



SERVICES

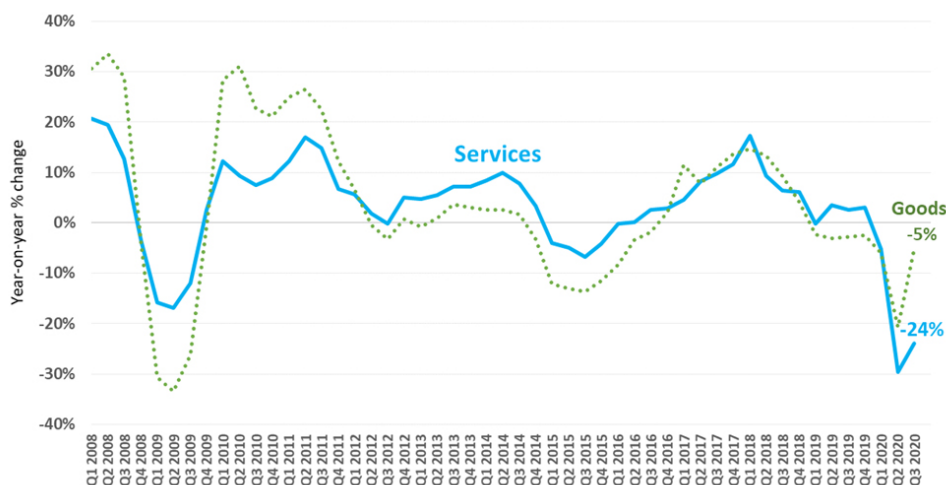
26 JANUARY 2021

Services trade recovery not yet in sight

Global services trade in the third quarter of 2020 fell 24% compared to the same period in 2019, according to statistics released by the WTO on 26 January. This represents only a small uptick from the 30% year-on-year decline registered in the second quarter, in marked contrast to the much stronger rebound in goods trade.

Preliminary data further suggest that, in November, services trade was still 16% below 2019 levels. Prospects for recovery remain poor since a second wave of COVID-19 infections necessitated new, stricter lockdown measures in many countries, with tightened restrictions on travel and related services extending into the first quarter of 2021.

The latest statistics confirm earlier expectations that services trade would be harder hit by the pandemic than goods trade, which was only down 5% year-on-year in the third quarter. Foregone expenditures on tradeable services could be directed elsewhere, with consumers shifting to goods instead.

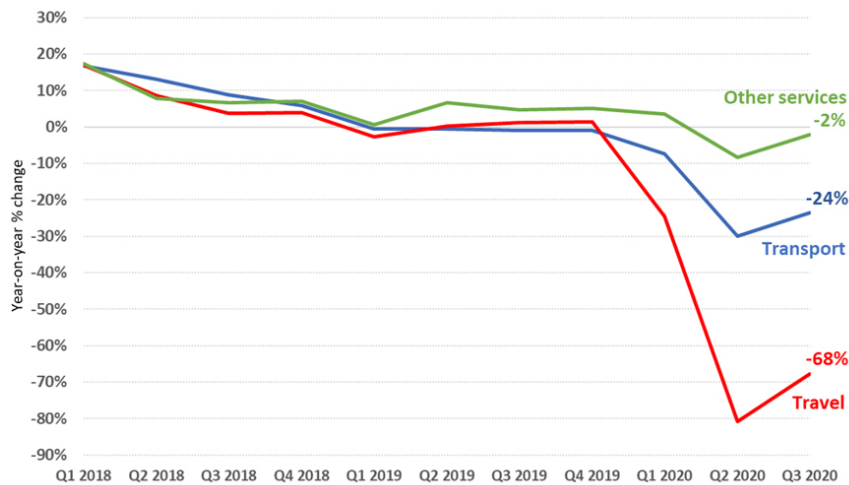


More

- ▣ [Services](https://www.wto.org/english/tratop_e/serv_e/serv_e.htm)
https://www.wto.org/english/tratop_e/serv_e/serv_e.htm
- ▣ [Services negotiations](https://www.wto.org/english/tratop_e/serv_e/s_negs_e.htm)
https://www.wto.org/english/tratop_e/serv_e/s_negs_e.htm
- ▣ [International trade statistics](https://www.wto.org/english/res_e/statis_e/statis_e.htm)
https://www.wto.org/english/res_e/statis_e/statis_e.htm
- ▣ [Economic research](https://www.wto.org/english/res_e/reser_e/reser_e.htm)
https://www.wto.org/english/res_e/reser_e/reser_e.htm
- ▣ [#ServicesTrade](https://twitter.com/ServicesTrade?src=hash)
<https://twitter.com/ServicesTrade?src=hash>

