positions on dynamic sectors

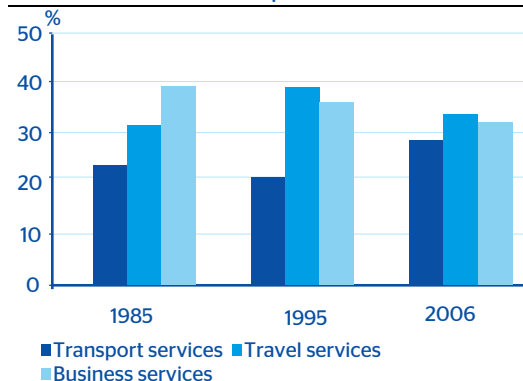
In this paper, we propose to categorize commercial service trade into the most dynamic sectors, namely, transport services, travel services and business services⁴ in selected years (1985, 1995 and 2006). The sectoral shares of commercial service exports in East Asia and North & Latin America are represented in Figures 1 and 2.

It is striking that East Asian's position in service exports was especially strong in business services in 1985 - where the North & Latin America showed a weak position- but, its share in commercial service exports declined over time in favour of travel services - where North & Latin America

4: Business services are included all other commercial services excluding transport and travel services

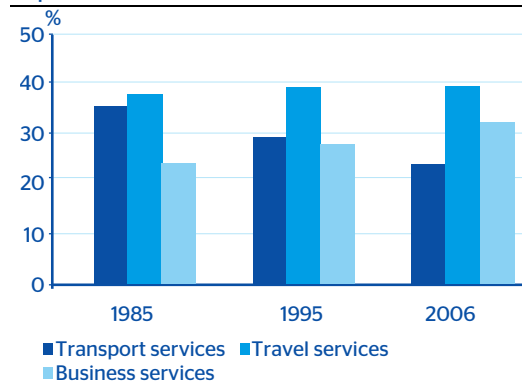
showed their stronger position-. In 2006, travel services appear as the most dynamic sector for both areas, followed by business services and transport.

Chart 2
**Sectoral shares
of commercial service exports in East Asia**



Source: BBVA Research

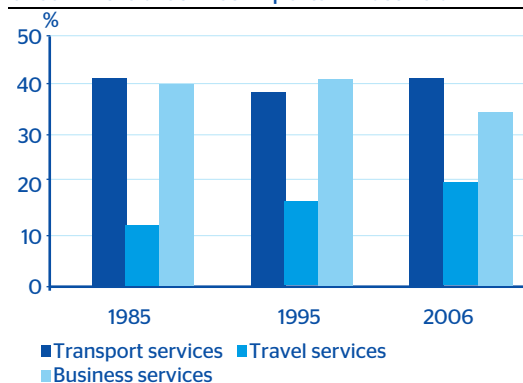
Chart 3
**Sectoral shares of commercial service
exports in North and Latin America**



Source: BBVA Research

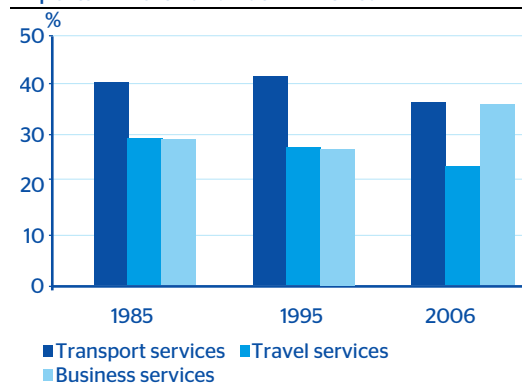
As far as the sectoral shares of service imports are concerned (Figures 3 and 4), transport can be considered as the most dynamic sector for the two areas; their positions on the various sectors display different patterns, however. East Asia is characterized by a relatively low share for travel services and, a fairly strong share for business services. North & Latin America exhibits a quite similar share for travel and business services in 1985 and 1995, but the business sector experienced a strong growth in 2006 so as to become as dynamic as the transport services.

Chart 4
**Sectoral shares
of commercial service imports in East Asia**



Source: BBVA Research

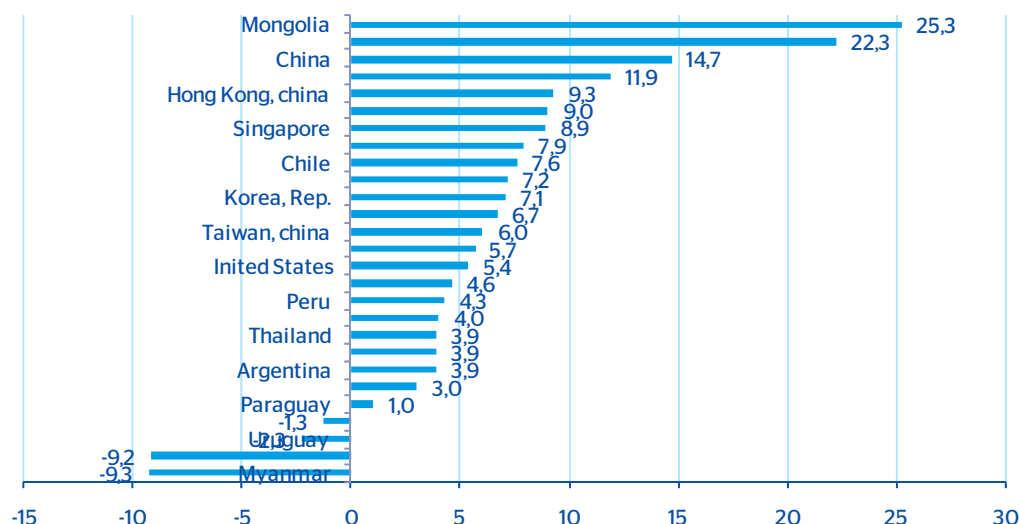
Chart 5
**Sectoral shares of commercial service
imports in North and Latin America**



Source: BBVA Research

In terms of the growth rate of sectoral activities, Figure 5 presents the average growth rate of commercial service exports in selected East Asian and North & Latin American economies over the period 1996-2006. The most dynamic countries are East Asian, and countries characterized by a two-digit number growth rate are: Mongolia (25.3%), Cambodia (22.3%), China (14.7%) and Brazil (11.9%).

