



INTERNATIONAL
TRADE
ADMINISTRATION

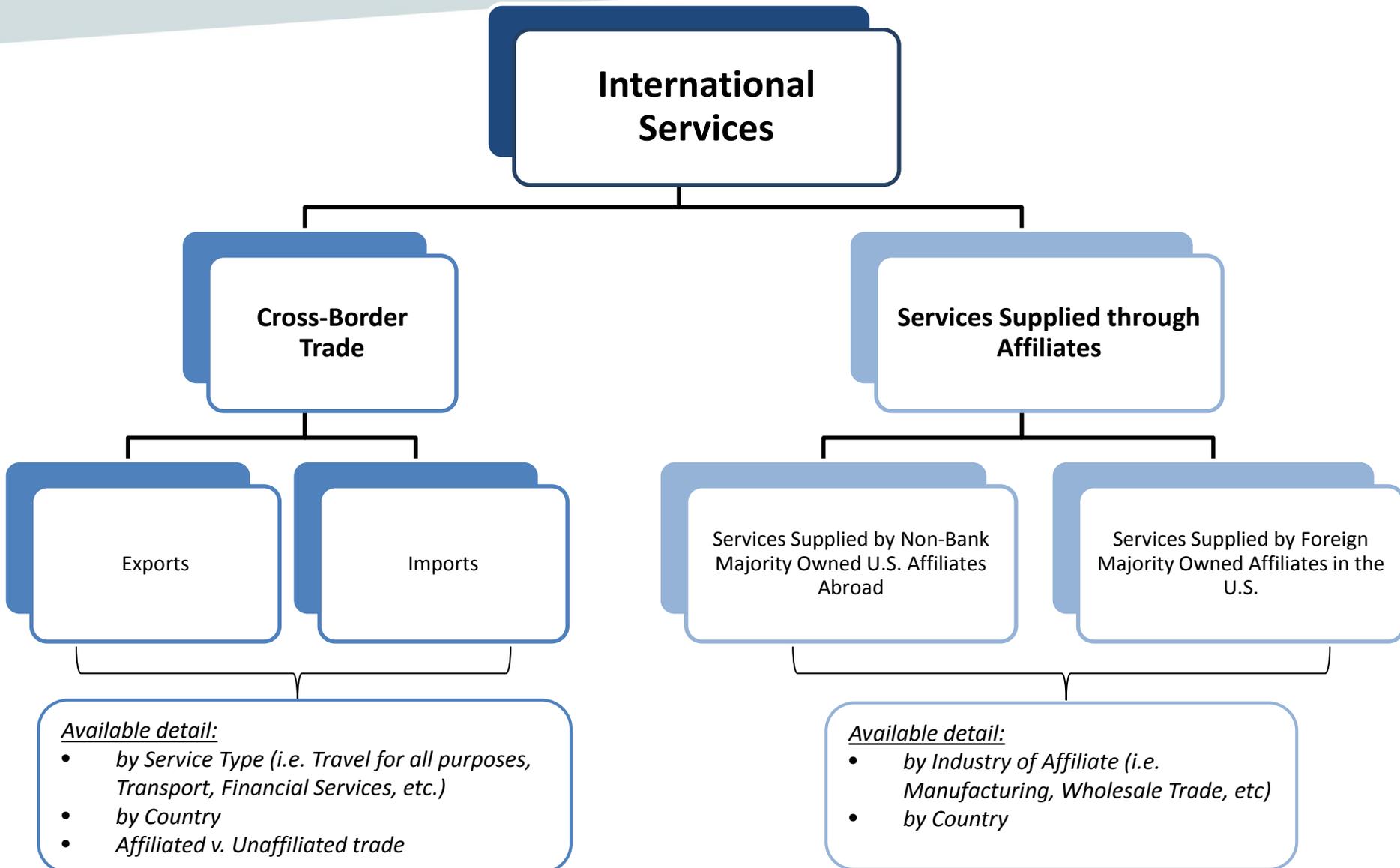
International Services

***Services Trade in 2014 and
Services Supplied Through Affiliates in
2013***

Outline

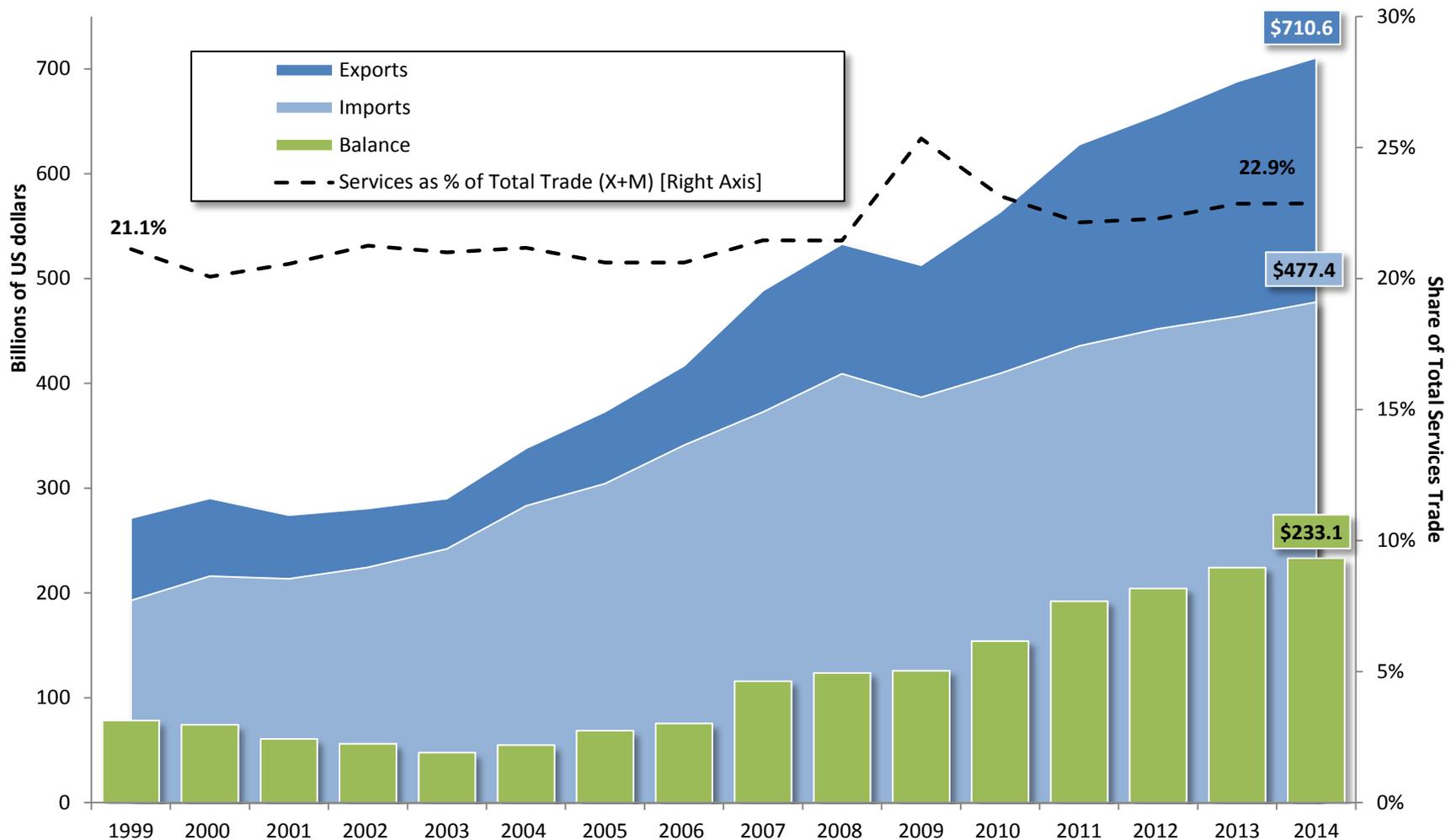
- *Cross-Border Services Trade*
- *Services Supplied Through Affiliates*
- *Special Topics*
 - *U.S.-E.U. International Services*
 - *TPP*
 - *Pre- vs. Post-Recession Cross Border Trade*
 - *Interrelated: Goods and Services*
- *Current and Future Work*

International services includes two types of measures:



