INTERNATIONAL SERVICES TRADE COMPETITIVENESS OF EU-27 COUNTRIES

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JEL: F14

Abstract

The aim of the current research is to assess the international services trade competitiveness of EU-27 countries. To assess the competitiveness of member countries we use market share competitiveness matrix, export value and structure and RCA indices. The research results show that EU-27 countries differ not only in terms of values of exports but also in structure, specialization and competitiveness. Using the market share competitiveness matrix we classified the countries in different groups according to the degree of competitiveness.

Key words:

EU27, competitiveness
matrix, services, export.

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Citation: ZAHARIEVA, G. B. (2020). International Services Trade Competitiveness of EU-27 Countries. *Izvestiya Journal of Varna University of Economics*, 64 (3), p. 273 - 296.
DOI: 10.36997/IJUEV2020.64.3.273

Introduction

The economic developments during the last decades show a growing importance of services for both developed and developing economies. As it was pointed in the World Trade Report 2019 they have become the backbone of the global economy and the most dynamic component of international trade. According to World Bank data the value added of services accounts for 65% of GDP on a global scale in 2017 and the employment in the sector is about 50% of the total employment. The value of international trade in the last decade indicates significant increase in exports and

imports of goods and services but the percentage of increase of total trade in services calculated for 2018 based on 2010 is much higher (47.6%) compared to that of the total trade in merchandise (27.8%).

Services play a very important role for the development and economic performance of EU countries and are considered as a driving force of the Union. They account for more than two-thirds of the Union's GDP and create the majority of jobs in the economy (Coursed and Ruiz, 2014). The data show that employment in services in the EU for the period 2010-2018 increased from 68.5% to 71% and is significantly higher than the average for the world - over 50% in all member states (except Romania). The value added of EU-27 countries as a % of GDP is 63% in 2018.

All these trends in the service sector are the result of the influence of factors such as globalization, demographic changes, technological development and digitalization which lead to change in costs of trading, the volume and the way of trading and the greater access to foreign services and participation in production chains (Holleger and Suez, 2019). According to some publications trade in services can stimulate economic growth and enhance the firms' competitiveness and that of countries as a whole (Hoekman, 2017; Nordas and Kim, 2013). Hoekman and Mattoo (Hoekman and Mattoo, 2008; Hoekman 2017) analyze the relation between services trade and growth and come to the conclusion that the expansion in the size and diversity of service sectors is both a reflection of - and a precondition for - economic growth. According to them trade openness is an important channel for better services performance, transfer of technologies and an increase in competition. The last one is also a function of the regulations (national and international) which are specific for the different types of services.

Although the issue of competitiveness has already a rich history, most of the publications in the field are devoted to the trade in goods. Many researchers have focused in their works on the problems of defining and measuring firms' and national competitiveness and especially international trade competitiveness. Not so many are in the field of international trade in services competitiveness, including the focus on the competitiveness of EU countries. Some of the publications are related to the works of De la Gardia, Molero and Valadez. De la Gardia and Molero examine the international competitiveness of the service sector in some OECD countries tracing the changes in different variables of the external sector of each country and the world economy, over time (De la Gardia and Molero, 2003). Similarly, two years later De la Gardia, Molero and Valadez (de la Gardia, Molero and Valadez, 2005) assess the international competitiveness of services in some European countries using the

market share competitiveness matrix. Other authors that work on this topic are Bobirca and Miclaus (Bobirca and Miclaus, 2007) who apply a multilevel comparative assessment approach to analyze the international services trade competitiveness of Bulgaria and Romania. In the same year, Bobirca (2007) uses the competitiveness matrix proposed by de la Gardia et al. to assess the international competitiveness of tourism services trade. More recent publications by Wyszjowska-Kuna (Wyszjowska-Kuna, 2014, 2016) are dedicated to the competitiveness in knowledge-intensive business services of the new EU member states and Poland. More focused on the competitiveness of EU countries in trade in services is the research of Stefaniak and Bak (Stefaniak and Bak, 2018). Having studied 28 EU countries using a set of measures that describe four areas of competitiveness: general; price cost; non-price and trade the authors identified Ireland, Luxemburg, Cyprus and the United Kingdom as leaders and Bulgaria, the Czech Republic, Lithuania and Romania as low competitive for the examined period. The United Kingdom withdrew from the European Union on 31 January 2020 which will change the EU economy and its performance on the international stage. Based on this the aim of the current research is to assess the international services trade competitiveness of the EU-27 countries.