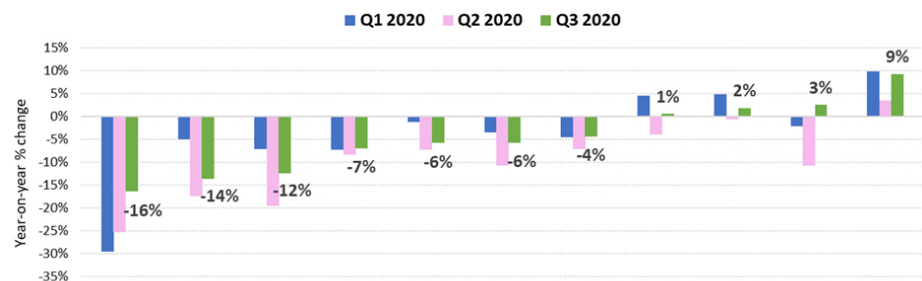
Source: WTO-UNCTAD-ITC estimates.




Unlike goods, services cannot be stockpiled, which means that despite pent-up demand, many of the revenue losses from cancelled flights, holidays abroad, restaurant meals, and cultural/recreational activities are likely to be permanent. Travel remains the most affected service sector, down 68% globally compared with the same period of 2019. In the third quarter of 2020, spending by international travellers was down 88% in Latin America and the Caribbean, 80% in both Asia and Africa, 78% in North America, and 55% in Europe. The relaxation of travel restrictions in Europe during the summer months produced only a modest rebound in services trade in the third quarter.



Source: WTO-UNCTAD-ITC estimates.

Trade in “Other services”, such as construction, recreational, legal, and financial services, repeated its uneven performance: most sub-sectors contracted, with computer services a notable exception. With building projects delayed or postponed in many countries due to the pandemic, global construction exports were down 16% year-on-year, as several Asian exporters saw sharp drops. Audio-visual, artistic and recreational services also saw double-digit declines (-14%), with the United States' exports down 24% and the United Kingdom's cut nearly in half (-45%). Legal, management, accounting, and advertising services saw a tepid year-on-year rebound of 1%. Financial services increased by 2% globally, with exporters in different regions recording positive growth. This includes the European Union, whose financial services exports were up 4% year-on-year. Computer services remained the most dynamic sector in the third quarter, up 9% due to increasing global demand for cloud computing, platforms and virtual workplaces.