In 2014, U.S. services exports increased 3% and the trade surplus increased 4%

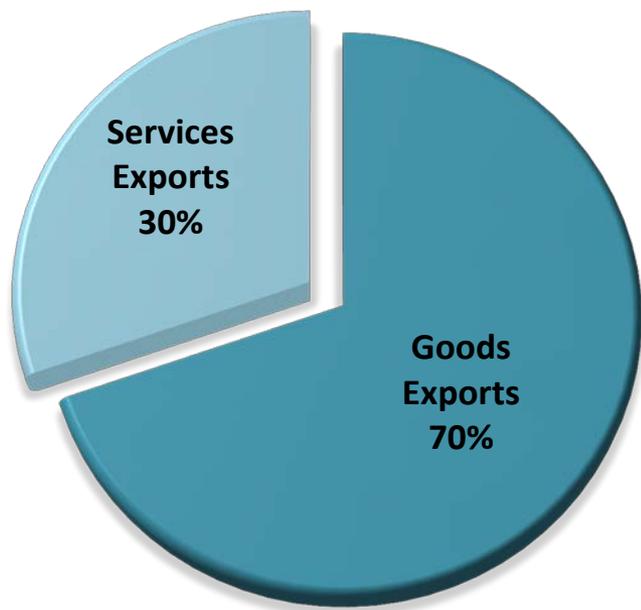
Cross-Border Services Trade, 1999-2014



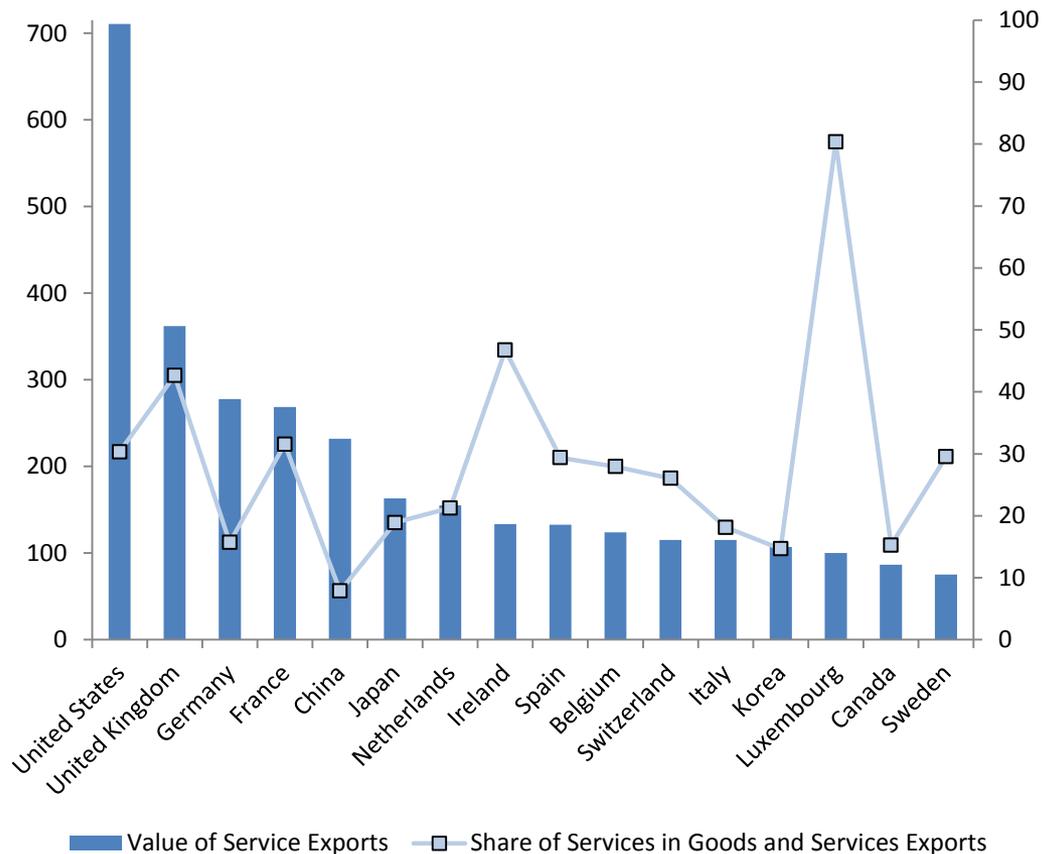
Source: Bureau of Economic Analysis, U.S. International Transactions, Table 1.1

Services play a significant role in total U.S. exports...

Services accounted for 30 percent of U.S. exports in 2014



The U.S. is the largest exporter, but only 5th in terms of share among OECD top 15 + China