Chart 6

**Average growth rate of commercial services exports in
selected East Asian and North & Latin American Countries, 1996 - 2006**

Source: Computations based on World Bank World Development Indicators database

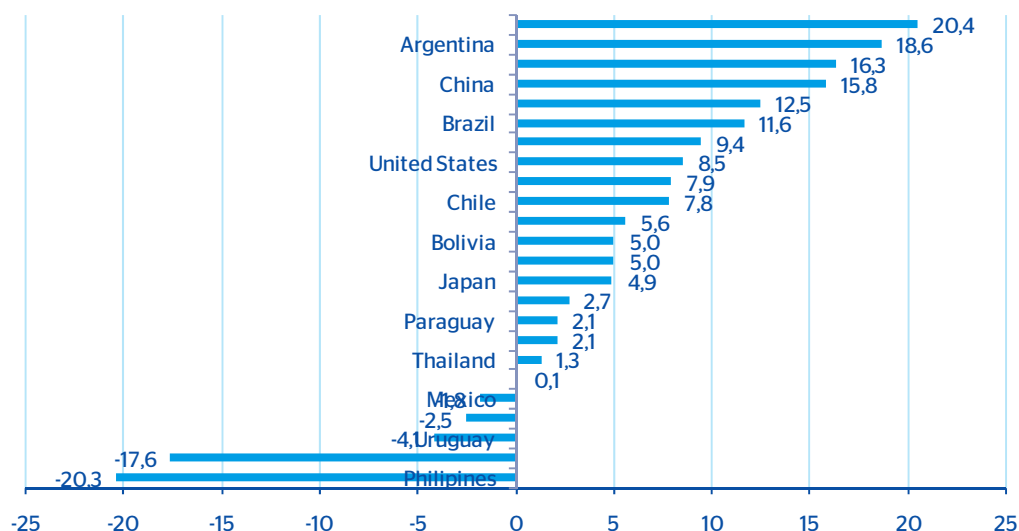
However, trade in commercial services in the strict sense is not particularly instructive. It is useful to distinguish between the main services sectors, namely the business, transport and travel services. Figures 6, 7 and 8 present the average growth rate of business, transport and travel services respectively, in selected East Asian and North & Latin America over the period 1996-2006.

The most dynamic countries in terms of growth rate of the business service exports are Mongolia (20.4%), Argentina (18.6%), Cambodia (16.3%), China (15.8%), Singapore (12.5%) and Brazil (11.6%).

The most dynamic countries in terms of growth rate of the transport service exports are mainly from East Asia: China (21.8%), Mongolia (20.4%), the Philippines (14.6%), Cambodia (12.9%), Myanmar (11.9%), Korea (10.6%) and Chile (10%).

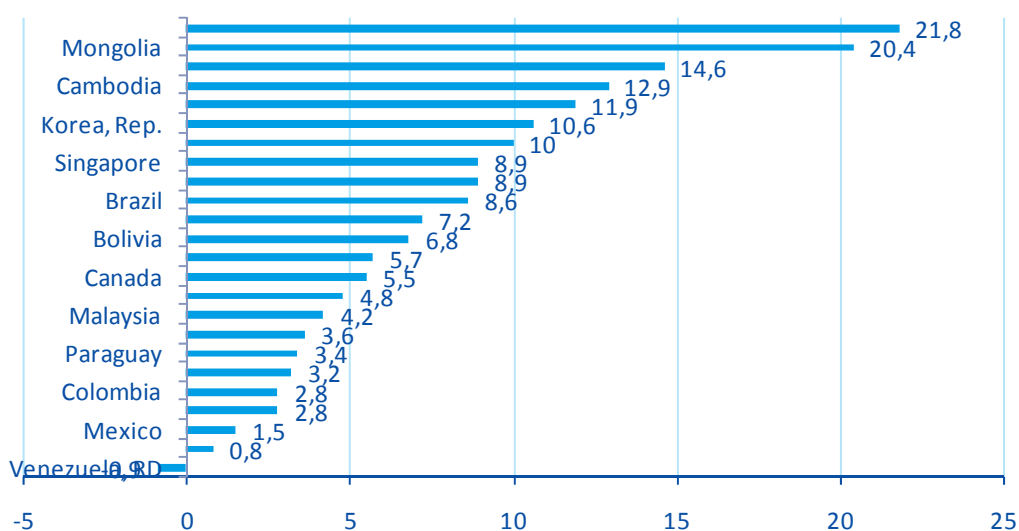
The most dynamic countries in terms of growth rate of the travel service exports are: Mongolia (32%), Cambodia (26.5%), Brazil (16.4%), Bolivia (14.5%), Japan (11.9%), Malaysia (11.6%) and China (11.2%).

