News release

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Worldwide value of services exports grows by average 6.5% over decade to reach $5 trillion, says PwC

Over the last decade, global services exports have grown at an annual average rate of around 6.5% - higher than the growth rate of nominal global GDP and global goods exports. The worldwide value of services exports now stands at around $5 trillion.

PwC economists report that the G7 economies contribute just under 40% of global services exports, with the US ranking as the world's largest exporter. But between 2010 and 2015, it was Japan that enjoyed the highest growth in services exports (10.4%) of the G7, followed by France (7.7%) and Germany (6%). However, the value of Japanese services exports remains some way behind the US and UK.

But it's in the E7 that the fastest growth has occurred since 2010, with average annual growth of services exports above 10% in every E7 economy. China is the largest services exporter in the E7, enjoying average annual services exports growth of 14.3% since 2010. Though India (15.2%) and Turkey (15.2%) have been the top performers.

A closer look at the sectors behind the growth reveal some interesting developments. Says Barret Kupelian, Senior Economist, PwC:

"The increasing prominence of the Chinese renminbi in global markets, coupled with a growing FS sector, suggest that financial services will have an important part to play as the Chinese economy continues to rebalance.

"And in India, travel exports – or tourism spending – grew at a faster rate than overall services exports. India does not currently attract as many visitors as some of its E7 peers, but it does occupy a sweet spot with relatively fast growth in both the number of international arrivals and tourism spending."

So what next for global services trade? Talks are ongoing on the Trade in Services Agreement, a global agreement involving 23 World Trade Organisation members, including the EU. Striking a deal around these negotiations would provide the necessary push to global services exports.

Other areas highlighted by PwC's economists in the September edition of the Global Economy Watch include:

- **Foreign direct investment:** on average, the EU's CEE economies (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) have outperformed the wider EU at attracting foreign investment. This is due, in part, to their low labour costs and relatively fast labour productivity growth.

- **US job creation**: average monthly job creation to date in 2016 (186,000) has been slightly below PwC's prediction from the start of the year of around 200,000 – but the job creation data for June and July were more impressive. If this continues, PwC economists would expect the Fed to raise interest rates before the end of the year.

For more details, please see this month's Global Economy Watch at www.pwc.com/GEW.

Notes:

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