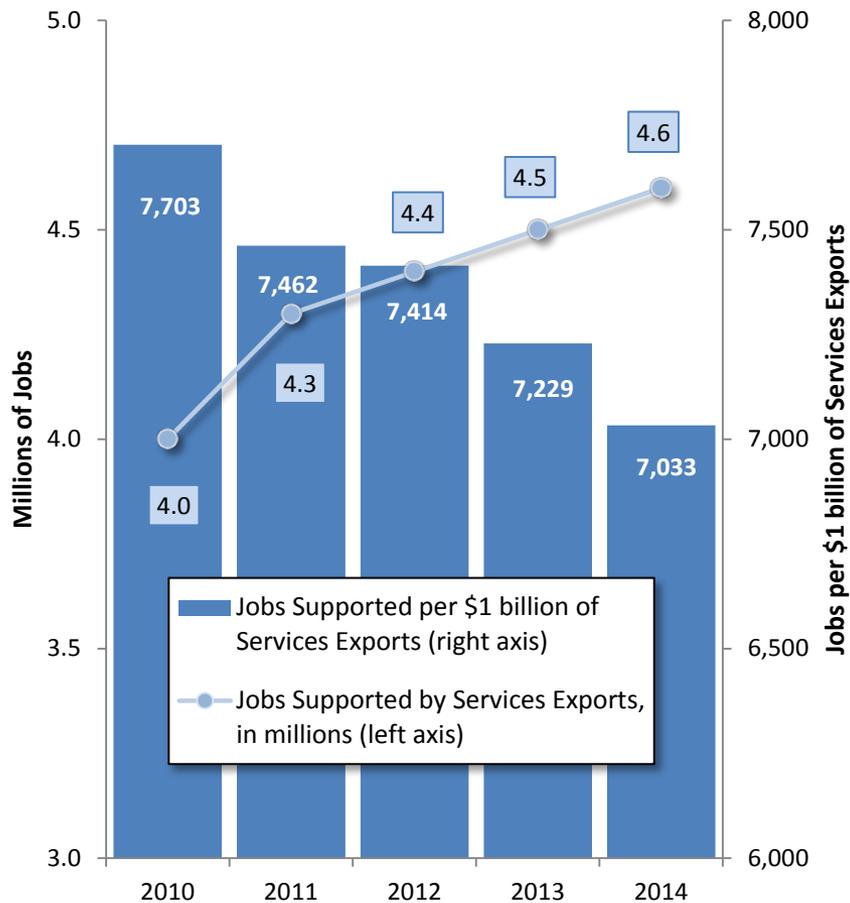


Source: Bureau of Economic Analysis, U.S. International Transactions, Table 1.1

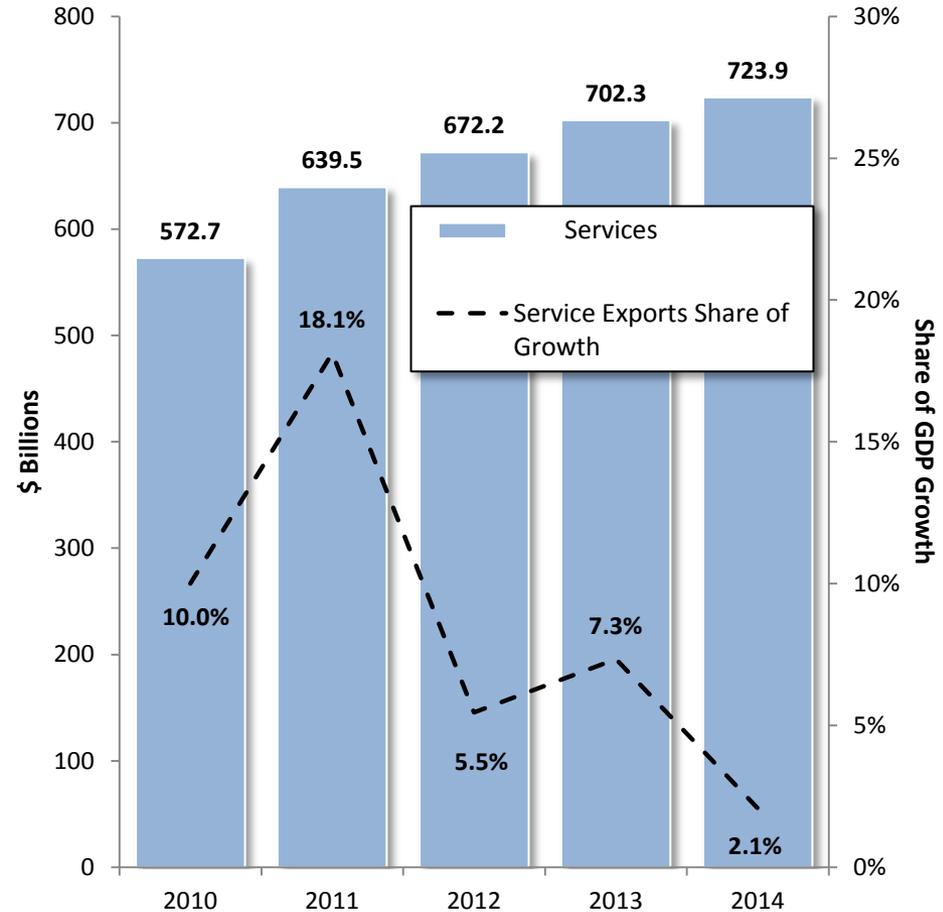
Source: OECD

...and in the U.S. Economy

Jobs Supported by Services Exports



Services Exports in GDP

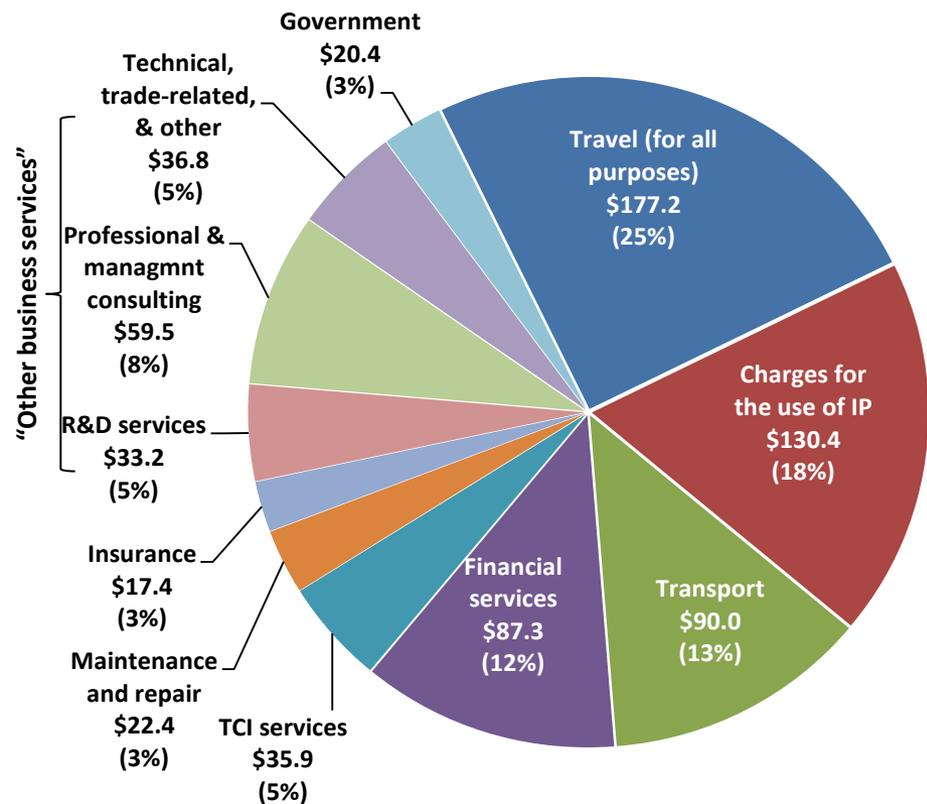


*Source: March 2015 ITA Jobs Supported by Exports 2015, an Update

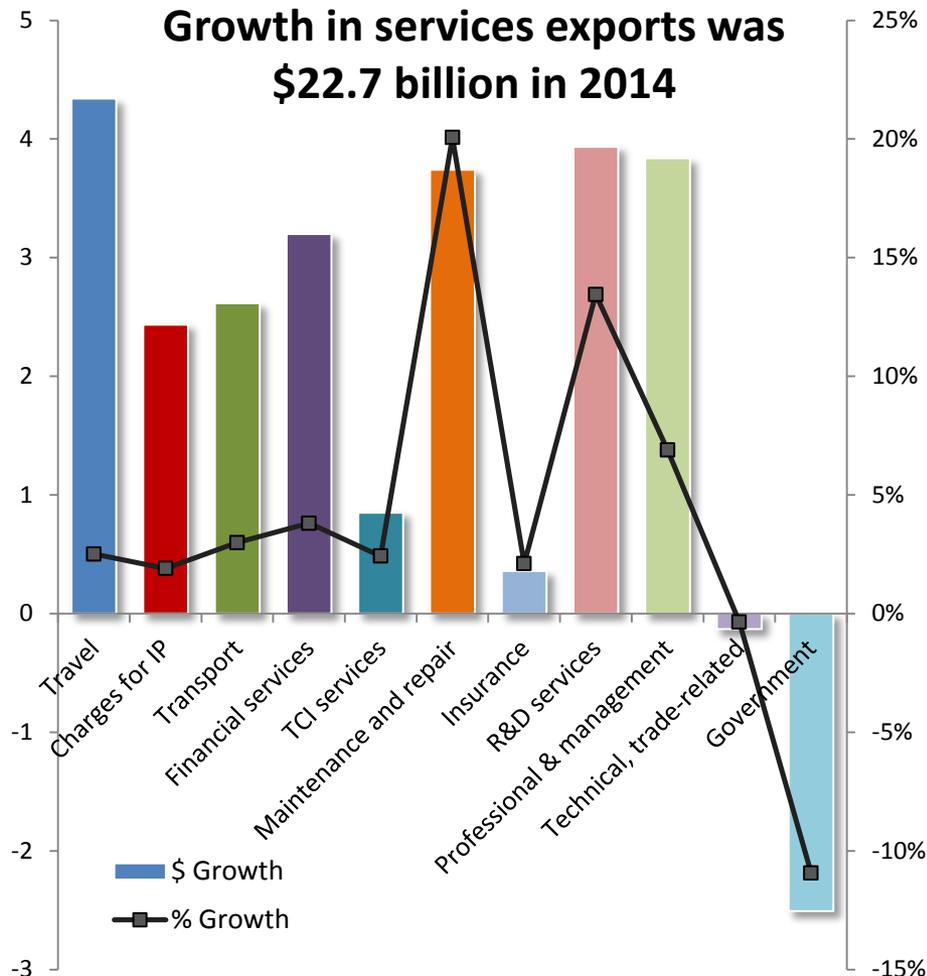
*Source: Bureau of Economic Analysis NIPA Tables 1.1.2 and 1.1.5

Travel was the largest service export and contributed the most to growth, but grew at a slower rate than many smaller categories