Chart 7

**Average growth rate of business services exports in
selected East Asian and North & Latin American Countries, 1996 - 2006**

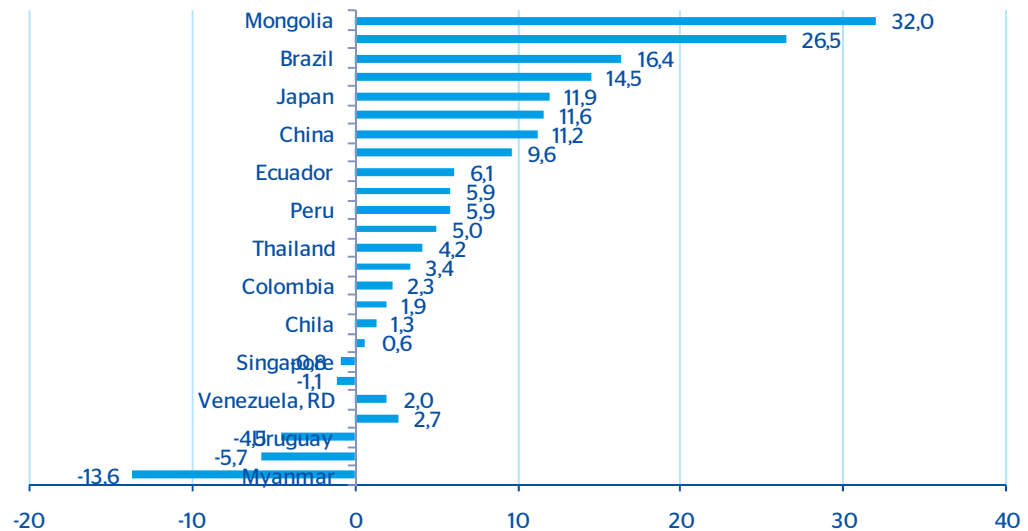
Source: Computations based on World Bank World Development Indicators database

Chart 8

**Average growth rate of transport services exports in
selected East Asian and North & Latin American Countries, 1996 - 2006**

Source: Computations based on World Bank World Development Indicators database

Chart 9

Average growth rate of travel service exports in selected East Asian and North & Latin American Countries, 1996 - 2006

Source: Computations based on World Bank World Development Indicators database

Yet another way to examine the characteristics of services trade is to evaluate the performance of East Asian and North & Latin American countries and to examine their competitiveness in service exports, using the revealed comparative advantage (RCA) index.

3. Service trade characteristics in East Asia and Latin America

3.1. Revealed comparative advantage indices

A country's international specialization and its comparative advantages and disadvantages are measured here by using the revealed comparative advantage (RCA) index. For a given country, the indicator of revealed comparative advantage (RCA) may be expressed as:

$$RCA_{ij} = \frac{\frac{X_{ij}}{X_{it}}}{\frac{X_{wj}}{X_{wt}}}$$

Where X_{ij} and X_{wj} are the service value of j exported by country i and the world; X_{it} and X_{wt} are total commercial service exports of country i and the world. If the value of RCA index exceeds unity, the country is said to have comparative advantage in the sector of j . If the index has a value smaller than one, the industry of the country has a comparative disadvantage.

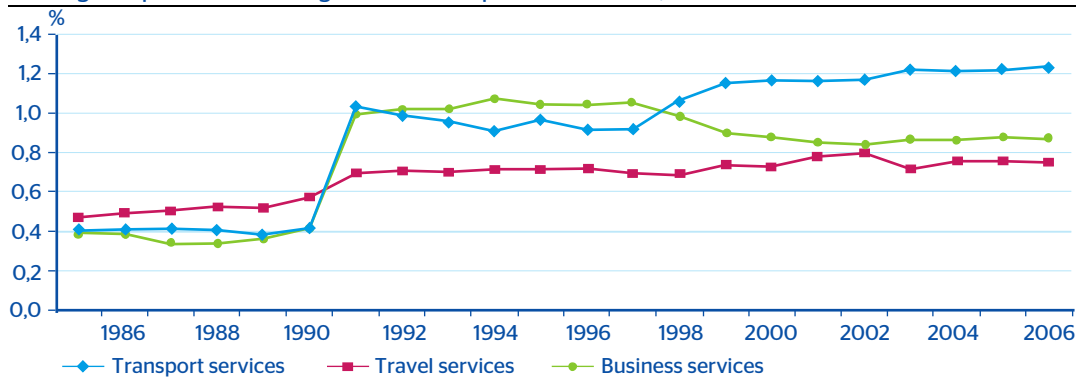
The RCA indices for East Asian and Latin American service exports for various years are shown in Figure 9 and Figure 10, respectively.

From Figure 9, we can display three sub-periods in shifting comparative advantage of service sectors for East Asia:

- from 1985 to 1991, East Asian economies had comparative disadvantage in all service sectors;
- from 1991 to 1998, East Asian countries are characterized by RCA in business services;

- from 1998 to 2006, East Asian countries showed rising comparative advantage in transport service and comparative disadvantage in the other sectors.