1. Methodology and data

National competitiveness depends on the ability of a country not only to produce goods and services effectively and to attract foreign direct investments but also to sell its products on the international markets. That makes export performance an important part of a country's competitiveness. A range of indicators can be used to analyze trade performance. For the purposes of this research we will use the volume of exports, net trade and the export structure.

Further, we will apply the market share competitiveness matrix developed by de la Gardia and Molero (de la Gardia and Molero, 2003; Al-Majali and Adayleh, 2018). It allows us to classify the EU-27 countries from the perspective of their competitiveness. This approach is based on the changes in the market share of different types of services and the changes in the world imports over time. Based on the direction of changes in market shares and imports, the exportng sectors can be classified as rising stars (RS), missed opportunities (MO), declining stars (DS) and retreats (R). The rising stars are those with increasing market share when the increasing importance in the world-wide commerce. The missed opportunities are the sectors which lose market share in circumstances of increaing world importance. The declining stars are the sectors in wich the exporting country increases its market share

while international trade in that sector is declining. Finally, the sector is defined as a retreat if the country loses its market share when international trade in that sector is declining.

Further, to assess the export competitiveness of a country we will use one of the most popular indicators - the Revealed Comparative Advantage, known as the Balassa index (Laursen, 1998; Sáez et al., 2014). The RCA Index is defined as:

$$RCA_i^j = \frac{x_i^j}{X^j} / \frac{x_i^w}{X^w}$$

x_i^j is the value of the export of product i of country j ;

X^j - the value of total export of products of country j ;

x_i^w - the value of world export of product i ;

X^w - the value of total world export.

The index reveals a comparative advantage of country j in export of commodity i if its value is greater than one, and a disadvantage if the index's value is less than one (Kanzar, 2007).

The data is retrieved from the statistical database of the World Trade Organisation. The data set is based on the Extended Balance of Payment Classification (EBOPS 2010) and covers the total services exports and imports (TS) and exports and imports of the four groups of commercial services (SOX): goods-related services (SPX4), transport (SC), travel (SD) and other commercial services (SOX1) and the subgroups of the last one which are: SE – Construction; SF - Insurance and pension services; SG - Financial services; SH - Charges for the use of intellectual property n.i.e.; SI - Telecommunications, computer, and information services; SJ - Other business services; SK - Personal, cultural, and recreational services.

2. Research results

The statistical data regarding the total trade show that the volume of trade in services in USD of the EU member countries is increasing during the period 2010-2018. This trend is valid for almost all EU countries in terms of exports and imports of services. An exception from the general trend make only Denmark and Sweden compared to the values in 2014 (see Fig. 1). The biggest exporters are Germany and France followed by the Netherlands, Ireland, Spain, Belgium, Luxemburg. The total services exports of Sweden, Austria, Denmark and Poland in 2018 amount to over 50 bln USD. At the same time total services imports in value are lower compared to exports. The biggest importer

is Germany with imports over 350 bln USD in 2018. It is followed by France, the Netherlands, Ireland, Belgium, Italy, Luxemburg, Spain, Sweden, Denmark and Austria. The other member countries' services imports are less than 50 bln USD.

Fig. 1. EU-27 total services exports in bln USD

Statistical data show that the total imports of Finland, Germany, Ireland and Italy for the given years exceed the export and their net trade is negative. This is also valid for the net trade of Belgium in 2018. According to the data of the World Bank, due to the trade globalization and liberalisation processes, trade openness has increased in the period 2010-2018 for all EU countries, except for Malta. Nevertheless it varies among the countries. The highest values of this indicator are found for Malta, Luxemburg and Ireland and the lowest (below 20%) for Italy, Spain, Germany, Poland and Romania.

