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## UK SERVICE EXPORTS EXPECTED TO SURGE TO USD895bn BY 2030

**\*\*UK to remain among world leaders in services trade\*\***

**\*\*Forecast published in unprecedented multi-country analysis of services trade\*\***

**\*\*Changes to global trade policies could reduce UK services exports by 4% by 2030\*\***

The UK will remain a global leader in trade of services, with the total annual value of services exported set to rise to USD895bn by 2030 in nominal terms, two and a half times greater than in 2015.

The forecast has been published in HSBC's first-ever *Trade in Services* report, which in conjunction with Oxford Economics takes an unprecedented look into cross-border flows of services. As the most comprehensive multi-country analysis of services trade, the report covers 25 key trading nations that will play an important role in the global evolution of services trade.

In the UK, the projected growth of services exports to USD895bn in 2030 from USD345bn in 2015 highlights the key role of the services industry for the UK economy, as well as Britain's high degree of competitiveness in the services sector. As a result, the UK will maintain its current position as the world's second largest exporter of services behind the USA.

The service industry is already paramount to the British economy. In 2015, services accounted for 44 per cent of total UK exports, up from 30 per cent in 2000. The UK also currently accounts for an estimated 7.2 per cent of global service trade.

**Dan Howlett, HSBC's Head of Corporate Banking in the UK, said:** "It's much harder to conceptualise trade in services, perhaps because services are less visible and tangible, although the robust performance of the UK's trade in services has outpaced growth in goods exported for some time. This has largely been driven in the UK by financial services, Britain's biggest single source of overseas services sales, along with business services. Together the two sectors account for over half of all services exports in the UK.

"As we look forward, we expect this momentum shift towards more UK businesses trading in services to continue. This will be aided by advances in technology, which will enhance the tradability of services. Already, technological advances, rising consumer spending and falling transportation and travel costs have hugely expanded the opportunities for trading services across borders."

A key factor in the long-term economic outlook of service exports remains the ability for UK businesses to navigate the political landscape. If new tariff and non-tariff barriers are implemented, whether due to USA trade policy changes mooted by President-elect Donald Trump or the UK losing access to the European single market, the impact on UK service exports could be a reduction of up to 4 per cent to USD860bn from the current projection of USD895bn by 2030.

While countries in the European Union (EU) collectively account for 38 per cent of total UK services exports, emerging economies and the USA will progressively become a more important focus for British businesses in the future.

Specifically, the report forecasts that emerging economies will represent the 10 fastest growing export destinations for the UK in the longer term. India is expected to top the list,

with bilateral exports from the UK projected to rise just over 11 per cent per year from 2021-30, followed by Indonesia and China in second and third place, respectively.

**Mr Howlett added:** “Brand Britain is incredibly strong around the world and the demand for our products and services will remain in any future trading relationship with the EU. However, we have a unique opportunity to evaluate how we trade services in non-EU markets, particularly emerging economies where expanding middle-classes are driving a rapid expansion in services demand.”

While the UK will continue to be at the forefront, there will be a shift globally of businesses trading more in services. Global services exports will average 7 per cent annual growth to contribute USD12.4trn to global trade flows by 2030, up from an estimated USD4.9trn this year.

*Ends*

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