Chart 10

Shifting comparative advantage of service exports in East Asia, 1985 - 2006

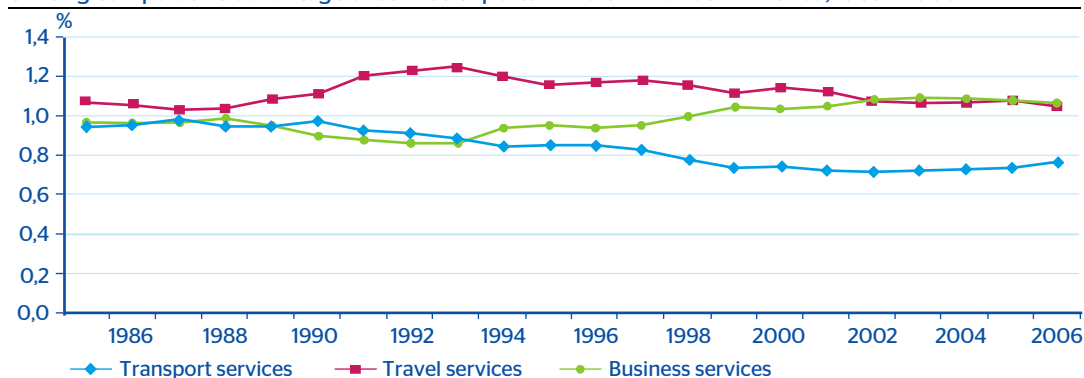
Source: BBVA Research

Figure 10 shows that there have been significant changes in the pattern of North & Latin America's revealed comparative advantage of service exports:

- from 1985 to 2001, the area is characterized by RCA in travel services;
- from 2001 to 2006, the area showed a rising comparative advantage in business services and a downward trend in travel services;
- over the period under consideration, the area exhibited a comparative disadvantage in transport services.

As a whole, it is striking that the two areas have complementary specialization.

Chart 11

Shifting comparative advantage of service exports in North And Latin America, 1985 - 2006

Source: BBVA Research

3.2. Weight of service sectors in the economic activity

The service sector comprises a variety of highly heterogeneous economic activities. Services can be classified into distributive services (wholesale and retail, transportation and communications), producer services (advisory, legal services, banking and finance), social services (health and education), and personal services (hotels and catering). It is useful to give some hints pertaining to the relative weight of various service sectors in the national and the regional economic activity.

In Table 5, we highlight the share of service sectors in GDP in East Asia and North & Latin America for various years (1985, 1995 and 2006). Regarding the regional viewpoint, two key

points emerge from Table 5. Firstly, North & Latin America's share of service activities as percent of GDP is higher than that of East Asia: 52.3% in 1985, 59% in 1995 and 58.3% in 2006 where East Asia's figures are 48.3% in 1985, 49.7% in 1995 and 53.4% in 2006. This picture should nonetheless be tempered by noting that East Asia's share of service activities experienced an upward trend over the period under consideration, whereas that of North & Latin America declined between 1995 and 2006.

Secondly, within the East Asian countries, Hong Kong, Singapore, Taiwan, on one hand, and Japan, on the other hand, are by far the main players. The weight of service activities in Hong Kong increased from 70.9% in 1985 to 91.5% in 2006. For Singapore and Taiwan corresponding figures are 56.2% in 1985 and 66.9% in 2006; 48.9% in 1985 and 72.6% in 2006 respectively. These countries are small economies, specialized from a long time in services. As for Japan, the weight of service activities is strong and increasing over time: 58.9% in 1985, 64.9% in 1995 and 69.5% in 2006. The share of service activities in the Chinese economic activity is still weak but it worth noting that its share is rose during the same period from 28.9% in 1985 to 40.7% in 2006.

As for the Latin American countries, Mexico is playing a significant role as far as the service activities are concerned. The weight of these activities in its GDP rose from 61.3% in 1985 to 69.8% in 2006. Mexico is followed by Peru where the corresponding figures are 50.1% and 59.7%. However, other countries such as Brazil, Chile or Uruguay experienced an increased specialization in service activities during the 1980s and 1990s, but the in the 2000s the weight of these activities declined substantially. It is interesting to observe that while North & Latin America's share of service sectors is slightly higher than that of East Asia, the individual Asian countries seem to be more specialized in service activities than Latin American countries. With regard to different service sectors, we can observe that the two areas have strong position in wholes & ale, retail trade, restaurants and hotels even though the North & Latin American position is less pronounced than that of East Asia.

This picture should be improved by taking into account the services employment compared to total employment in the two areas. Table 6 presents services employment's figures for East Asian and North & Latin American economies. The services employment in East Asia as a percent of total employment increased during the period under study and reached 45.7% in 2006. The main regional players are Hong Kong, Singapore, Korea on one hand, and Japan on the other hand. Surprisingly, the share of services employment in Taiwan is quite feeble since the share of service activities in this country is very high. As for North & Latin America, the share of services employment is relatively significant compared to that of East Asia, reaching 64.5% in 2006. This evidence should be tempered by noting that the share of services employment is irregular during the period under consideration and slightly declined over time.

Table 5
Share of Service Sectors in GDP in East Asia and North & Latin America, 1985-2006