The export structure of services varies among the countries and changes over time (see Fig. 2 and Fig. 3). For most EU countries the biggest share in the export of services has the group of other commercial services.⁽¹⁾ Despite the changes over time this type of services has the lowest share in the exports of Greece, Croatia and Lithuania and the highest in those of Ireland, Luxemburg and Malta. Its value for the Netherlands, Sweden, Finland, Belgium and Germany is also significant. Our findings also indicate that the export of *other business services* constitutes a significant part of *other commercial services*. Their biggest share in 2018 is in the services exports of Malta (50.7%), Ireland (38.9%), the Netherlands (32.7%) and Finland (31.7%). The financial services are an important part of the exports of Luxemburg (52.7%), Malta (26.9%) and Cyprus (15.6%). The share of telecommunications, computer, and information services in the exports of Cyprus, Estonia, Finland, Germany, Latvia, Romania, Slovenia and Sweden is over 10%.

A significant part of the exports of services of Ireland (38.6%) and the Netherlands (25.5%) consists of charges for the use of intellectual property n.i.e. The construction and insurance and pension services do not have a big share in the exports of the EU countries. Over time the export structure changes for all the countries. For the period 2014-2018 the share in services exports of Austria increased for travel construction, charges for the use of intellectual property n.i.e., telecommunications, computer, and information services and other business services, while for the other types it decreased.

Fig. 2. Export structure of commercial services in 2014

Fig. 3. Export structure of commercial services in 2018

Belgium registered the biggest positive change in trade in insurance and pension services and much smaller in transport services. Travel, charges for the use of intellectual property n.i.e., telecommunications, computer, and information services and other business services increased their share of Bulgaria's exports of services. Almost all types of services exported from Croatia show an increase, excluding insurance and pension services, transport, travel and goods-related services. The data for the exports of Cyprus show a positive growth in the share of goods-related services, travel, insurance and pension and other business services. Goods-related services, transport, other commercial services and telecommunication, computer, and information services increased their relative importance in the Czech Republic's export. The data for the exports of Denmark show an increase in the share of goods-related services, travel, construction and financial services, charges for the use of intellectual property n.i.e, telecommunication, computer, and information and other business services. There was a positive change in the share of exports of Estonia's

construction, charges for the use of intellectual property n.i.e, telecommunication, computer, and information and other business services, also the personal, cultural and recreational services. Finland registered positive development for most of the services, except for travel and telecommunication, computer, and information services, insurance and pension services.

France experienced growth in shares of goods-related services, travel, insurance, charges for the use of intellectual property n.i.e, telecommunication, computer, and information and pension services and personal, cultural and recreational services. There was a positive growth in the shares of total exports of the services of Germany in goods-related services, transport, telecommunication, computer, and information, insurance and pension services and personal, cultural and recreational services. Statistical data show that only the shares of transport, telecommunication, computer, and information, other business services and personal, cultural and recreational services tradeded on the international markets by Greece have increased in comparison with the data reported for 2014. Negative change is observed in the shares of travel, construction, insurance and pension services, charges for the use of intellectual property n.i.e. and personal, cultural and recreational services exported by Hungary. The opposite trend is observed for charges for the use of intellectual property n.i.e. and telecommunication, computer, and information services in the export structure of Ireland. A positive change show the data for the shares of goods-related services, travel, financial services, personal, cultural and recreational services and charges for the use of intellectual property n.i.e. of Italy.