Cross-border services exports totaled \$710.6 billion in 2014



Growth in services exports was \$22.7 billion in 2014

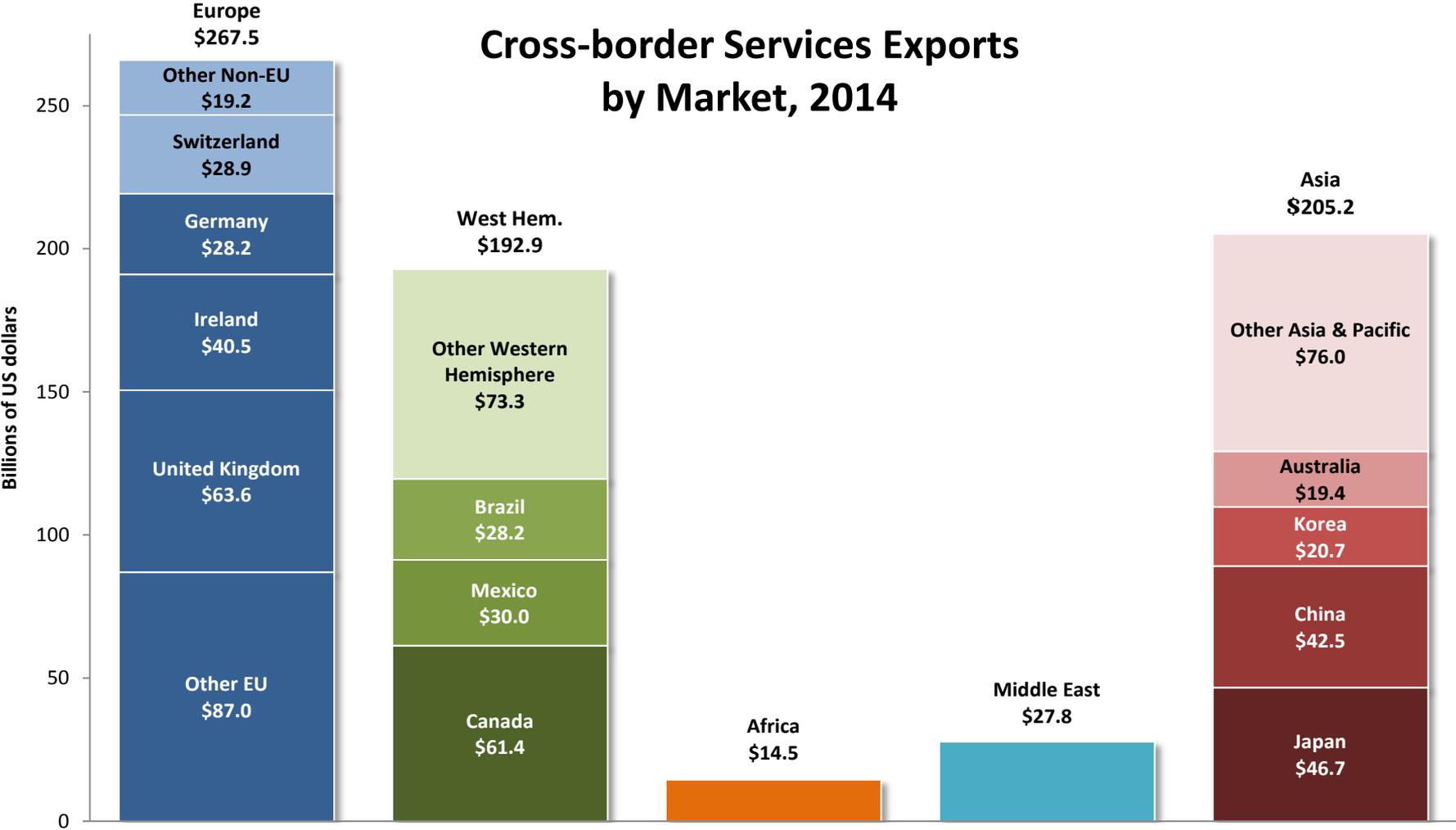


Both charts' dollar values presented in billions of US dollars

Source: Bureau of Economic Analysis, U.S. International Services, Table 2.1

Aside from Europe, many U.S. services go to markets in Asia and Latin America

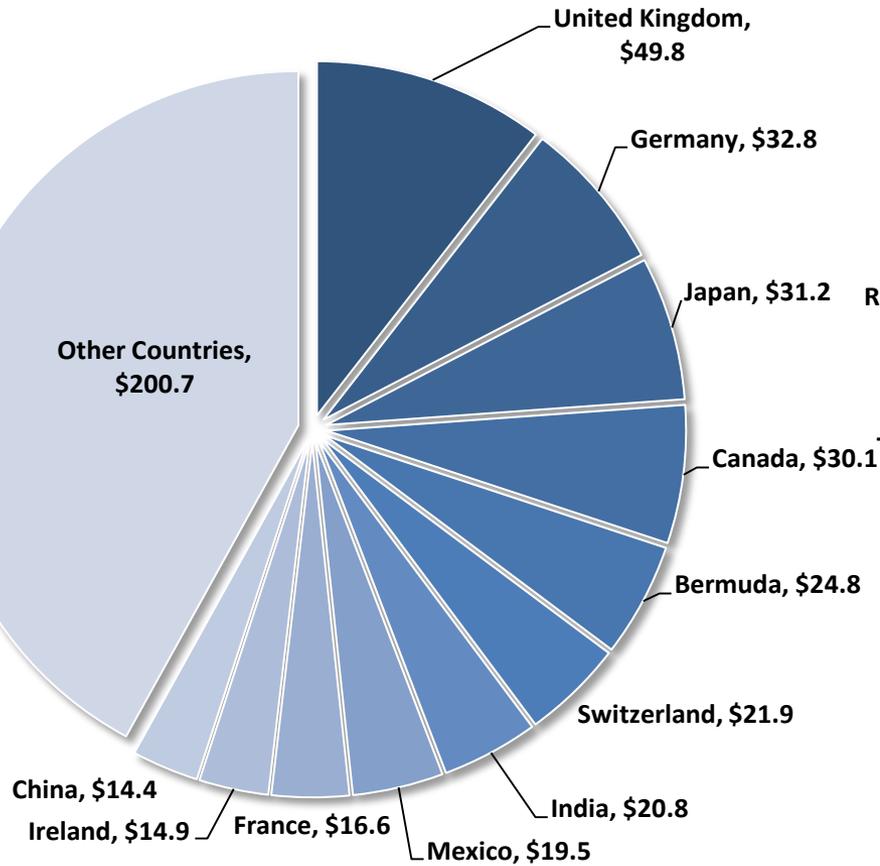
Cross-border Services Exports by Market, 2014



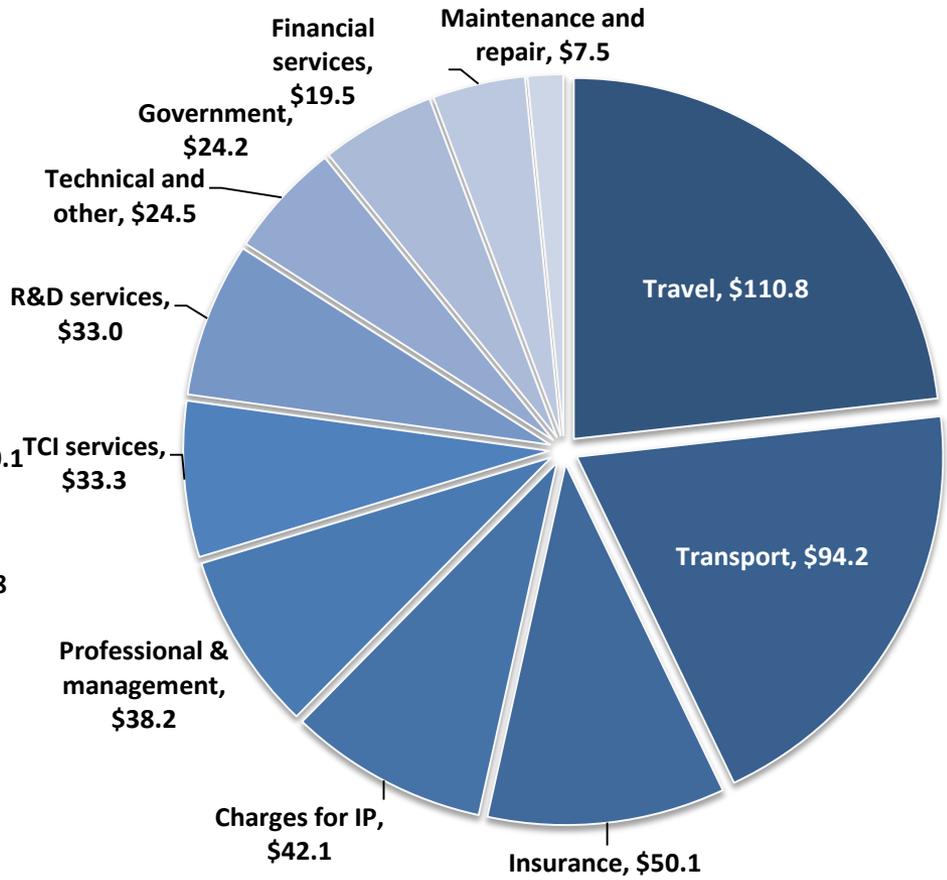
Source: Bureau of Economic Analysis, U.S. International Services, Table 2.2

The U.K. was the largest source of U.S. services imports and travel the largest type of import

Top Sources of U.S. Service Imports, 2014



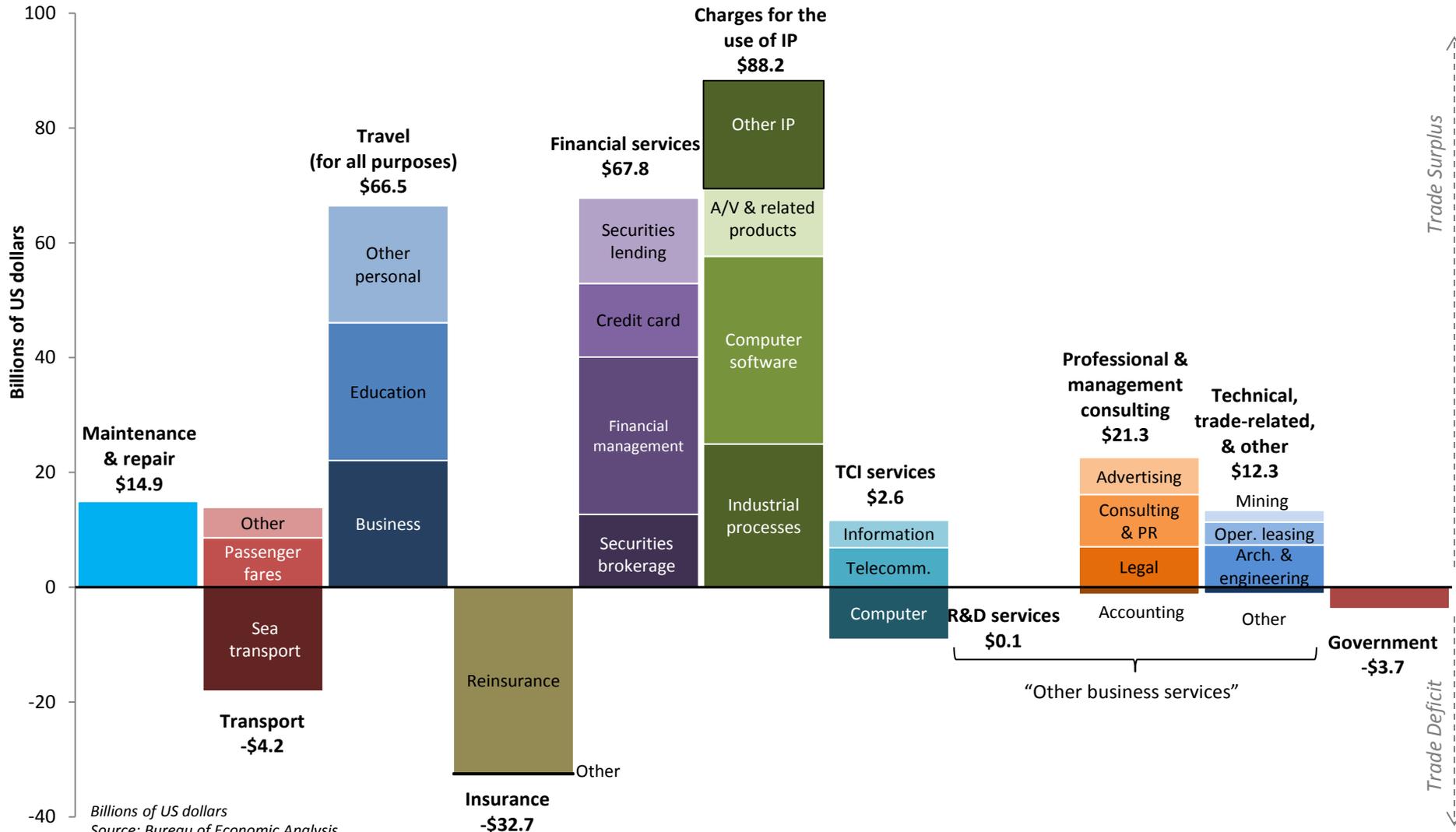
Imports of Services, by Type, 2014



Source: Bureau of Economic Analysis, U.S. International Services, Table 2.3. Data in Billions of U.S. Dollars

Charges for the use of IP, travel, and financial services are the largest contributors to the U.S. services surplus

