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The international trade in services are dominated by developed countries that evolved to a knowledge based economy in which their technological development and the qualification of labor force are both subject to the supply and demand of services. The BRICS, mainly after the world economic crises of 2008, have gotten more attention because of its representativeness at the global economy and their increasing development in the international trade in services. Led by China, in 10 years, the group became one of the major players in the international trade in services, being the second main exporter and the main importer of services in the world. However, these countries keep facing deficits in this sector due its lack of capacity to fulfill its demand for services with qualified labor force. The center of international services, as analyzed, might remain in the United States and European Union but the BRICS are slowly paving its way and being more representative.

У міжнародній торгівлі послугами переважають розвинені країни, які у своєму розвитку досягли економіки, заснованої на знаннях, у якій технологічний розвиток та кваліфікація робочої сили залежать як від пропозиції, так і від попиту на послуги. Країнам БРІКС, головним чином після світової економічної кризи 2008 року, приділяли більше уваги через їх представленість у світовій економіці та посилення розвитку міжнародної торгівлі послугами. На чолі з Китаєм, через 10 років група стала одним з основних гравців міжнародної торгівлі послугами, другим експортером та імпортером послуг у світі. Однак ці країни продовжують стикатися з дефіцитом у цьому секторі через нездатність задовольнити попит на послуги за допомогою кваліфікованої робочої сили. Згідно з проведеним аналізом, міжнародним центром послуг можуть залишитися Сполучені Штати та Євросоюз, але БРІКС поступово прокладає свій шлях і набуває ширшої представленості.

Keywords: international trade; services; BRICS

Ключові слова: міжнародна торгівля; послуги; БРІКС

INTRODUCTION

From the beginning of the XXI century, a profound transformation of the world production setting has becoming more evident. On the one hand, on the other hand, more strength and notoriety the phenomena of fragmentation and relocation of global production, as well as the outsourcing of various phases of the production process and increasingly services linked to it. On the other hand, there is a significant increase in trade and investment flows in light of these trends, and an increasing role of developing countries. Such panorama comes preparing the stage for the formation of global value chains in both manufacturing sectors and in services, usually characterized by the dominant presence of transnational corporations in their links [1].

Covering groups of companies that provide basic economic infrastructure, financial and social infrastructure and support for business development, the service sector has become increasingly important to the generation of income and employment in many different

countries. There is usually an increase in participation of services in gross domestic product (GDP), as well as an increase in the highest income countries' participation in trade international services. Many developed economies, such as the United States, Canada and many countries from the European Union, have most of their GDP composed by the third sector that is the representative of the services sector, and developing countries, as the most promising ones represented by Brazil, Russia, India, China and South Africa – also known as BRICS – have been facing the development of their services sector as they become more and more representative on their economy characterization and important for their GDP growth. Furthermore, the technological changes led to an enlargement of the tradable services that previously seen as unmarketable or difficult to trade such as education, accounting, health, advertising, research and development, legal and administrative services [2].

With that, the international trade in services has been growing at high rates for the last decade, and maintains strong expectations of expansion for years to come [1].

The United States and the European Union (EU) are the largest exporters of services in the world, with joint participation of more than 55 % of total trade in the sector in 2013, according to data from the United Nations Conference on Trade and Development [8]. Although the flow of international trade in services continue relatively concentrated, in recent years a significant increase in the participation of emerging economies, particularly of the BRICS (Brazil, Russia, India, China and South Africa), is noticeable. According to data from the Organization for Economic Cooperation and Development, the average annual growth in exports of services between 2003 and 2008 was 13.3 % in the OECD countries and 26.1 % in the BRICS, which denotes an increase in the relative importance of these countries in international trade in services. The developed countries have lost share in total exports of services in the world in the last decade, from 75.7 % in 2000 to 58,1 % in 2013, while developing countries expanded its share of 27.4 % in 2000 to 37,7 % in 2013 [5]. Moreover, services sectors can be particularly important in terms of employment, because many services are labour-intensive. In principle, the development of the labor-intensive sector can help reduce poverty by generating labour-intensive growth [6].