A positive change is observed also for almost all subgroups of other commercial services except for financial and insurance and pension services exported from Latvia. The share of transport, travel, insurance and pension services and charges for the use of intellectual property n.i.e. traded internationally has declined in Lithuania while for the other types of services it has increased. There is a positive change in the shares of the insurance and pension services, financial and other business services exported from Luxemburg. Statistical data show the same trend for transport and personal, cultural and recreational services traded internationally from Malta. The opposite change is observed in export shares of transport, construction, financial services and telecommunication, computer, and information services of the Netherlands. A positive change in the export shares is observed for transport, insurance and pension services, charges for the use of intellectual property n.i.e., telecommunication, computer, and information services, personal, cultural and recreational services and other business services of Poland. In the total exports of services of Portugal, charges for the use of intellectual property n.i.e.,

telecommunication, computer, and information services, travel and insurance and pension services have increased their shares. Growth is also found in transport, travel, telecommunication, computer, and information services and personal, cultural and recreational services traded on the international markets by Romania. An increase in the shares is registered for the exported from the Slovak Republic telecommunication, computer, and information services and personal, cultural and recreational services and charges for the use of intellectual property n.i.e. The same trend is observed for the transport, construction and other business services traded by Slovenia and for transport, telecommunication, computer, and information services and charges for the use of intellectual property n.i.e.. of Spain. Data show an increase in the shares of the exported from Sweden travel, insurance and pension services and personal, cultural and recreational services and a negative change for the remaining types of services. This dynamics in the structure is markedly expressed if the country is specialized in trade in knowledge-based services (2). It is not the same for the economy whether it loses or gains market share in such type of services.

EU countries play a different role on the international scene. The biggest shares in the world trade in services have Germany, France and the Netherlands but some other countries are also well presented in some types of services (see Table 1).

Table 1

World market share in the trade in services

Countries	2014					2018				
	SPX4	SC	SD	SOX1	S	SPX4	SC	SD	SOX1	S
Austria	1.6	1.6	1.7	1.0	1.3	1.3	1.7	1.6	1.0	1.3
Belgium	3.1	2.6	1.1	2.9	2.4	2.5	2.6	0.9	2.4	2.1
Bulgaria	0.3	0.2	0.3	0.1	0.2	0.2	0.2	0.3	0.1	0.2
Croatia	0.3	0.1	0.8	0.1	0.3	0.2	0.1	0.8	0.1	0.3
Cyprus	0.0	0.3	0.2	0.2	0.2	0.0	0.3	0.2	0.2	0.2
Czech Rep.	1.4	0.6	0.5	0.4	0.5	1.4	0.7	0.5	0.4	0.5
Denmark	0.4	4.5	0.6	0.8	1.4	0.4	3.7	0.6	0.7	1.2
Estonia	0.3	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Finland	1.0	0.3	0.3	0.6	0.5	1.1	0.5	0.2	0.7	0.6
France	9.9	4.8	4.6	5.5	5.3	9.8	4.7	4.6	5.1	5.0
Germany	8.8	6.2	3.5	6.5	5.8	8.9	6.8	3.0	6.3	5.7
Greece	0.1	1.8	1.4	0.2	0.8	0.1	1.9	1.3	0.2	0.7
Hungary	1.5	0.6	0.5	0.4	0.5	1.4	0.7	0.5	0.4	0.5
Ireland	1.0	0.7	0.4	4.4	2.6	0.9	0.9	0.4	6.1	3.5

Italy	2.3	1.6	3.6	1.8	2.2	3.3	1.6	3.4	1.6	2.1
Latvia	0.0	0.2	0.1	0.1	0.1	0.0	0.2	0.1	0.1	0.1
Lithuania	0.2	0.5	0.1	0.0	0.1	0.4	0.7	0.1	0.1	0.2
Luxembourg	0.1	0.6	0.4	3.4	2.0	0.1	0.6	0.3	3.3	1.9
Malta	0.1	0.1	0.1	0.4	0.2	0.1	0.1	0.1	0.4	0.3
Netherlands	5.6	4.2	1.2	5.1	4.0	5.2	4.1	1.3	5.5	4.1
Poland	3.0	1.3	0.9	0.7	0.9	3.2	1.9	1.0	0.9	1.2
Portugal	0.6	0.8	1.1	0.3	0.6	0.5	0.8	1.3	0.3	0.6
Romania	2.2	0.6	0.1	0.3	0.4	1.8	0.8	0.2	0.4	0.5
Slovak Republic	0.3	0.3	0.2	0.1	0.2	0.3	0.3	0.2	0.1	0.2
Slovenia	0.1	0.2	0.2	0.1	0.1	0.1	0.3	0.2	0.1	0.2
Spain	2.5	1.7	5.2	1.7	2.6	2.7	1.9	5.1	1.6	2.6
Sweden	0.3	1.3	0.9	1.9	1.5	0.8	1.1	1.0	1.5	1.3