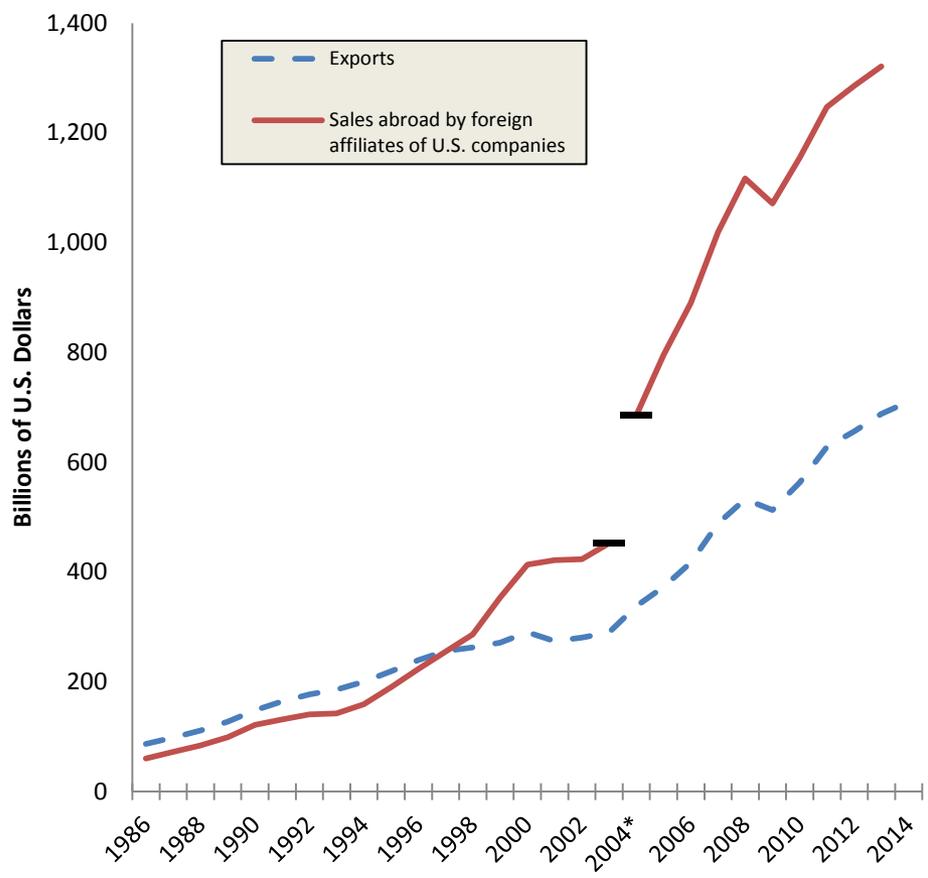
2014 Trade Balance by Major Services Sector



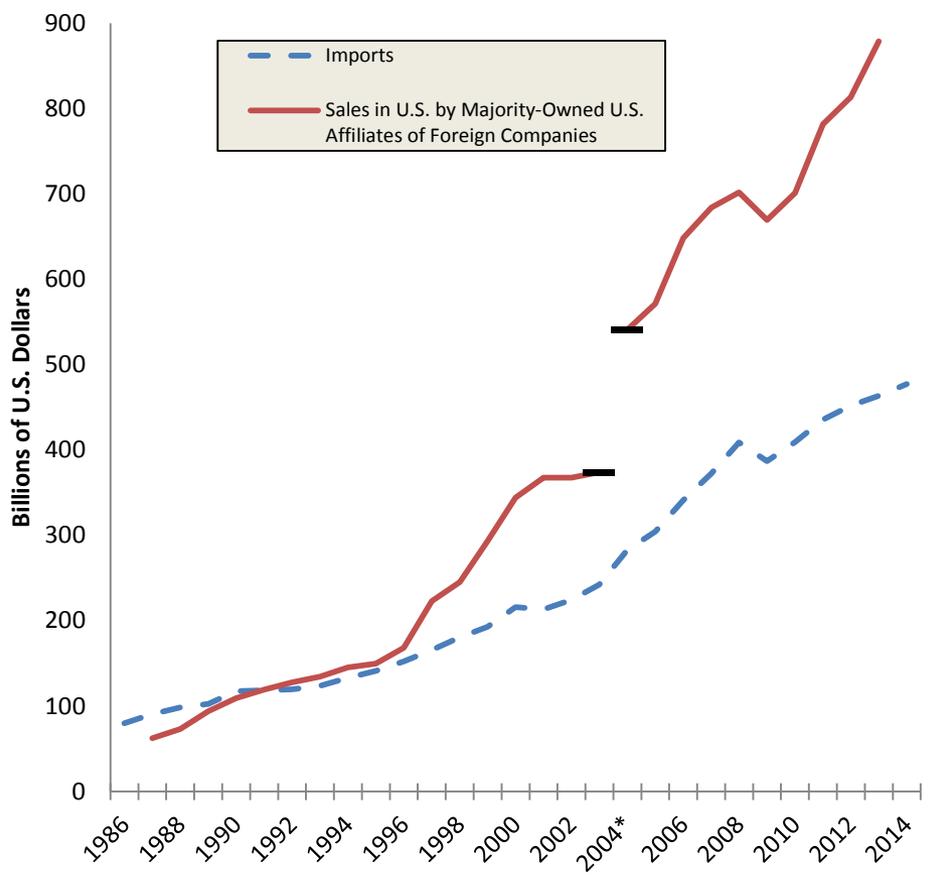
Billions of US dollars
 Source: Bureau of Economic Analysis,
 U.S. International Services, Table 2.1

Sales of services through affiliates of multi-national enterprises far exceed that of cross-border services trade

Sales of Services to Foreign Markets



Sales of Services to U.S. Market

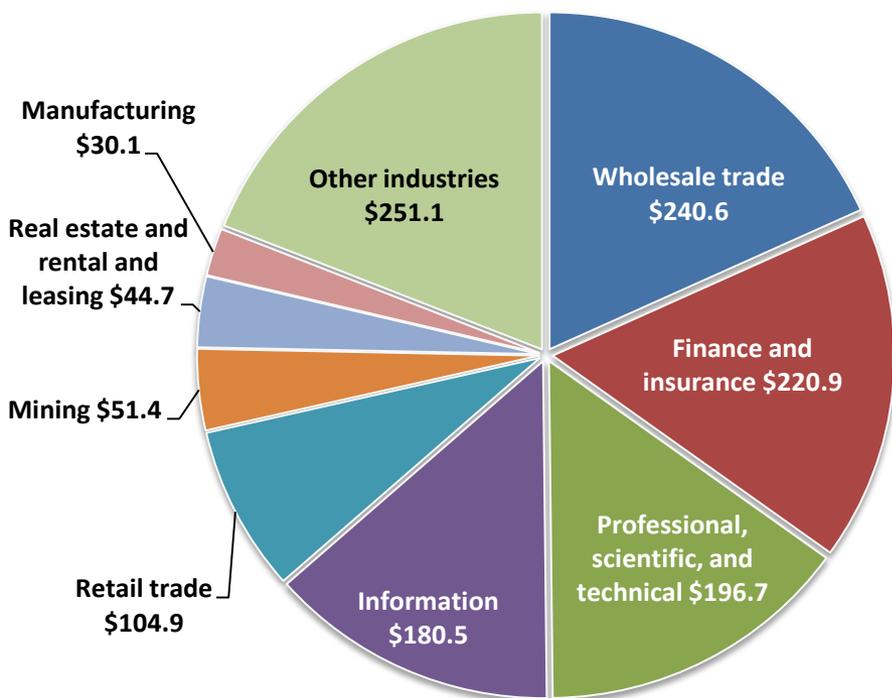


*New reporting methodology beginning in 2004 resulted in a marked discontinuity in the time series trend

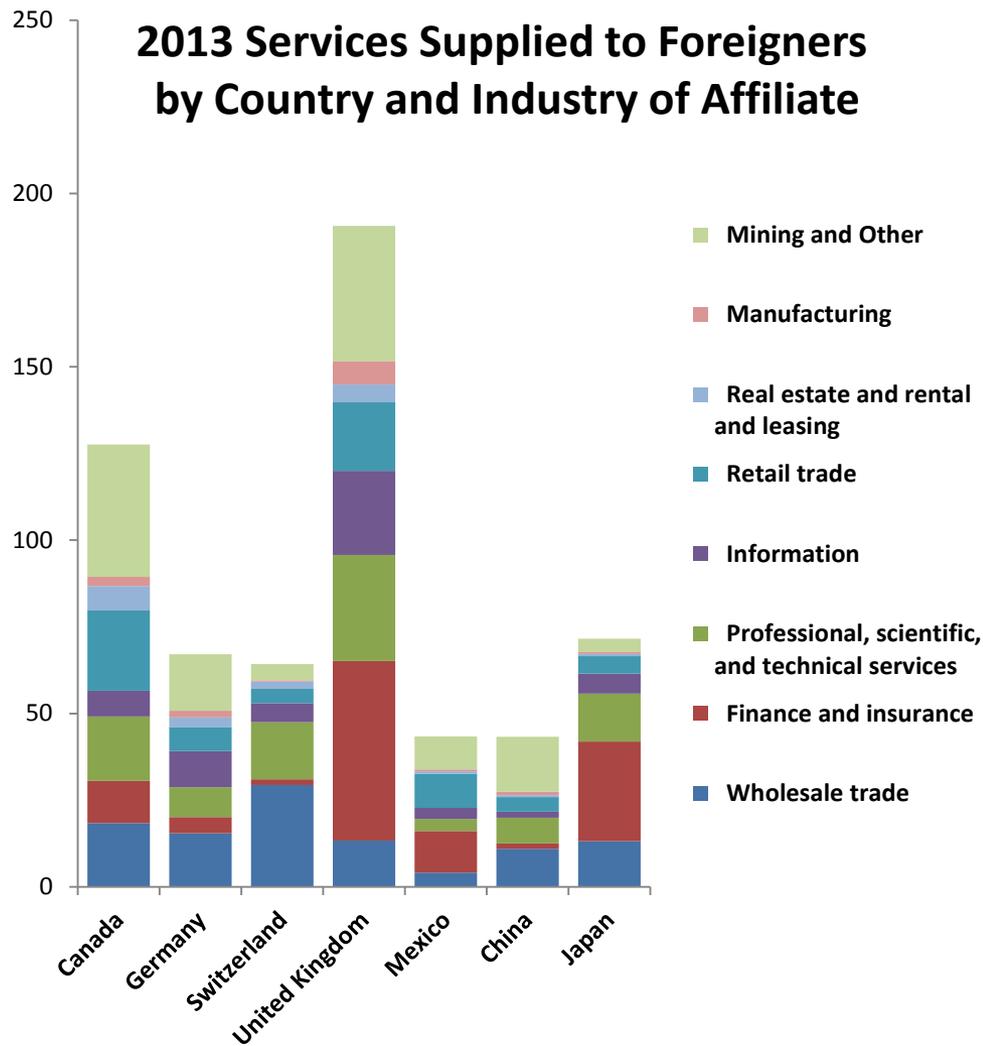
Source: Bureau of Economic Analysis, U.S. International Services, Table 1.1

