

On Economic Growth, Services trade exports in China

Topic: International Trade II

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With the formation of the global service economy, service industry, instead of manufacturing, is becoming the focus of international competitiveness and the important force for economic development of countries. China has achieved high economic growth for a prolonged period of time. However, although the service trade keeps rapidly increasing in China, the overall development is low and it is in a situation of deficit for a long time. This is in sharp contrast with the huge surplus of China's goods exports. Therefore, scientifically analyzing the relevant factors which affect the export of China's service trade is extremely urgent and important. The experience of the development of world service, especially the countries with developed service industry, the structure of trade in service is one of the most important characteristics of service trade development level and quality. So at first, this paper analyses the services trade exports structure change in China. It shows that the export change is very slow during the decade from 2002 to 2011, traditional labor-intensive and resource-dependent service trade is still taking up the dominant advantage, but the technology-intensive and capital-intensive service trade is developing very quickly such as financial service trade and IT service trade. In addition, it analyses the reasonability of China's service exports structure. Then, based on the current research which applied the Input-Output method in analyzing the goods trade contribution to economy, this paper analyses the contribution of Chinese service exports to GDP and employment, as well as the contribution rate of Chinese service exports growth to GDP and employment growth. The results show that, compared to goods exports, 1000 US \$ service exports trade can generated about more than one third on China's value-added and employment as China's goods exports contains a big part of processing trade.