Country/Region	Service Activities as % of GDP *			Transport, Storage and			Country/Region			Service Activities as % of GDP *		
	1985	1995	2006	1985	1995	2006	1985	1995	2006	1985	1995	2006
East Asia												
Cambodia	43,3	35,7	41,2	5,1	5,8	7,3	21,4	15,8	14,8	3,4	4,8	7,3
China	28,9	33,1	40,7	4,5	5,6	6,9	9,7	9,0	9,0	4,6	6,1	5,5
Hong Kong, China	70,9	84,7	91,5	7,7	9,4	10,2	21,8	24,8	29,4	4,7	5,1	2,5
Indonesia	46,9	45,7	44,0	5,6	6,1	6,0	15,4	16,1	15,4	4,7	6,5	6,0
Japan	58,9	64,9	69,5	6,5	7,0	6,7	12,8	14,9	13,0	7,4	8,0	6,2
Korea, Rep.	47,4	51,8	57,2	7,4	6,6	7,2	14,2	11,5	9,4	7,3	11,6	9,1
Malaysia	41,6	46,8	41,2	6,2	6,6	6,1	11,0	15,0	12,5	3,3	6,0	2,7
Mongolia	59,4	35,0	52,2	17,0	6,3	13,1	30,2	17,5	23,9	2,7	1,7	2,6
Myanmar	38,7	30,1	34,0	4,0	3,1	8,4	23,9	23,2	23,1	1,7	2,2	3,5
Philippines	40,4	46,3	53,7	5,5	4,7	7,5	15,7	15,5	16,0	5,1	5,6	4,4
Singapore	65,2	66,1	66,9	12,5	12,1	13,5	15,9	16,2	17,1	9,9	7,1	3,6
Taiwan, China	48,9	62,2	72,6	6,4	6,3	6,5	13,5	16,3	21,8	3,8	4,9	1,8
Thailand	52,3	49,0	44,7	7,4	8,2	7,3	23,9	19,8	19,2	5,1	7,9	3,1
Vietnam	33,7	44,1	38,0	2,4	4,0	4,2	12,4	20,1	16,8	3,2	6,9	6,2
Average above countries	48,3	49,7	53,4	7,0	6,6	7,9	17,3	16,8	17,2	4,8	6,0	4,6
North and Latin America												
Argentina	53,1	66,3	57,9	4,7	7,9	8,6	15,9	17,0	14,3	5,4	5,5	3,9
Bolivia	42,8	51,5	55,7	10,5	11,1	13,2	10,7	12,5	11,2	4,2	3,3	2,4
Brazil	49,2	57,1	53,7	4,7	4,7	5,0	7,9	8,4	7,3	5,4	8,7	6,9
Chile	57,3	53,1	48,2	5,6	6,3	7,9	12,0	12,2	8,3	6,6	9,6	6,8
Colombia	50,1	55,5	56,2	6,0	7,4	7,9	11,6	12,4	10,8	6,7	7,7	5,6
Ecuador	45,0	56,2	56,0	8,7	10,0	11,7	15,9	15,3	14,4	4,5	3,6	8,4
Mexico	61,3	68,3	69,8	9,2	9,5	10,4	24,9	19,9	20,9	4,3	3,9	5,6
Paraguay	46,3	49,0	55,0	4,2	3,7	7,9	25,9	29,5	21,1	5,9	6,0	5,1
Peru	50,1	60,2	59,7	8,5	8,2	8,4	17,9	20,4	18,2	3,0	7,2	5,8
Uruguay	54,3	63,6	58,9	5,5	7,1	9,6	11,6	14,8	13,0	2,8	5,1	4,2
Venezuela, RB	41,7	47,0	44,0	3,7	5,6	6,3	9,8	11,4	10,2	7,8	6,2	6,9
Canada	61,4	66,4	66,1	8,0	7,3	7,1	13,6	13,4	13,6	6,0	4,9	5,3
United States	66,8	72,6	77,0	6,3	6,7	5,9	16,8	17,7	15,3	4,7	4,0	5,0
Average above countries	52,3	59,0	58,3	6,6	7,3	8,5	14,9	15,8	13,7	5,2	5,8	5,5
Average Latin countries (excl. CAN & USA)	50,1	57,1	55,9	6,5	7,4	8,8	14,9	15,8	13,6	5,1	6,1	5,6

Source: UNCTAD Handbook of Statistics web data

Table 6
Services Employment in East Asia and North & Latin America, 1985-2005

Country/Region	Total Services Employment (million)					Services Employment as % of Total Employment				
	1985	1991	1995	2000	2005	1985	1991	1995	2000	2005
East Asia										
Cambodia	..	0,9	1,0	1,0	1,1	..	20,5	18,0	17,7	19,1
China	..	65,0	82,6	90,4	120,7	10,7	10,2	12,2	12,7	16,1
Hong Kong, China	..	1,8	2,2	2,5	2,9	54,0	64,3	72,4	79,4	84,6
Indonesia	..	23,3	30,3	34,0	36,6	31,8	31,4	37,6	37,3	38,0
Japan	..	37,1	39,1	40,6	42,3	56,0	58,4	60,4	63,1	66,4
Korea, Rep.	..	9,1	11,3	13,2	15,3	44,3	47,7	54,2	61,2	65,1
Malaysia	..	3,4	3,8	4,8	6,0	45,8	46,6	47,7	49,5	55,1
Mongolia	..	0,3	0,3	0,3	0,5	..	40,0	35,9	37,2	43,3
Myanmar	..	4,4	4,5	5,7	6,5	23,3	21,9	21,5	25,1	25,2
Philippines	..	8,5	10,2	12,9	16,5	36,5	38,7	40,3	46,5	48,1
Singapore	..	1,0	1,2	1,3	1,5	63,7	64,4	67,9	65,5	69,6
Taiwan, China	..	..	..	..	..	41,0	47,1	50,7	45,6	47,2
Thailand	..	7,4	9,0	10,7	13,2	22,0	24,2	28,3	32,2	37,1
Vietnam	..	4,2	5,7	8,5	10,4	..	13,3	17,1	22,3	24,7
All above countries		166,5	201,1	226,0	273,4	39,0	37,8	40,3	42,5	45,7
North and Latin America										
Argentina	..	8,2	9,4	11,2	12,7	67,6	66,2	71,9	76,2	75,1
Bolivia	..	1,7	1,9	1,5	1,6	72,3	68,5	68,7	43,6	41,5
Brazil	..	32,4	38,4	42,7	48,1	49,3	54,5	54,3	56,5	57,9
Chile	..	2,6	3,1	3,5	3,9	59,6	54,6	58,2	62,2	63,9
Colombia	..	8,4	9,7	12,0	11,5	69,2	68,0	67,4	73,3	58,8
Ecuador	..	2,4	3,0	3,5	4,0	68,6	67,4	71,9	67,6	70,4
Mexico	..	14,9	17,9	21,5	24,0	49,0	49,5	54,2	55,1	58,6
Paraguay	..	1,2	0,8	1,1	1,4	68,6	72,5	43,2	51,8	52,7
Peru	..	5,8	6,5	7,7	8,9	71,5	74,6	73,3	74,4	75,5
Uruguay	..	0,9	1,0	1,1	1,1	68,8	66,9	68,6	71,3	73,5
Venezuela, RB	..	4,2	5,0	6,1	7,5	58,9	61,3	62,8	67,4	69,1
Canada	..	9,7	10,1	11,3	12,3	69,5	73,2	74,0	74,1	75,3
United States	..	86,8	94,7	105,4	114,7	68,6	71,6	72,9	74,3	77,8
All above countries	..	179,2	201,5	228,6	251,8	64,7	65,3	64,7	65,2	65,4
All Latin countries (excl. CAN & USA)	..	82,7	96,7	111,9	124,8	63,9	64,0	63,1	63,6	63,4