Services supplied by U.S. MNEs to foreigners are dominated by four industries, but the relative importance of those industries varies by country

2013 Services Supplied to Foreigners by Industry of Affiliate



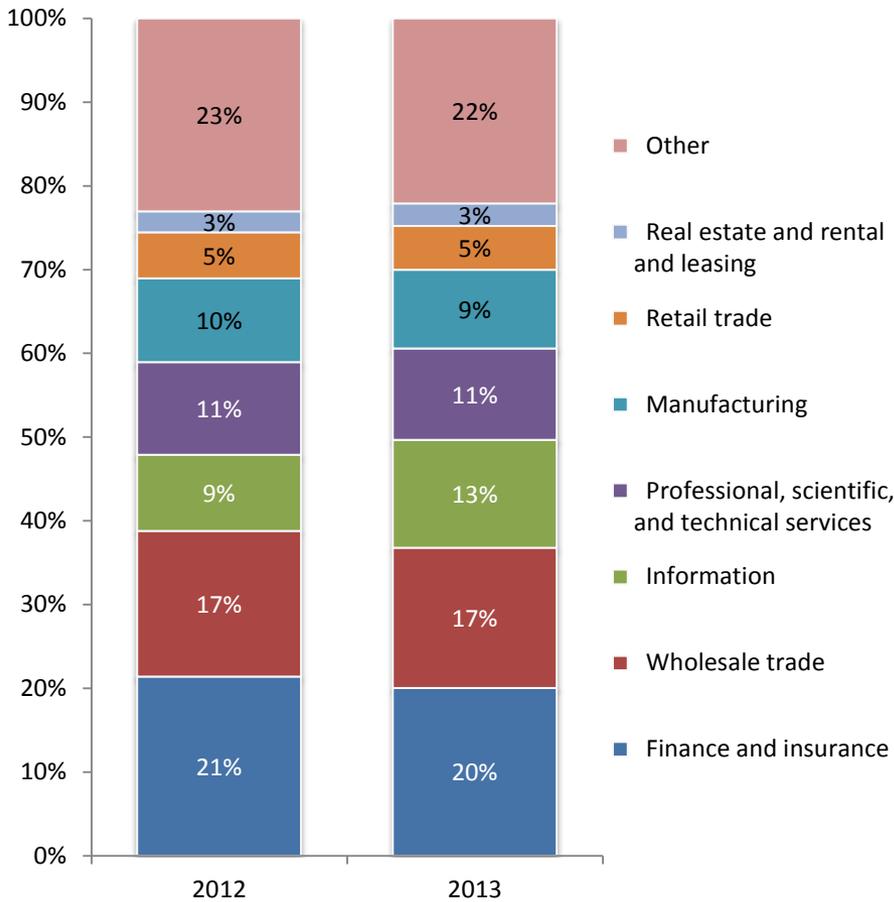
2013 Services Supplied to Foreigners by Country and Industry of Affiliate



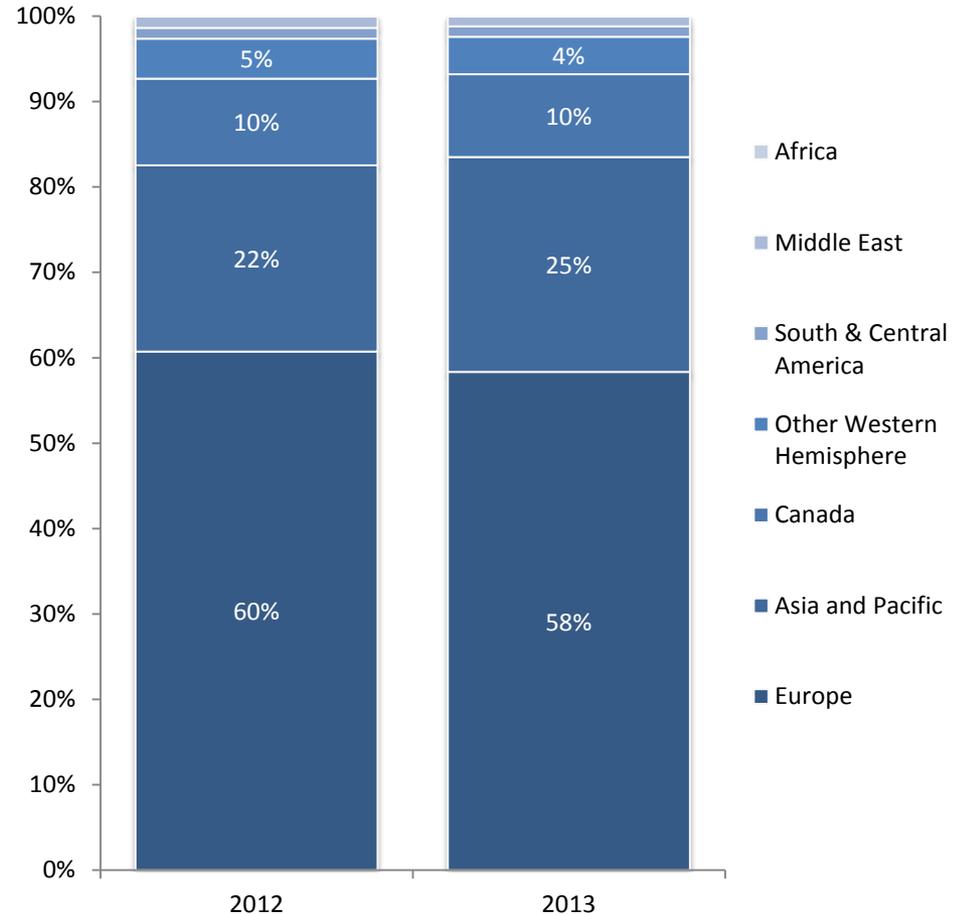
2013 is the latest data available, all figures in Billions of U.S. dollars
 Source: Bureau of Economic Analysis, U.S. International Services, Table 3.1

Acquisitions of U.S. affiliates drove the increases in information and in Asia and Pacific

Share of Services Supplied to U.S. by Industry of Affiliate



Share of Services Supplied to U.S. by Area (Country of UBO)



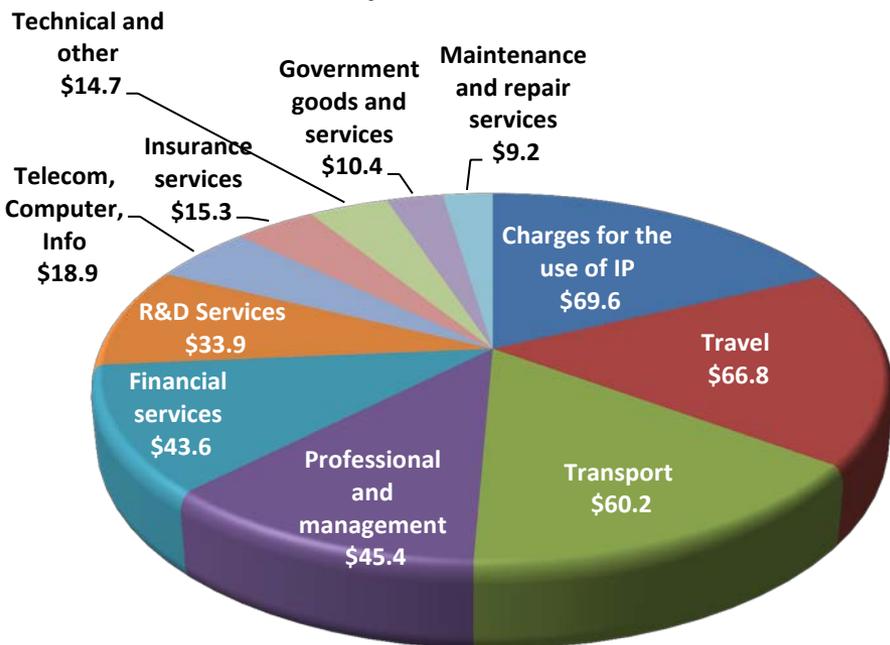
2013 is the latest data available.

