

## **Good at goods, bad at services? The interaction between trade in goods and trade in services of China**

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China is the one of the biggest trade entity in the world. From the perspective of trade volume, trade in goods accounts for more than 90% of China's total volume, while trade in services accounts less than 10%, far below the international average of 20%. The export volume of service trade reflects the competitiveness of China's service industry in foreign trade, which shows that China's service industry is still undeveloped yet. We use non-competitive time series input output table and find that the contribution of service industry in foreign trade has been underestimated given the expression that only the proportion of exports is to be measured. First of all, the proportion of service trade has increased significantly in the by the value added accounting. In 2012 the proportion of service trade accounts for 8.5% of the total exports, and this number increases to 11.3% in the form of value added. Second, from the perspective of the relevance of the industry production, of all the domestic value added stimulated by the exports of goods, service sector contributes more than 30%. Therefore, the importance of trade in services is amplified by the large volume of China's goods export.