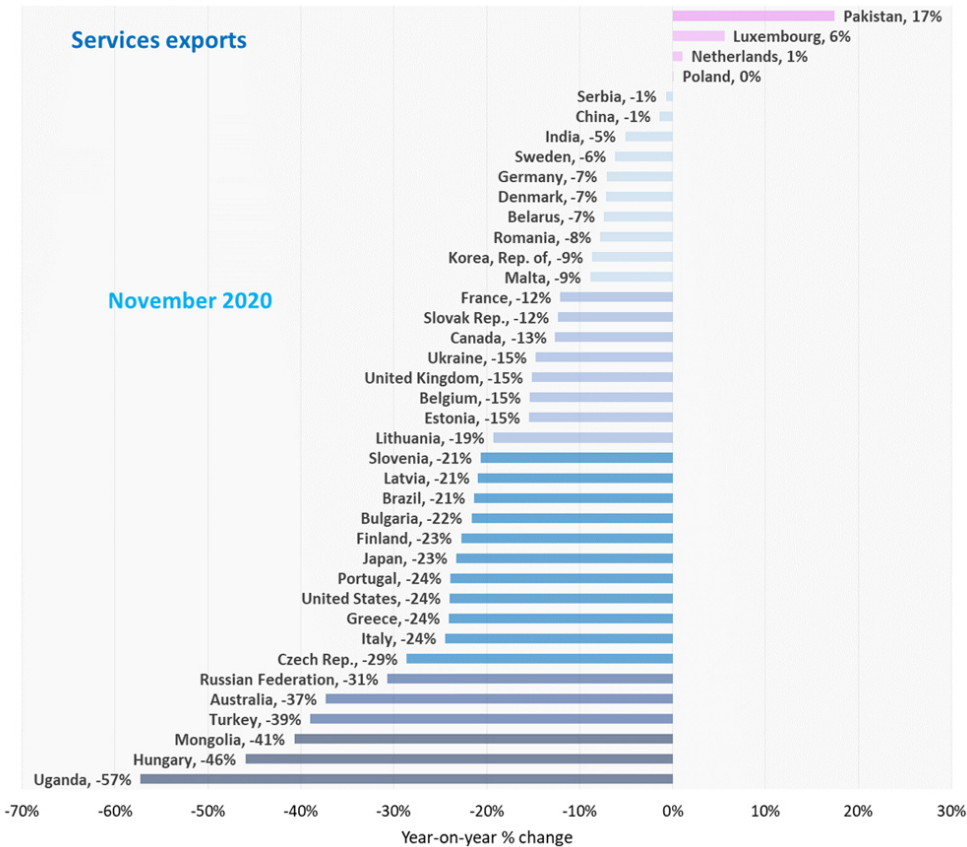
- 
[#WTOSTats](https://twitter.com/WTOSTats)
<https://twitter.com/WTOSTats?src=hash>
- 
[#GlobalTrade](https://twitter.com/GlobalTrade)
<https://twitter.com/GlobalTrade?src=hash>
- 
[Services trade drops 30% in Q2](https://www.wto.org/english/news_e/news20_e/serv_22oct20_e.htm)
https://www.wto.org/english/news_e/news20_e/serv_22oct20_e.htm



Source: WTO estimates based on WTO-UNCTAD-ITC data.

Preliminary estimates suggest that global services trade remained depressed through November, down 16% year-on-year, based on data from 39 economies accounting from more than two-thirds of world services trade. This marks a slight improvement from October, when services trade was down 18% compared to the previous year.

Services exports in November were down 24% in the United States, 15% in the United Kingdom (both on a seasonally-adjusted basis), and more than 20% in many European countries. Uganda, a country whose economy is highly dependent on tourism, saw services export revenues drop 57% compared to pre-pandemic levels. China's services exports also slowed (-1%), mirroring its performance in October. Financial services and computer services respectively sustained Luxembourg's and Pakistan's export growth.



Source: National data and Eurostat.

Early figures indicate goods rebound continues

Preliminary figures, on a customs basis, from more than 70 countries accounting for around 90% of global merchandise trade suggest that the rebound that started in the second half of the year picked up strength in November. The value of global merchandise trade saw a 4% year-on-year increase for the month.

These figures partly reflect purchases that were deferred earlier in the year, as well as weakening trade growth in the closing months of 2019 due to heightened trade tensions at the time. There is considerable variation across regions in the pace of expansion. Asia and Europe saw their exports increase in November by 10% and 6% respectively. However, exports were still down 5% in North America and 2% in Latin America and the Caribbean. The recovery remains incomplete: the total value of global merchandise trade between January and November 2020 was 8% below the same period in 2019.

The latest statistics are presented [here \(https://www.wto.org/english/res_e/statis_e/latest_trends_e.htm\)](https://www.wto.org/english/res_e/statis_e/latest_trends_e.htm). More short-term trade statistics are available in the [WTO Data Portal \(https://data.wto.org/\)](https://data.wto.org/). As the data are subject to frequent revisions, the statistics cited above are estimates as of time of publication.

Share

 [RSS news feeds \(https://www.wto.org/english/res_e/webcas_e/rss_e.htm\)](https://www.wto.org/english/res_e/webcas_e/rss_e.htm)