Source: Bureau of Economic Analysis, U.S. International Services, Table 4.1

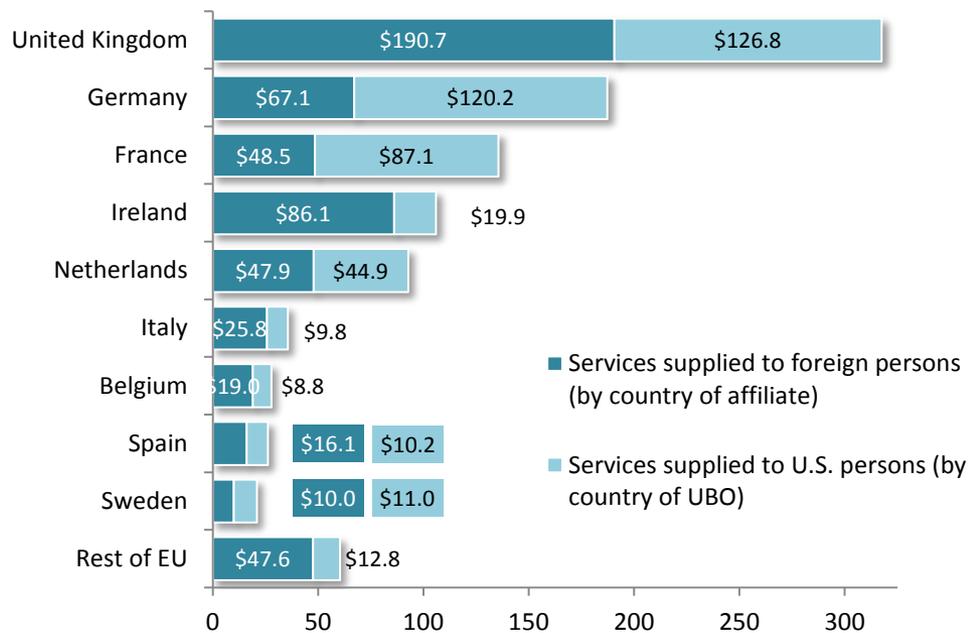
The European Union accounts for over 40 percent of U.S. international service transactions

- The E.U. accounts for a third of two-way U.S. services trade and almost half of services supplied by/to the U.S.
- The total international services relationship is nearly \$1.4 trillion.

Two-way trade between the U.S. and E.U. was \$388 billion in 2014



Based on MNE activity in 2013, the TTIP would encompass more than \$1 trillion in services supplied.

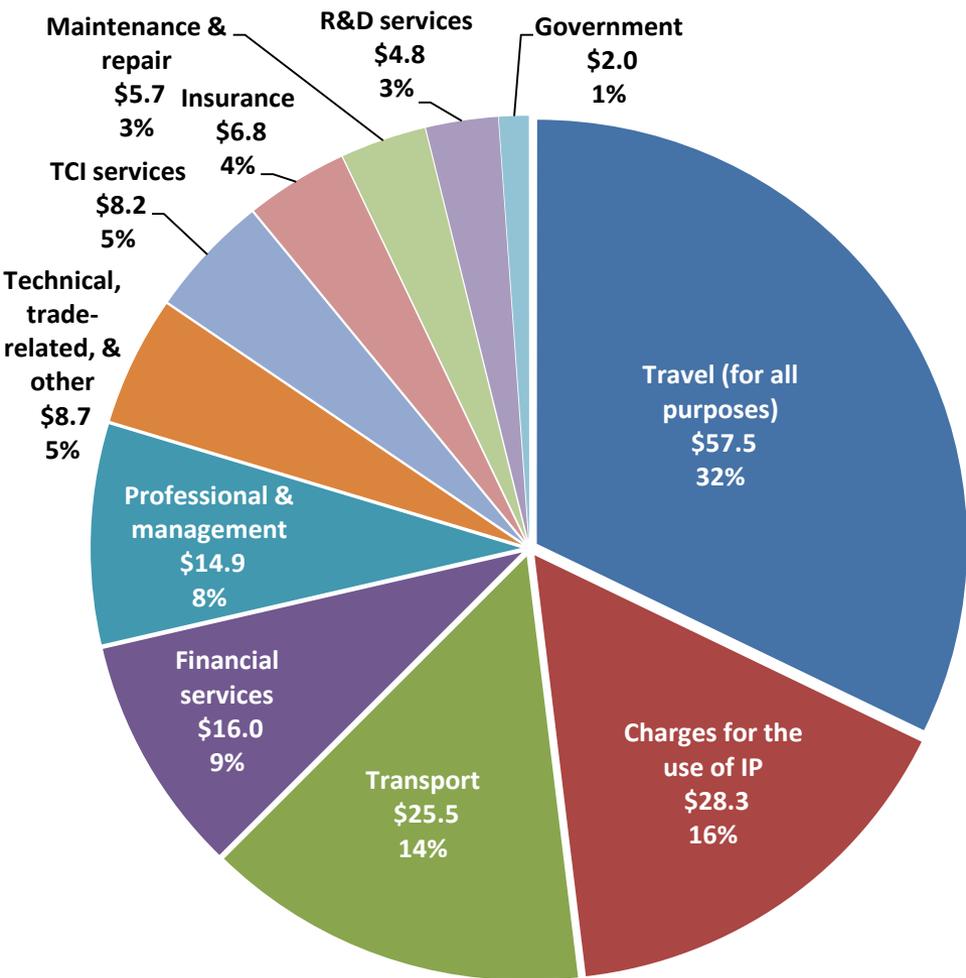


Billions of US dollars

Source: Bureau of Economic Analysis, U.S. International Services, Tables 2.3, 3.2, and 4.2

Known* services exports to TPP partners totaled \$178.3 billion in 2014

TPP Exports, by Type

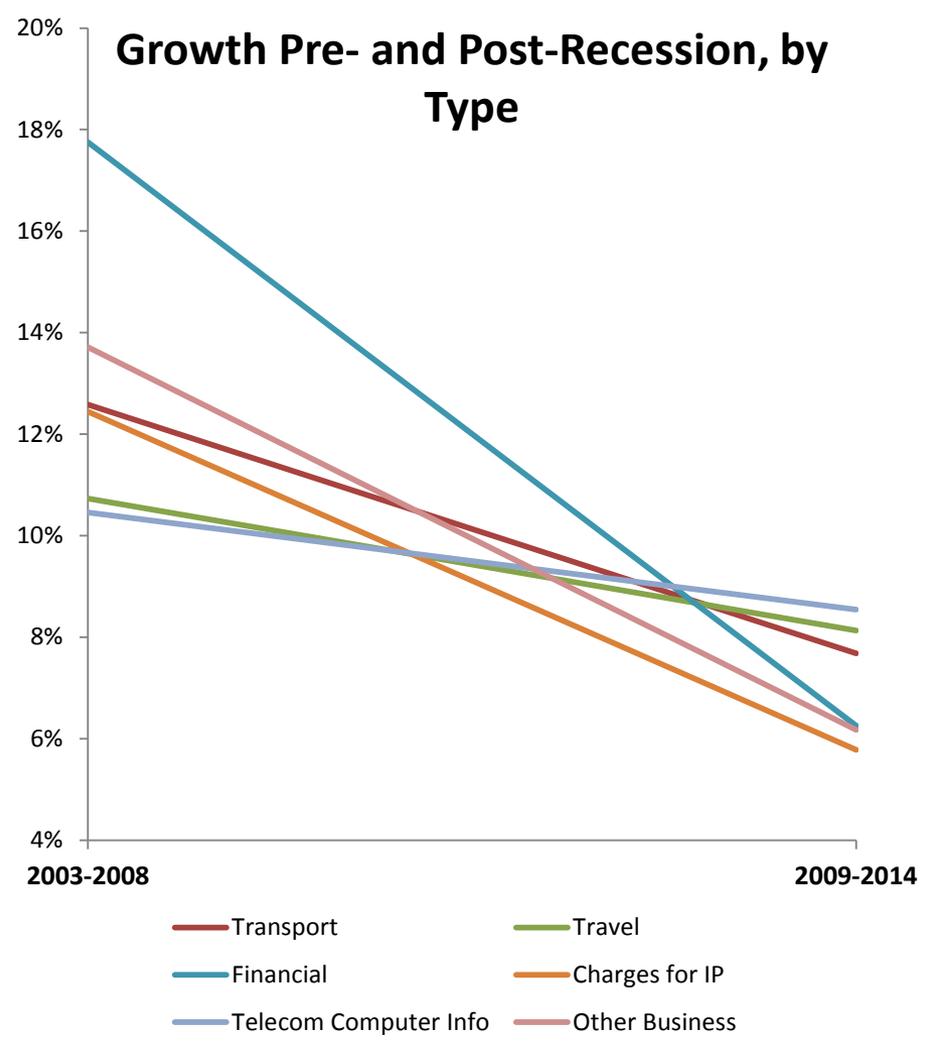
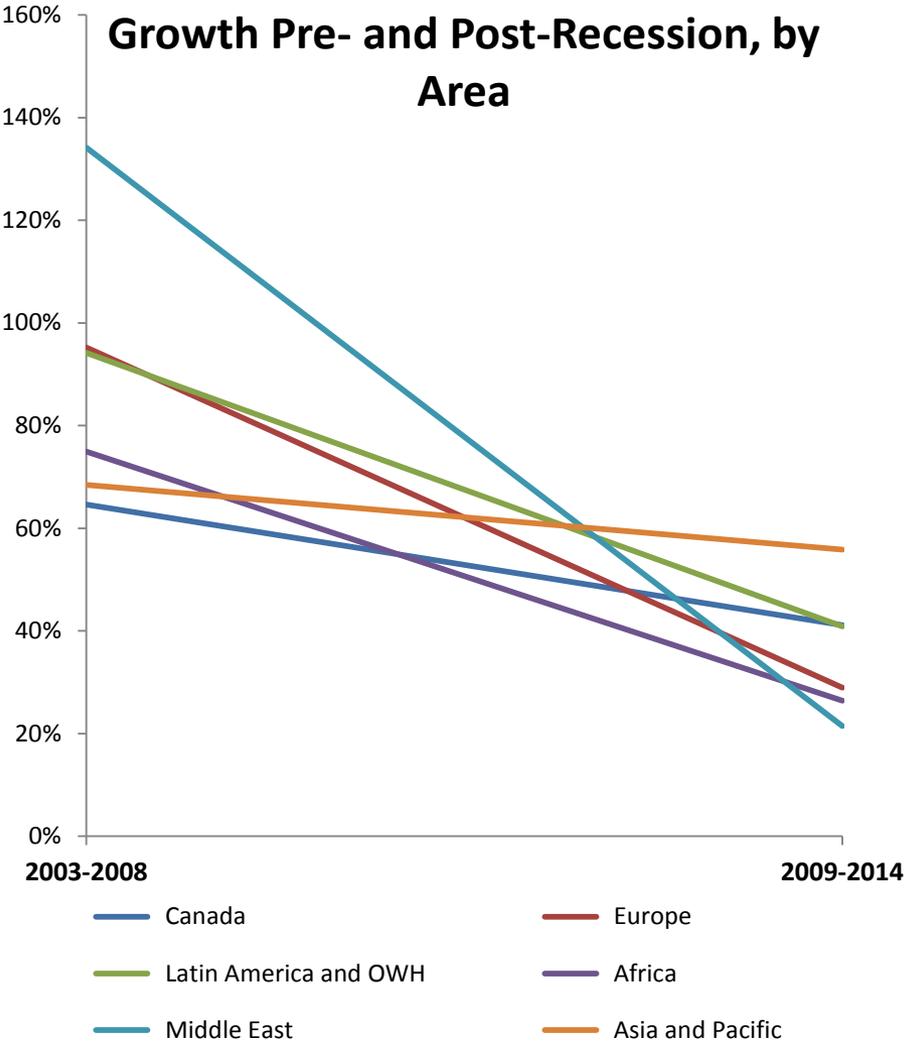