STUDY OBJECTIVE

This article aims at analyzing and characterizing the insertion of the BRICS countries in international trade in services. For this purpose, secondary data and indicators of international trade in services were examined. The available data bases of the World Trade Organization (WTO) [9], The Organization for Economic Co-operation and Development (OECD) [5] and The United Nations Conference on Trade and Development (UNCTAD) [8] and analytical literature on the subject of international trade in services are considered under this paper.

RESEARCH METHODS

Within the scientific research, the methods of analysis and synthesis, observation and generalization, induction and deduction, as well as systemic and structural approach are used.

RESEARCH FINDINGS

BRICS is an acronym for the combined economies of Brazil, Russia, India, China and South Africa. The group was originally coined in 2003 by Goldman Sachs, which speculates that by 2050 these four economies will be the most dominant. China and India will become the world's dominant suppliers of manufactured goods and services, respectively, while Brazil and Russia will become similarly dominant as suppliers of raw materials. Due to lower labour and production costs, many companies also cite BRIC as a source of foreign expansion opportunity, and promising economies in which to invest. South Africa was added to the list on April 13, 2011 creating BRICS. From 2000, when the term BRIC was coined, until 2009, when the first summit with the heads of state took place, many developments and events accelerated the process of "appearance", characterization as an alliance and greater participation of the new actors globally. One of the main events, and perhaps the most significant in terms of strengthening BRICS, was the global economic crisis that began in 2007 and deepened

in 2008 in the United States [10]. The group gained significant momentum as the financial crisis unfolded, particularly with the loss of space from the G7 to the financial G20 as the main international forum for financial affairs. Increasing its representation, now with a country on the African continent, the group attaches greater weight to agreements, declarations and joint positions [7].

The relative decentralization observed in international trade of goods with the increased participation of developing countries, particularly the BRICS, is also identified when analyzing the trade in services.

As it can be observed from Chart 1, besides the similar growth rate of exports in services presented by the United States and the total exports in services by the world, the other developed countries – United Kingdom, Germany, France and Japan, that together with the United States represent the five main agents of the international trade in services accordingly to the OECD (2016), presented average growth rate inferior than the world's growth rate. The BRICS, group of developing countries represented by Brazil, Russia, India, China and South Africa, together presented an average growth rate of 10%, more than 3% higher than the world's growth rate, and, besides South Africa, all its country presented average growth rate superior to the world's one.

Following the international trade in services analysis, similar characteristic can be observed when we talk about importing services, the American average growth from 2005 to 2015 was 5.6 %, inferior than the world's imports growth that was about 6.7% for the same period. As it can be observed from Chart 2, the other developed countries also presented average growth rate inferior than the world's growth rate for the period. The BRICS countries together presented an average growth rate of 11.3 %, more than 4 % higher than the world's growth rate, and, besides South Africa, all its country presented average growth rate superior to the world's one.

The accelerated world's growth of trade in services had in the BRICS countries one of its bases. With average growth of exports to the tune of 10 % between 2005 and 2015, the BRICS increased their exports participation in international trade in services in the period by 63 %, representing more than 11 % of global exports in the sector, being inferior only to the United States, as illustrated by Chart 3. It is worth mentioning, however, important disparities in the rates of growth of exports of services between the BRICS countries, with China leading growth in the group, with 15.7 % rate in the period followed by India, Brazil, Russia and South Africa, having the last presented growth rates lower than the world average. Thus, the asymmetries characteristics observed between the BRICS are clearly reflected in their integration in international trade in services.

The map presented on Figure 1 also helps to elucidate the participation of each country/group of countries at the exports in international trade in services.