Source: World Bank World Development Indicators database

The main regional players are Argentina, Peru, Uruguay and Republic of Venezuela. It is noteworthy that the share of services employment in Mexico is quite feeble since the share of service activities in this country is the highest in the region. Moreover, Brazil and Chile are characterized by an increasing share of services employment while, at the same time, these countries experienced a downward share of service activities.

4. FDI inflows by service sectors in East Asia and North & Latin America

Internationalization of services uses mainly FDI. We may say that the movement of the producer takes the place of the movement of output. FDI in services are considered as vehicles for transferring soft technology to foreign markets: the kind of technology, which is embodied in skills, in know-how and creations.

Table 8 focuses on the FDI inflows in services sectors as a percent of total FDI inflows for East Asian and North & Latin American countries for the year 2006. Before exploring these data, it is useful to examine the restrictive indices on FDI in services. One of the important motives of the recent willingness for regionalism in these two areas, particularly for smaller economies, is to design rules to attract more foreign direct investment and to strengthen institutions in order to participate in global and regional trade. Table 7 presents the restrictive indices on FDI in different service sectors in selected countries for the year 2006. Index value is ranged from 0 to 1 which indicates for open and for closed in services restrictions respectively. It is striking that Latin America is an exceptionally liberalized area in all service sectors as far as the index value is 0.19. Two strategic sectors - electricity & water (0.51) and transport & communication (0.35) - are relatively closed, however. Argentina, Bolivia, Chile⁵ and Paraguay are the most open economies in the region.

As far as East Asia is concerned, all service sectors are relatively protected by restrictions on FDI inflows; the index value is 0.47. Three sectors - electricity & water (0.81), transport & communication (0.53) and Business services (0.53) - are significantly closed, however. Electricity & water appears as a very strategic sector as far as a number of countries in East Asia (Indonesia, Korea, Malaysia and Thailand) and Latin America (Mexico, Paraguay and Uruguay) are characterized by a restrictive index equals to unity.

Table 8 focuses on FDI inflows in various service sectors for East Asian and North & Latin American countries. It is noteworthy that the FDI inflows are relatively significant in East Asia: the regional share of FDI for all service sectors as a percent of total FDI is 59.3% in 2006 while the corresponding figure for North & Latin America is 45.3%. This evidence is instructive as far as, even though Latin America is more liberalized than East Asia, the latter area appears as more attractive for FDI.

Within Asian countries, the main contributors to the region's rising share in global FDI inflow in services sectors have been Hong Kong and Singapore. A liberal open-door policy and extensive FDI promotion policies toward foreign investors attracted the massive amount of FDI in these countries. The shares of FDI inflows in all services sectors for Hong Kong and Singapore are 95.7% and 94% respectively. However, surprisingly, Japan is the most attractive country of the region for FDI in services sectors: its share reached 112.9% in 2006. Historically, Japan has not had a strong reliance on attracting FDI, as domestic firms dominated the export sector and governments preferred to rely on the importance of capital goods as a mean of acquiring skills and technology. This is why Japan has been usually considered as active investor. By the late 1990s, this pattern has changed: Japan has become more open to FDI inflow as services sectors have become more important, and as FDI restrictions were liberalized. Although the Japan's share of FDI in all service sectors is high, it is important to note that Japan is the recipient country in two sectors - transport & communication (146.5%) and whole sale & retail (6.2%) - and source country for other sectors. The most attractive service sectors for FDI in East Asia are business services (22.9%) and finance (21.9%).

As for Latin American countries, the most attractive countries for FDI in all service sectors are Brazil and Chile; their shares are 54.5% and 60.1% respectively. They are followed by Mexico; its corresponding figure is 48.2%. The most attractive service sectors for FDI inflows in North & Latin America are business activities (8.2%) and finance (17.3%).