Legend: SOX – Commercial services; SPX4 – Goods-related services; SC – Transport; SD – Travel; SOX1 – Other commercial services; S – Total services.

Source: Author's calculations based on data from WTO

For example in 2018 Ireland's share in world exports of insurance and pension services is 7.8% and of telecommunication, computer, and information services - 16.7%, Luxemburg's exports share of financial services in the world exports of these services is 13.1% and of personal, cultural and recreational services - 7.3%, and Malta's exports share of personal, cultural and recreational services - 8.3% (see Table 2). Other EU countries have relative smaller shares in the export of services on the international markets. Of course the market share is not constant and changes over time. Data show that most of the EU countries have lost part of their market shares in trade with certain services and increased their shares with others. This can be additionally analysed using the rate of growth of market share.

The change in the market quotas that the countries hold in the world market of EU-27 countries is illustrated in figures 4, 5, 6, 7, 8, 9 and 10. Data show that in the world markets of travel services 12 EU countries gained market share while at the same time these activities grew in the international trade (see Fig. 4). It characterises them as the rising stars in trade with travel services (see Table 2). The biggest positive growth rate is observed for Romania followed by Portugal and the biggest negative for Luxemburg followed by Estonia, Belgium, Finland and Germany. In the world markets of transport services most of the EU countries gained market share (excluding 6 countries) under conditions of reduced international trade (see Fig. 5) with the highest change for Malta. Because of that most of the countries fall into the

group of declining stars and six are classified as retreats. Similar is the situation with construction services. In the world markets of construction services 12 EU countries gained market share while at the same time these activities decline in the international trade (see Fig. 6). This allows us to classify countries either as declining stars or as retreats. According to the calculation results in the world markets of other business services 17 of the EU countries gained market share while at the same time these activities grew in the international trade (see Fig. 7). The highest change is observed for Malta. It means these are the rising stars in trade with other business services (see Table 2). The other 10 countries have registered a decline and are classified as missed opportunities.

Fig. 4. Export market share changes of travel services

Based on the calculations results we can say that in the field of insurance and pension services 16 EU countries have gained market share and 11 have lost (see Fig. 8). The biggest increase is registered for Cyprus and the biggest decline for Bulgaria. Because of the activities in international trade the countries are classified as declining stars or retreats. In the world markets of telecommunication, computer, and

information services 11 EU countries gained market share while at the same time these activities grew in the international trade (see Fig. 9). It means these are the rising stars in trade with that type of services (see Table 2). The biggest positive change in market share is observed for Latvia followed by Lithuania and the biggest negative for Luxembourg followed by Malta. Based on the calculation results we can say that in the field of financial services only 10 countries took advantage of the increased activities in the world. The others have lost part of their shares on the market. (see Fig. 10).

Fig. 5. Export market share changes in transport services

Fig. 6. Export market share changes in construction services

Fig. 7. Export market share changes in other business services

Fig. 8. Export market share changes in insurance and pension services

Fig. 9. Export market share changes in telecommunications, computer, and information services

Fig. 10. Export market share changes in financial services

In the trade with charges for the use of intellectual property n.i.e. 15 of the EU countries increased their market share while the international trade of that sector was growing and the others 12 countries lost part of their market shares.