Not just the BRICS's exports in services growth rate helped the latest developments of the international trade in services, but also its imports in services growth rate were equally important. With average growth of exports to the tune of 11.3 % between 2005 and 2015, the BRICS increased their imports participation in international trade in services in the period by 89 %, representing 17 % of

global imports in the sector, what put the BRICS together as the main actors in the imports of services at the world scenario, as illustrated by Chart 4. It is important to mention that the imports growth rate presented the same asymmetries as the exports rate by counting on China as

the leader and South Africa with low rate than the world's one.

The map presented in Figure 2 also helps to elucidate the participation of each country/group of countries at the imports in international trade in services.

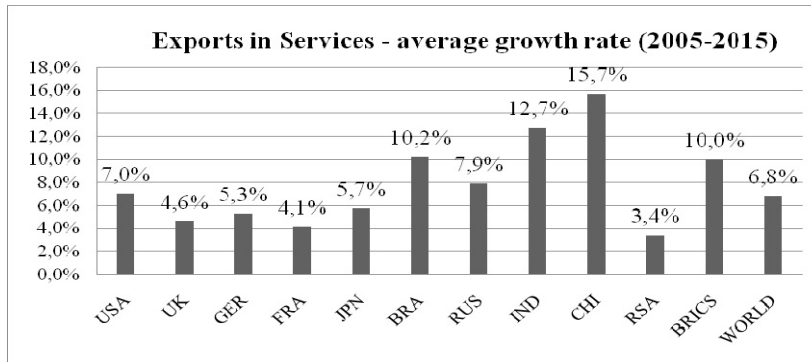


Chart 1. Exports in Services Average Growth (2005-2015) [composed by the author based on [9]]

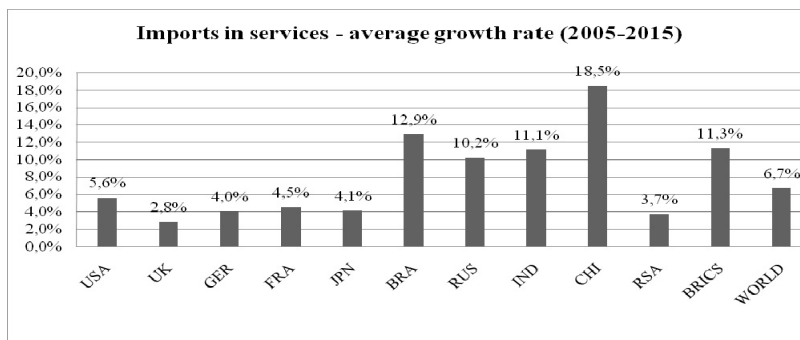


Chart 2. Imports in Services Average Growth (2005-2015) [composed by the author based on [9]]

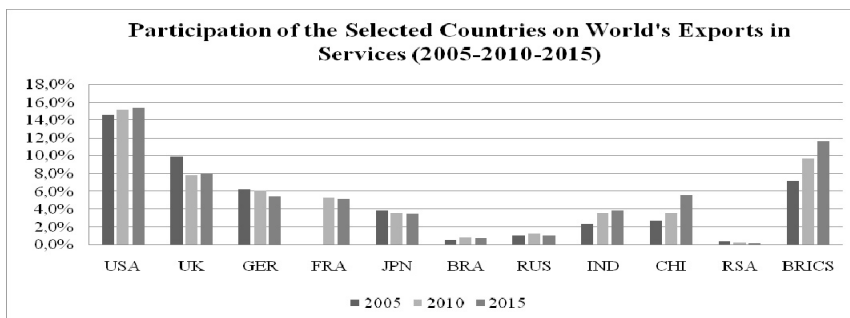


Chart 3. Participation of the Selected Countries on World's Exports in Services (2005-2010-2015) [composed by the author based on [9]]



Figure 1. Share in World Services Exports [composed by the author based on [9]]

