

US to Retain Leadership in Global Services Exports to 2030 Despite Headwinds

*** Services expected to form 25% of global trade by 2030***

*** US to lead the way in services trade despite economic and trade headwinds***

December 22, 2016 – New York – While market uncertainty continues to dampen the flow of goods across borders, new research from HSBC uncovers a bright future for global services trade. And nowhere is this more apparent than in the United States, where services exports are forecast to reach \$1.6 trillion by 2030.

The global report provides a comprehensive country-by-country analysis of [trade in services](#). Breaking new ground in macro research, the report has captured current and historical statistics on bilateral trade in services for 25 key trading nations including the United States, providing insight into the evolution of services trade.

The US dominates in services exports

While the value of global merchandise exports has contracted by about 3% this year (in U.S. dollar nominal terms), cross-border sales of services such as tourism, banking, construction and software development have risen by 1% during the same period.

“Though it can be difficult to conceptualize and measure trade in services, we must not underestimate the strategic importance of the services sector to the global economy,” said Inwha Huh, Head of Global Trade and Receivables Finance, North America, HSBC.

The research also reveals that the United States is the global leader in services exports, accounting for nearly 16% of the world’s total exports in 2015 – more than two times services heavyweights the United Kingdom and China (7% and 6% respectively).

“As a country with a highly skilled and productive workforce, the United States has a competitive advantage in the services industry particularly in business services and IT. Indeed, we’ve seen this play out over the last 15 years in the US with services exports rising about 7% annually from 2000-2015,” said Huh.

Services trade picking-up pace across many emerging markets

Emerging markets, particularly those in Asia, are gaining momentum in services trade spurred by technological advances, rising consumer spending and falling business and travel costs. The research found that in 2015, services accounted for more than a third (36%) of India’s total exports, a number that has grown from 28% in 2000.

Commenting on this structural shift in the services sector, Huh said: “India is a perfect example. As a major exporter of business process outsourcing and support services for finance, medicine, and engineering, India is now home to more services companies and expertise.”

As Huh explained, “We will see more growth in services across Asia and other emerging markets as their skilled workforce expands, their digital infrastructure improves, and they’re able to offer specialized business and professional services to the

rest of the world as a result. With these emerging markets taking on a bigger share of services activity globally, we believe the share of many developed economies' services sectors may shrink.”

According to the research, the most pronounced US opportunities may lie within business-to-business (B2B) services. Already the leader among US services exports, B2B alone is forecast to grow 7% per year through 2030.

Huh believes the US services opportunity is “ripe for picking, but more emphasis needs to be placed on making it a more strategic part of the trade conversation.”

Huh concluded, “While there is some uncertainty about the future of trade liberalization and policy – particularly in the United States – and there are certainly barriers to overcome, the upside to services trade is immense. Technological advances, low-cost outsourcing providers, and the demand of a rising ‘global middle class’ will shape the future of a critical new trade landscape. For international organizations and policy-makers alike to maximize this opportunity, the time to elevate services in global trade dialogue is now.”

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About the HSBC Global Trade Forecast report

The global report provides a comprehensive country-by-country analysis of [trade in services](#). Breaking new ground in macro research, the report has captured current and historical statistics on bilateral trade in services for 25 key trading nations including the US, providing insight into the evolution of services trade.

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