Table 2

Market share competitiveness matrix

	SOX	SPX4	SC	SD	SOX1	SE	SF	SG	SH	SI	SJ	SK	S
	1	2	3	4	5	6	7	8	9	10	11	12	13
AT	MO	MO	DS	MO	MO	DS	R	MO	MO	MO	RS	R	MO
BE	MO	MO	DS	MO	MO	R	DS	MO	MO	MO	MO	R	MO
BG	DS	MO	DS	MO	MO	R	R	MO	RS	RS	RS	R	MO
HR	MO	MO	DS	RS	RS	DS	R	RS	RS	RS	RS	DS	RS

CY	MO	RS	DS	RS	MO	R	DS	MO	MO	RS	RS	R	MO
CZ	RS	RS	DS	MO	RS	R	DS	MO	MO	RS	RS	R	RS
DK	MO	MO	R	MO	MO	DS	R	RS	MO	MO	MO	R	MO
EE	MO	MO	R	MO	RS	DS	R	MO	MO	RS	RS	DS	MO
FI	RS	RS	DS	MO	RS	DS	DS	MO	RS	MO	RS	DS	RS
FR	MO	MO	R	MO	MO	DS	DS	MO	MO	MO	MO	DS	MO
DE	MO	RS	DS	MO	MO	R	DS	MO	RS	RS	MO	DS	MO
GR	MO	MO	DS	MO	MO	R	R	MO	MO	MO	MO	DS	MO
HU	RS	MO	DS	RS	RS	DS	DS	RS	MO	MO	RS	R	RS
IE	RS	MO	DS	RS	RS	DS	R	RS	RS	RS	RS	R	RS
IT	MO	RS	DS	MO	MO	R	R	RS	RS	MO	MO	R	MO
LV	MO	MO	R	MO	RS	DS	R	MO	RS	RS	RS	DS	RS
LT	RS	RS	DS	MO	RS	DS	R	RS	RS	RS	RS	DS	RS
LU	MO	MO	DS	MO	MO	R	DS	RS	MO	MO	RS	R	MO
MT	RS	MO	DS	RS	RS	DS	DS	MO	MO	MO	MO	DS	RS
NL	RS	MO	R	RS	RS	R	DS	RS	RS	MO	RS	DS	RS
PL	RS	RS	DS	RS	RS	DS	DS	RS	RS	RS	RS	DS	RS
PT	RS	MO	DS	RS	MO	R	DS	MO	RS	MO	MO	R	RS
RO	RS	MO	DS	RS	RS	R	R	RS	MO	RS	RS	DS	RS
SK	RS	RS	DS	RS	RS	R	DS	MO	RS	RS	RS	DS	RS
SN	RS	MO	DS	RS	RS	DS	DS	MO	MO	MO	RS	DS	RS
ES	MO	RS	DS	MO	MO	R	DS	MO	RS	MO	MO	R	MO
SE	MO	RS	R	RS	MO	R	DS	MO	MO	MO	MO	R	MO

For the period 2010-2018 in world-wide trade activities in the sector of personal, cultural and recreational services has declined. Because of that 14 EU countries are classified as declining stars and the rest as retreats.

Based on the observations on the change in world market share and changing demand for services for the period 2010-2018 we can say that the most frequent EU countries were in the position of missed opportunities, followed by rising stars, declining stars and retreats (see Fig. 11).