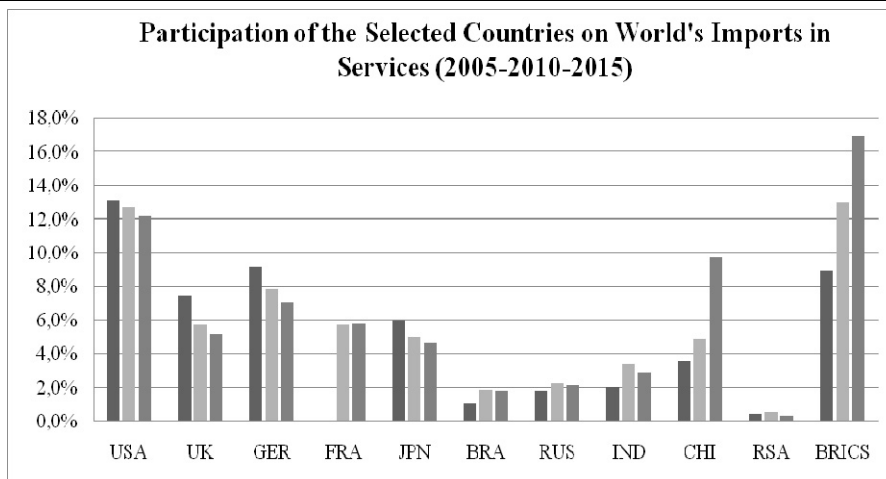


Chart 4. Participation of the Selected Countries on World's Exports in Services (2005-2010-2015) [composed by the author based on [9]]



Figure 2. Share in World Services Exports [composed by the author based on [9]]

Even with the increasing participation in the international trade in services, the BRICS countries, due to its characteristics of developing countries that are migrating from industrial economies to knowledge and service economies, demand more services than they can produce. The reason they don't produce as much services as they need relies on the relative low productivity on the service sector that these countries present when compared to developed nations. The developed countries, in majority, are considered knowledge and service economies, due their high level of education that allows their orientation towards an economy that produces high quality services with aggregated value. The developing countries, how-

ever, are unable to be fully inserted in this economy because of their relatively lower levels of technology development and qualification of labour force that limit their service production and trade. These characteristics affects the trade balance in international trade presented by these countries in which, with the exception of India that is a country that receives high investments from developed countries to install services center there, they face a continuous and increasing trade deficit, as can be observed on the Charts 5 to 9. A linear forecast trend line was traced for each countries' balance to emphasize its characteristic and tendency.

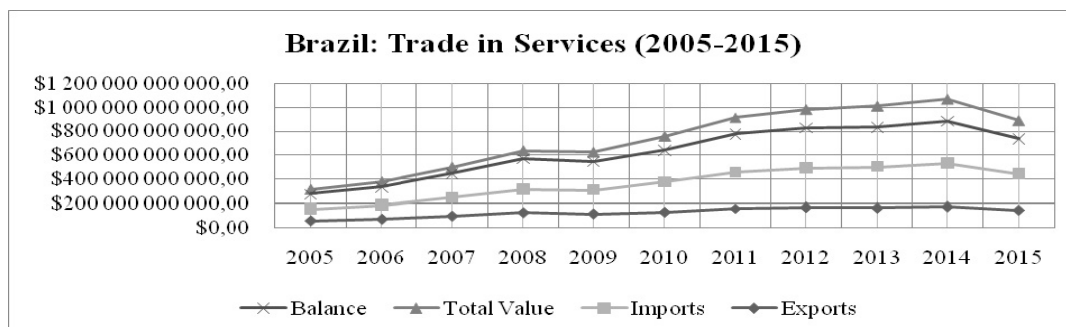


Chart 5. Brazilian Trade in Services (2005-2010) [composed by the author based on [9]]