5: It worth mentioning that Chile is the most liberalized country in the world, opting for unilateral trade liberalization. It is then very important for Chile to induce trade liberalization of partner countries within Latin America or outside the region.

Table 7
Restrictive Indices on FDI in Services in Selected East Asian and Latin American Countries

Country/Region	Restriction Index (GDP Weights)									
	Business activities	Finance	Transport & comm.	Hotel & restaurant	Wholesale & retails	Construction	Education & health	Environment	Electricity & water	All service sectors
East Asia										
China	0,23	0,55	0,58	0,15	0,55	0,15	0,40	0,25	0,55	0,44
Indonesia	1,00	0,57	0,62	0,75	0,35	0,68	0,65	0,35	1,00	0,61
Korea, Rep.	0,18	0,24	0,50	0,20	0,18	0,33	0,51	0,28	1,00	0,30
Malaysia	0,74	0,40	0,52	0,70	0,70	0,20	0,20	0,20	1,00	0,54
Mongolia	0,10	0,15	0,27	0,05	0,10	0,15	0,15	0,15	0,40	0,15
Philippines	0,95	0,63	0,72	0,60	0,30	0,70	0,80	1,00	0,70	0,69
Thailand	0,53	0,65	0,52	0,45	0,45	0,55	0,45	0,45	1,00	0,53
Average all above countries	0,53	0,46	0,53	0,41	0,38	0,39	0,45	0,38	0,81	0,47
North and Latin America										
Argentina	0,10	0,10	0,19	0,10	0,10	0,10	0,10	0,10	0,10	0,12
Bolivia	0,05	0,12	0,20	0,05	0,05	0,05	0,05	0,05	0,15	0,08
Brazil	0,20	0,52	0,48	0,15	0,15	0,15	0,18	0,15	0,65	0,27
Chile	0,10	0,18	0,32	0,08	0,08	0,08	0,18	0,08	0,05	0,14
Colombia	0,23	0,30	0,34	0,20	0,20	0,10	0,20	0,10	0,40	0,23
Ecuador	0,13	0,15	0,39	0,10	0,10	0,10	0,10	0,10	0,55	0,17
Mexico	0,36	0,38	0,56	0,15	0,15	0,15	0,30	0,05	1,00	0,33
Paraguay	0,05	0,13	0,30	0,00	0,00	0,15	0,00	0,00	1,00	0,12
Peru	0,14	0,16	0,30	0,13	0,13	0,13	0,13	0,13	0,13	0,16
Uruguay	0,00	0,47	0,54	0,03	0,00	0,00	0,10	0,00	1,00	0,20
Venezuela	0,83	0,23	0,26	0,15	0,15	0,15	0,17	0,15	0,55	0,27
Average all above countries	0,20	0,25	0,35	0,10	0,10	0,11	0,14	0,08	0,51	0,19

Note: Index value is ranged from 0 to 1 which indicates for open and for closed in services restrictions respectively. Data is based on 2004 or latest available year
Source: UNCTAD, Measuring Restrictions on FDI in Services in Developing Countries and Transition Economies, 2006

Table 8
Service Sector as % of Total FDI Inflow (%), 2006

Country/Region	Business activity	Finance	Transport & comm.	Hotel & restaurant	Wholesale & retails	Construction	Personal & other serv	Electricity & water	Unspecific serv sector	All service sectors	Total FDI in gds & serv
East Asia											
Cambodia (2005)	4,1	6,6		7,3						17,9	100,0
China	18,7	9,7	2,9		2,6	1,0	0,7	1,8	0,1	37,4	100,0
Hong Kong, China	41,5	25,2	6,4	0,4	20,9	1,4				95,7	100,0
Indonesia (2005)	-0,1	15,0		-0,1		0,0			14,7	29,4	100,0
Japan	-1,2	-36,2	146,5		6,2	-0,5			-1,8	112,9	100,0
Korea, Rep.	8,9	44,4	11,2	4,3	-41,7	6,0	4,4	-2,4		35,2	100,0
Malaysia	0,6	53,7			10,0	3,7			-1,1	67,7	100,0
Mongolia											100,0
Myanmar											100,0
Philippines	4,8	7,8	-0,4		0,0	0,4		7,2	4,8	24,7	100,0
Singapore (2005)	4,6	36,7		29,5	0,0				23,2	94,0	100,0
Taiwan, China											100,0
Thailand	32,4	6,9		8,9	0,4				6,2	54,8	100,0
Vietnam	2,2	1,0			3,0	1,2			14,9	22,2	100,0
All above countries excl MNG, MMR, TWN	22,9	21,9	-2,6	4,5	5,9	1,2	0,5	0,8	4,2	59,3	100,0
North and Latin America											
Argentina (2004)		3,7	-4,7		-0,1			4,0		2,9	100,0
Bolivia								6,7	6,5	13,1	100,0
Brazil	12,3	14,6	6,9	1,6	6,7	1,4	0,3	10,6	0,2	54,5	100,0
Chile	1,7	5,0	7,2		0,6	0,5	7,2	37,8		60,1	100,0
Colombia		7,2	16,4		8,1	2,4	0,1	-2,2		32,0	100,0
Ecuador	1,9		2,3		3,2	0,5	0,1	0,2		8,2	100,0
Mexico	13,7	20,7	4,5	3,8	2,9	1,8	1,3	-0,5		48,2	100,0
Paraguay											100,0
Peru (2004)		7,3	0,1		10,1	0,0		1,1	0,3	18,9	100,0
Uruguay											100,0
Venezuela											100,0
Canada		4,5							6,0	10,5	100,0
United States	11,2	23,6	4,9	0,2	14,0	1,7	3,0	-1,9	2,8	59,5	100,0
All above countries	8,2	17,3	4,0	0,5	9,0	1,3	1,9	0,1	3,0	45,3	100,0
Above Latin countries (excl. CAN & USA)	9,2	13,7	5,9	1,8	4,8	1,4	0,9	5,9	1,0	43,7	100,0