EU27	RS	EU27	DS	EU27	MO	EU27	R
PL	↑ 9	FI	↑ 4	BE	↑ 9	BG	↑ 3
IE	↑ 8	MT	↑ 4	FR	↑ 9	DK	↑ 3
LT	↑ 8	PL	↑ 4	GR	↑ 9	IT	↑ 3
SK	↑ 8	SN	↑ 4	AT	↑ 8	SE	↑ 3
HR	↑ 7	HR	↔ 3	DK	↑ 8	AT	↔ 2
NL	↑ 7	FR	↔ 3	LU	↑ 7	BE	↔ 2
RO	↑ 7	DE	↔ 3	ES	↑ 7	CY	↔ 2
CZ	↔ 6	HU	↔ 3	SE	↑ 7	CZ	↔ 2
FI	↔ 6	LT	↔ 3	EE	↔ 6	EE	↔ 2
HU	↔ 6	SK	↔ 3	DE	↔ 6	GR	↔ 2
LV	↔ 5	AT	↔ 2	IT	↔ 6	IE	↔ 2
SN	↔ 5	BE	↔ 2	BG	↔ 5	LV	↔ 2
CY	↔ 4	BG	↔ 2	CY	↔ 5	LU	↔ 2
MT	↔ 4	CY	↔ 2	MT	↔ 5	NL	↔ 2
PT	↔ 4	CZ	↔ 2	PT	↔ 5	PT	↔ 2
BG	↔ 3	EE	↔ 2	LV	↔ 4	RO	↔ 2
EE	↔ 3	GR	↔ 2	SN	↔ 4	ES	↔ 2
DE	↔ 3	IE	↔ 2	CZ	↔ 3	HR	↔ 1
IT	↔ 3	LV	↔ 2	FI	↔ 3	FR	↔ 1
LU	↓ 2	LU	↔ 2	HU	↔ 3	DE	↔ 1
ES	↓ 2	NL	↔ 2	HR	↓ 2	HU	↔ 1
SE	↓ 2	PT	↔ 2	NL	↓ 2	LT	↔ 1
AT	↓ 1	RO	↔ 2	RO	↓ 2	SK	↔ 1
DK	↓ 1	ES	↔ 2	IE	↓ 1	FI	↓ 0
BE	↓ 0	DK	↓ 1	LT	↓ 1	MT	↓ 0
FR	↓ 0	IT	↓ 1	SK	↓ 1	PL	↓ 0
GR	↓ 0	SE	↓ 1	PL	↓ 0	SN	↓ 0
SUM	114	SUM	65	SUM	128	SUM	44

**Fig. 11. Countries groupings based
on the market share competitiveness matrix**

Source: Author's classification.

Every country has a specific competitiveness profile, but on the basis of export market share and its dynamics the biggest improvement in their competitiveness have made Hungary, Poland, Ireland, Lithuania, Romania, Slovakia, Croatia and the Netherlands. The countries which have suffered a set-back in their competitiveness among the EU-27 countries were Belgium, Denmark, Austria, Belgium, France, Greece, Sweden and Luxemburg. Of course, the results also depend on the level of data disaggregation.

Finally, we will analyse the EU countries competitiveness in terms of the trade specialization of the country. In this regard the values of RCA index for 2018 and

2014 show that most EU countries have not significantly changed their competitive advantages. All of them have RCA indices over 1 for commercial services as a whole. The other groups of services with RCA values higher than 1 vary among the countries (see Table 3).