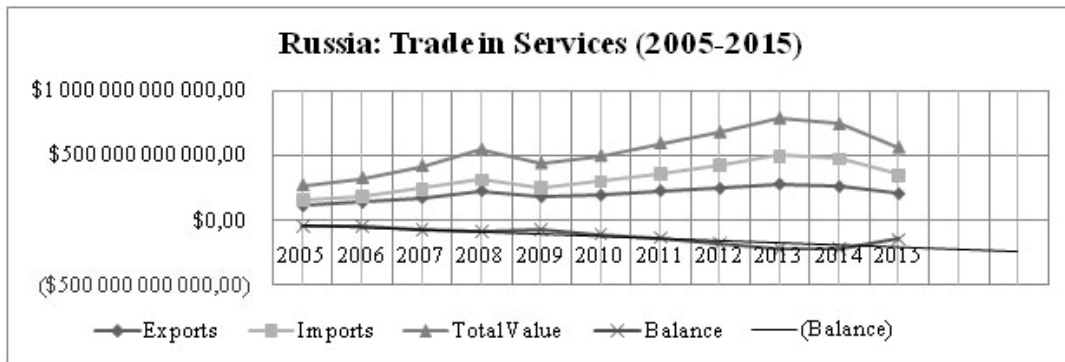


Chart 6. Russian Trade in Services (2005-2010) [composed by the author based on [9]]

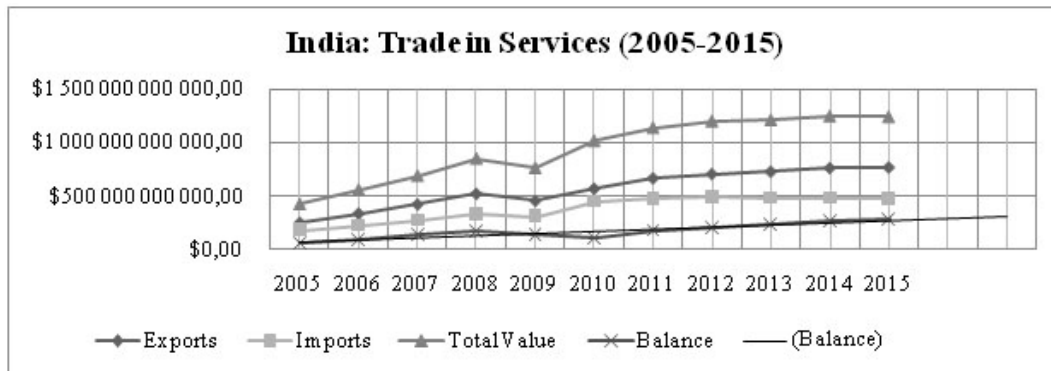


Chart 7. Indian Trade in Services (2005-2010) [composed by the author based on [9]]

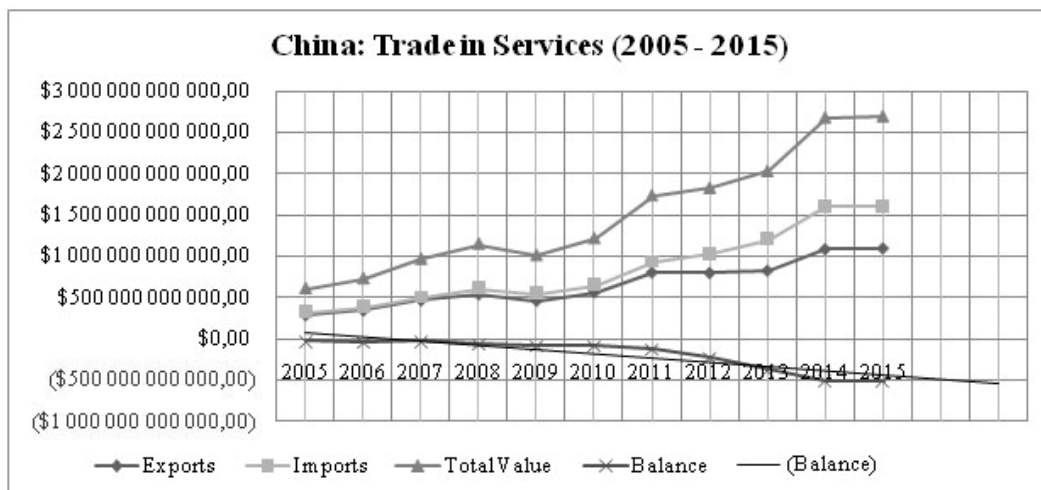


Chart 8. Chinese Trade in Services (2005-2010) [composed by the author based on [9]]

