

Summary

Modern economies are characterised by the prevailing role played by services in value added and employment. Services are also integrated into other activities as intermediate products and have a significant impact on the quality and efficiency of the economy as a whole through the transfer of know-how and innovation and the use of information and communication technologies. The role of services in international trade is being strengthened by the processes of globalisation and internationalisation of business operations, deregulation of services, and the gradual lifting of barriers to international trade in services. However, the traditional indicators of international trade in services reveal no such tendency in the last decade, while Slovenia has even witnessed the shrinking share of services in total international trade in goods and services. How can we explain these discrepancies and divergent movements in services in national economies and international trade?

The answer should be provided by a holistic understanding of international trade in services, its improved definition and statistical coverage. It should be noted, however, that the tendencies mentioned above are also the result of some specific features of services compared to goods (e.g. non-storability), the methodological and conceptual differences in measuring gross domestic product and international trade, and the increasing integration of service and industrial production resulting in growing indirect trade in services, i.e. a higher service content of trade in goods.

The international trade in services is most frequently defined in a traditional way as the exchange of non-factor services between residents and non-residents. On the basis of this (narrow) definition, in 1993 the International Monetary Fund drew up a list of eleven main groups of services that enter international trade; countries collect data on trade in these services in their balance of payments and they are, regardless of the shortcomings, the main comparable source of data on international trade in services.

In the mid-nineties, a broader definition of international trade in services was adopted within the framework of negotiations to liberalise trade in services and the establishment of the General Agreement on Trade in Services (GATS). This definition goes beyond the traditional, balance-of-payments concept of international trade in services, and complements it with international trade in services between economic entities based on their ownership and not only on their location. The existing method of collecting data does not allow international trade in services to be covered on the basis of this new broader definition. Following these shortcomings, six international organisations prepared a Manual on Statistics of International Trade in Services which provides new, internationally agreed standards and guidelines for the compilation of statistics on international trade in services in a broad sense. In addition to improvements in the coverage of international trade in services between residents and non-residents, the Manual introduces the collection of data on the activities of foreign affiliates in the national economy and the activities of affiliates of domestic enterprises in foreign markets. The Manual thereby introduces a combination of different sources and indicators to statistically cover international trade in services. The long-term goal is to collect data on the basis of the new criteria, and the attainment of this goal should be reflected in a more comprehensive coverage of international trade in services. Currently, only a few advanced countries collect statistics on foreign affiliate trade in services.

In the second half of the nineties, Slovenia's trade in services rose more slowly than its trade in goods, leading to a fall in the share of services in total exports and imports. However, these figures only reflect the traditional definition of trade in services and therefore merely explain one aspect of international trade in services. Even though foreign direct investment has a less important role in Slovenia than in most Central European countries, the estimated value of services purchased from majority-owned foreign affiliates operating in the Slovenian market shows that these purchases rose much faster than imports of services. This supports the need to take into account and collect data on trade in services in a broad sense for Slovenia as well. This will require the provision of new databases, especially those that include data on the supply of services through affiliates abroad. In order to obtain a holistic understanding of services in international trade, we should consider not only trade in services in the broad sense, but also other aspects of internationalisation of services reflected through non-ownership linkages between enterprises and the growing service content of merchandise trade.