Source: ITC/UNCTAD/WTO Investment Map web data at <http://www.investmentmap.org/invmap/en/prioritySector.aspx?prg=1>

Conclusion

The importance of services is increasing rapidly in the international economic scene in the twenty-first century. Services along with high-tech industries are now playing a leading part in the development of the world economy. This paper investigates the trend and characteristics of trade in services in two fertile regions where different forms of trade integration have taken place: East Asia and Latin America.

We summarize some of the key findings.

First of all, the share of East Asia in total world service exports is relatively high and it increased over the period 1985-2006. East Asia's share rose from 10.66% in 1985 to 17.54% in 2006. The share of Latin America is very low and it declined from 3.02% in 1985 to 2.17% in 2006. In 2006, the shares of the two regions are very close to each other (17.54% and 18.59%) when taking into account the developed countries of each region, namely Japan for East Asia and the United States and Canada for North & Latin America.

We utilize the World Bank data to categorize commercial services into transport, travel and business services. This classification allows us to more clearly decipher the growing importance of the various categories of services trade and put on view the dynamic sectors in the two areas. We find that the two areas are both dynamic in travel service exports and in transport service imports.

Another interesting result concerns the specialization in services trade. We stress that East Asian countries show rising comparative advantage in transport service and comparative disadvantage in the other sectors while North and Latin American economies are characterized by rising comparative advantage in business services and a downward trend in travel services. The two areas are complementary in terms of specialization.

North & Latin America's share of service activities as percent of GDP is higher than that of East Asia. The share of services employment in North & Latin America is relatively significant compared to that of East Asia, reaching 64.5% in 2006. However, the services employment in East Asia as a percent of total employment increased during the period under study and reached 45.7% in 2006.

As far as the internationalization of services uses mainly FDI, we are particularly interested in foreign direct investment inflows in service sectors in both areas. We find that, regarding the restrictive indices on FDI in different service sectors, Latin America is an exceptionally liberalized area in all service sectors while East Asia is relatively protected by restrictions on FDI inflows.

FDI inflows are relatively significant in East Asia: the regional share of FDI for all service sectors as a percent of total FDI is 59.3% in 2006 while the corresponding figure for North & Latin America is 45.3%. This evidence is instructive as far as, even though Latin America is more liberalized than East Asia, the latter area appears as more attractive for FDI.

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Appendix 1: Services Classification

Classification components

1. Transportation

1.1 Sea transport

1.1.1 Passenger

1.1.2 Freight

1.1.3 Other

1.2 Air transport

1.2.1 Passenger

1.2.2 Freight

1.2.3 Other

1.3 Other transport

1.3.1 Passenger

1.3.2 Freight

1.3.3 Other

Extended classification of other transport

1.4 Space transport

1.5 Rail transport

1.5.1 Passenger

1.5.2 Freight

1.5.3 Other

1.6 Road transport

1.6.1 Passenger

1.6.2 Freight

1.6.3 Other

1.7 Inland waterway transport

1.7.1 Passenger

1.7.2 Freight

1.7.3 Other

1.8 Pipeline transport and electricity transmission

1.9 Other supporting and auxiliary transport services

2. Travel

2.1 Business travel

2.1.1 Expenditure by seasonal and border workers

2.1.2 Other

2.2 Personal travel

2.2.1 Health-related expenditure

2.2.2 Education-related expenditure

2.2.3 Other

3. Communications services

3.1 Postal and courier services

3.2 Telecommunications services

4. Construction services

4.1 Construction abroad

4.2 Construction in the compiling economy

5. Insurance services

5.1 Life insurance and pension funding

5.2 Freight insurance

5.3 Other direct insurance

5.4 Reinsurance

5.5 Auxiliary services

6. Financial services

7. Computer and information services

7.1 Computer services

7.2 Information services

7.2.1 News agency services

7.2.2 Other information provision services

8. Royalties and license fees

8.1 Franchises and similar rights

8.2 Other royalties and license fees

9. Other business services

9.1 Merchanting and other trade-related services

9.1.1 Merchanting

9.1.2 Other trade-related services

9.2 Operational leasing services

9.3 Miscellaneous business, professional, and technical services

9.3.1 Legal, accounting, management consulting, and public relations

9.3.1.1 Legal services

9.3.1.2 Accounting, auditing, bookkeeping, and tax consulting services

9.3.1.3 Business and management consulting and public relations services

9.3.2 Advertising, market research, and public opinion polling

9.3.3 Research and development

9.3.4 Architectural, engineering, and other technical services

9.3.5 Agricultural, mining, and on-site processing services

9.3.5.1 Waste treatment and depollution

9.3.5.2 Agricultural, mining, and other on-site processing services

9.3.6 Other business services

9.3.7 Services between related enterprises, n.i.e.

10. Personal, cultural, and recreational services

10.1 Audiovisual and related services

10.2 Other personal, cultural, and recreational services

10.2.1 Education services

10.2.2 Health services

10.2.3 Other

11. Government services, n.i.e.

11.1 Embassies and consulates

11.2 Military units and agencies

11.3 Other government services

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