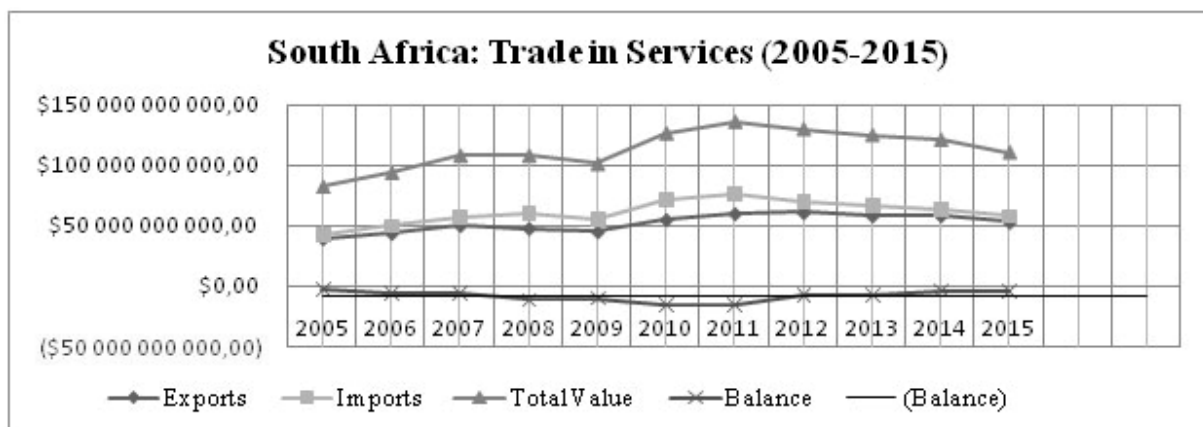


Chart 9. South African Trade in Services (2005-2010) [composed by the author based on [9]]

The developed nations hereby considered – United States, United Kingdom, Germany, France and Japan, on the other hand, maintained their superiority in the trade flow of international trade in services reinforcing their position as the center of the world in international trade in services and the high level of international competitiveness of their services companies.

CONCLUSION

Despite differences on the international trade in services between the BRICS countries, they have grown at rates higher than the world average and the main exporters and importers of services in the world (United States and European Union), increasing the percentage participation of the countries of the BRICS in global services from 7.2 % in 2005 to 11.7 % in 2015 considering the exports sphere; and from 9 % in 2005 to 17 % in 2015 considering the import perspective. However, the BRICS have amplified his deficit in the trade in services, with the exception of India, which came out of a deficit to a surplus position from 2004 and keep its position since then.

The results attest the centrality of the developed countries, mainly the United States and European Union countries, in international trade in services as well as high international competitiveness of companies from those countries, a position that seems little threatened by the increasing participation of the BRICS in the commercial competition in the service sector in general.

So, despite the increasing participation of the BRICS on international trade in services, the results indicate that the developed countries will continue to lead the exports and imports of services in the near future. Among the BRICS, only India and China seem to have ability to assume positions of greater prominence in trade in services, particularly in sectors such as computer and data processing, in the case of India, and transport and other business services to China. Brazil and Russia tend to find some room for expansion into other business services and the South Africa in the travel industry.

Finally, it should be kept in mind that the differences on the international trade in services between the BRICS is a potential source of conflicts of interest, which can be seen in multilateral for a such as the World Trade Organization (WTO), in the near future. The catch-up in the Chinese service sector is on the way and might create new points of tension in trade relations between China and the other BRICS. However, there is also the opportunity to expand complementarities, and consequent opening of trade negotiations between the countries of the group in specific sectors, such as transportation, travel, financial services, computer and data processing and other business services. This would assist in the creation

of a cooperative and positive agenda in the field of trade.

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