- Travel accounts for a larger share of TPP exports (32%) than for total exports (25%)
 - Health and seasonal worker travel are more important components for TPP countries
 - Education a less important component
- Financial services account for a smaller share of TPP exports (9% vs. 12%)
- Charges for IP are a smaller share of TPP exports (16% vs. 18%)
 - Particularly industrial processes and trademarks

*Service export data not available for Brunei, Peru, and Vietnam

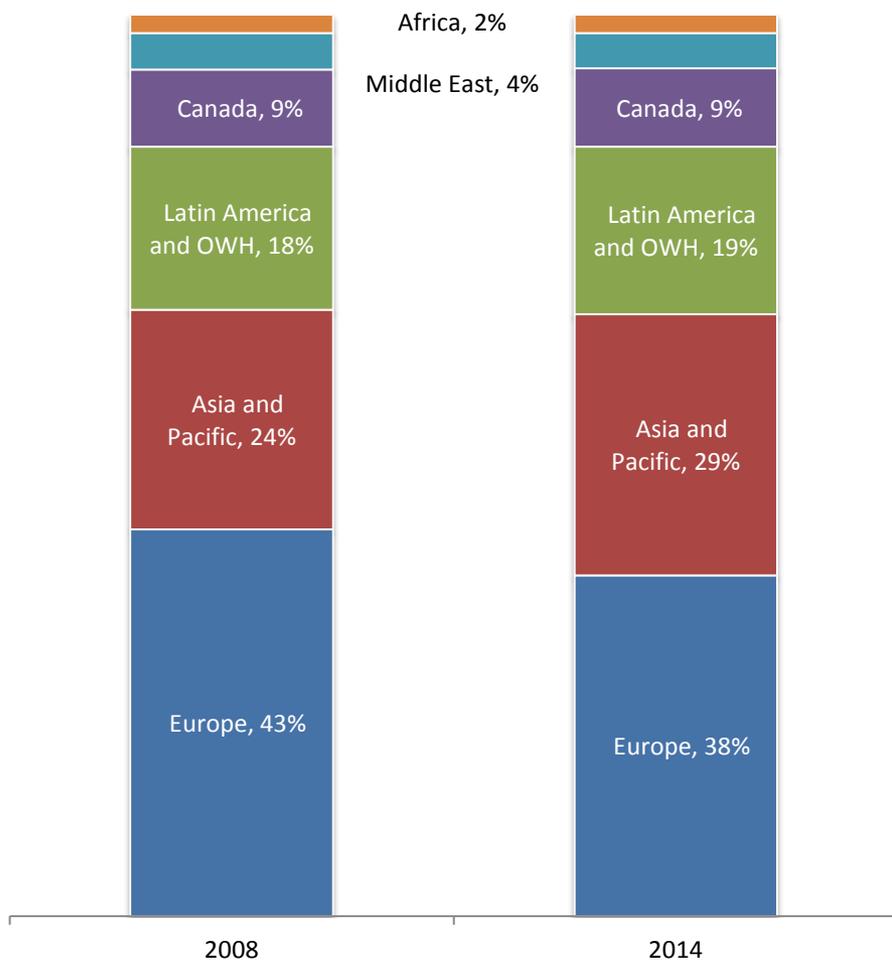
Billions of US dollars Source: Bureau of Economic Analysis, U.S. International Services, Tables 2.1 and 2.2

Post-recession, growth in services exports has slowed in all major areas and all major categories

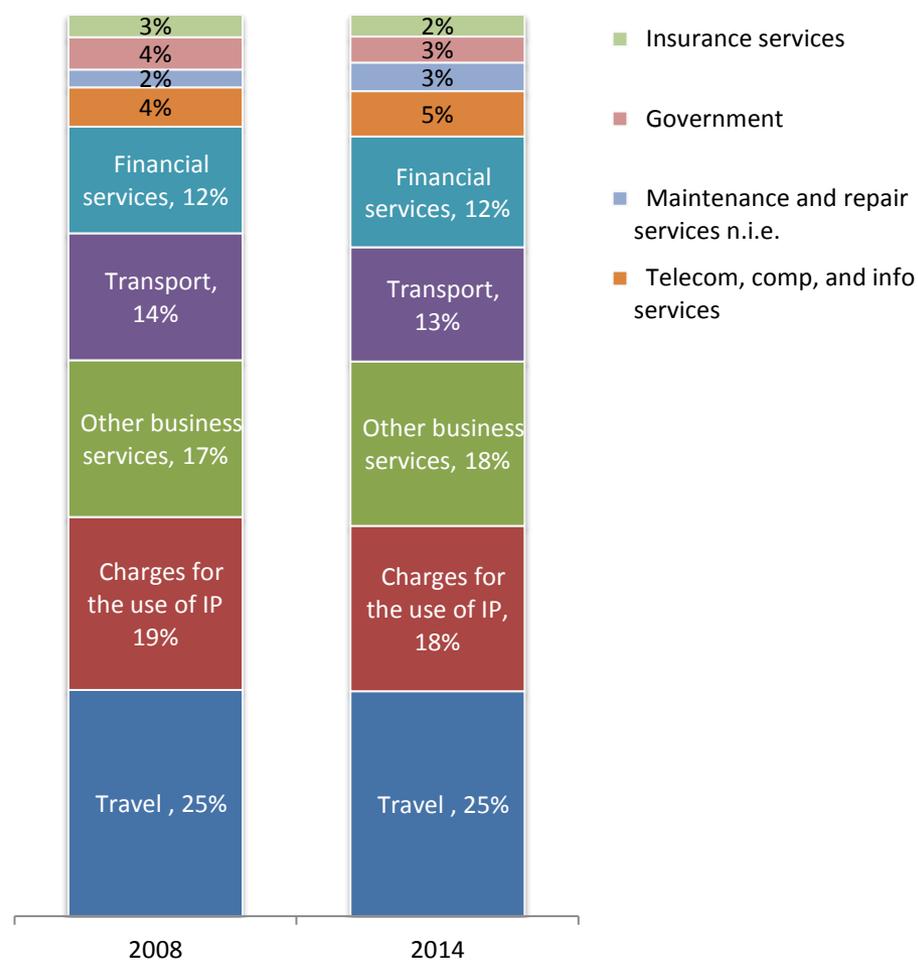


Post-Recession, Asia and Pacific has grown in importance while Europe has lost share; however, the type of services exported remains largely unchanged

Share of U.S. Service Exports, by Area



Share of U.S. Service Exports, by Type



Services are intertwined with goods throughout the economic value chain

- For every job within manufacturing supported by manufactured goods exports there is an additional services job supported
- In 2008, manufacturing firms were the second leading exporter and importer of services
 - Manufacturers accounted for more than one quarter of services export, mainly in charges for use of IP

Ongoing and Future Work on International Services

- BEA FY'16 Services Initiative
 - More timely and new country detail
 - Data by mode of supply
 - Additional categories
 - Personal, cultural and recreational
 - Manufacturing services on physical inputs owned by others
- WTO/World Bank *Integrated Trade Information Portal – Services*
- OECD *Services Trade Restrictiveness Index Simulator*