Table 3

Revealed comparative advantages in trade with services

	2014	2018
	RCA >1	RCA>1
AT	SOX;SPX4;SC;SD;SI	SOX;SPX4;SC;SD;SJ
BE	SOX;SPX4;SC;SOX1;SE;SI;SJ;SC;SK	SPX4;SC;SOX1;SE;SI;SJ;SC;SK
BG	SOX;SPX4;SC;SD;SI	SOX;SPX4;SC;SD;SI
HR	SOX;SPX4;SD	SOX;SD
CY	SOX;SC;SD;SG	SOX;SC;SD;SG
CZ	SOX;SPX4;SC;SD;SE;SI	SOX;SPX4;SC;SD;SI
DK	SOX;SC;SE	SOX;SC;SE
EE	SOX;SPX4;SC;SD;SE;SI	SOX;SPX4;SC;SE;SI
FI	SOX;SPX4;SOX1;SE;SH;SI	SOX;SPX4;SOX1;SE;SH;SI
FR	SOX;SPX4;SOX1;SJ;SK	SOX;SPX4;SOX1;SJ;SK
DE	SOX;SPX4;SC;SOX1;SF;SI;SJ	SOX;SPX4;SC;SOX1;SF;SI;SJ;SH
GR	SOX;SC;SD;SE	SOX;SC;SD;SE
HU	SOX;SPX4;SC;SH;SK	SOX;SPX4;SC;SK
IE	SOX;SOX1;SF;SG;SI	SOX;SOX;SF;SG;SI;CH
IT	SOX;SPX4;SD;SJ	SOX;SPX4;SD
LV	SOX;SC;SE;SG	SOX;SC;SE
LT	SOX;SPX4;SC;SE	SOX;SPX4;SC;SE
LU	SOX;SOX1;SF;SG;SK	SOX;SOX1;SF;SG;SK
MT	SOX;SOX1;SG;SJ;SK	SOX;SOX1;SG;SJ;SK
NL	SOX;SPX4;SC;SOX1;SH;SI;SJ	SOX;SPX4;SOX1;SH;SI;SJ
PL	SOX;SPX4;SC;SD;SE;SJ	SOX;SPX4;SC;SE;SI;SJ;SK
PT	SOX;SC;SD;SE	SOX;SC;SD
RO	SOX;SPX4;SC;SD;SI	SOX;SPX4;SC;SE;SI
SK	SOX;SPX4;SC;SD;SE;SI	SOX;SPX4;SC;SD;SI
SN	SOX;SPX4;SC;SD;SE;SK	SOX;SC;SD;SE;SK
ES	SOX;SD;SI	SOX;SPX4;SD
SE	SOX;SOX1;SH;SI;SJ	SOX;SOX1;SH;SI;SJ

Based on author's calculations.

For the period some of the countries have lost their advantages in trade with some services and gained in others. The highest RCA values near 3 or higher are those of Croatia for travel services, Cyprus and Luxemburg for financial services, the Czech Republic and Hungary for goods-related services, Denmark, Estonia and Slovenia for construction, Finland for construction and telecommunications, computer, and information services, Ireland for insurance and pension services, Latvia for transport, Malta for financial services and personal, cultural, and recreational services and the Netherlands for charges for the use of intellectual property n.i.e. When we compare the results from the market share competitiveness matrix and the RCA indices we see that even though some countries are classified as retreats or missed opportunities for some of the exported services they still have comparative advantages in foreign trade with them. That is the case for example with the trade in transport services of Denmark and Estonia. The results also show that in cases of retreats and missed opportunities sectors the RCA values have also decreased.

Conclusion

The services sector has an important role for the development and the economic performance of countries. In the last decades it has become the backbone of the global economy and the most dynamic component of international trade. The services sector is considered as a driving force for the European Union. At the same time the services sector is very heterogeneous, with many players and influences by many and varied regulations. That raises the question of competitiveness. From the perspective of a given country or a firm it is important to have a clear view of the market changes because this will allow us to make the right decisions and adapt the policies and the behaviour of both the governments and the enterprises.

EU is one of the important players on the international services markets. Of course the potential and the integration in the international markets of member countries are different. Some countries are in the role of main suppliers and buyers, like Germany, France and the Netherlands whereas others have smaller participation in terms of value in the market. Despite this it is not always a matter of volume of sales, but also of competitiveness.

The current research shows that EU-27 countries differ not only in terms of values of exports but also in structure, specialization and competitiveness. Using the market share competitiveness matrix we classified the countries in different groups according to the degree of competitiveness. The results show that the biggest improvements in competitiveness have been made by Hungary, Poland, Ireland, Lithuania, Romania, Slovakia, Croatia and the Netherlands. The countries which have

worsened their competitiveness among the EU-27 countries were Belgium, Denmark, Austria, Belgium, France, Greece, Sweden and Luxemburg. Of course competitiveness is not a one-sided coin and results depend on the methods used and the level of data disaggregation.

(1) The years are chosen based on data availability.

(2) Such are some financial services, telecommunication, computer and information services and some other business services.

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