Thesis abstract – The evolution of international trade with services. Case study –the Romanian economy

I.   Introduction and Purpose

The current research aims to be a thorough analysis of the tertiary sector of the Romanian economy, along with an analysis of the apparition and development of international trade with services in Romania,

Also, the current paper aims to evaluate, using statistic and mathematical instruments, the development perspectives of the tertiary sector of our economy, along with international trade with services, from a national perspective.

The purpose of the paper is thus to offer a deep analysis of the causes which have lead to apparition and development of services in Romania, an analysis which must have a high practical utility, by revealing the factors which have helped to the development or have constrained the development of services in our country.

One of the auxiliary purposes of this paper was given by the presentation of the available classifications within the tertiary sector, in order to further identify the factors which influence the development of arguably the most important sector of our economy.

Another important purpose of the thesis was given by the need to delimitate and emphasize the definition of *services exports.* This is given to the fact that, unfortunately, at this time, our literature is somewhat incomplete in this matter. The current paper proposes to define services exports and international trade with services.

As a result, another element which was considered was given by the paramount need to analyze the factors which influence both services, and international trade with services.

As a result, the paper aims to be a scientific endeavour of research and analysis of the tertiary sector of our economy, regarded as an element which helps to encourage exports in a manner which is superior to imports, as an important path towards economic growth.

The importance of analyzing services exports development possibilities in Romania was considered through the scope of the balance of payments. This macroeconomic indicator is extremely important for the position of our country, economically, and consists of two major elements: the goods and services payment balance.

Although currently, the goods balance outweighs the services balance, the analysis provides considerably interesting observations throughout the 2002 – 2011 time span, which

was analyzed. For example, our services balance was positive except for the 2 years which were following the economic crisis.

As a result, encouraging the export of services, considering the identified factors, is important, because if our country manages to encourage services exports, then our payments balance can come to a state of equilibrium. Services exports reveal this outstanding opportunity.

Considering the purposes which have been presented and deemed achievable, a series of objectives were established, and the research has sought to reach them through the analysis on the tertiary sector and international trade with services, which are presented below.

II.   Objectives

The current research has the following objectives:
-   To analyze and highlight the various services classifications in our economy,
-   To define the concepts of *international trade with services and services exports,*
-   To conduct an extended statistical analysis of international trade with services evolution and services exports and imports in Romania, during 2002 – 2011;
-   To determine the factors of influence within the services sector, within the three major sectors: transportation, tourism – travelling, other services.

III.   Research methodology

Various research methods are used in order to analyze and interpret the data. The main way to conduct the research was through the formulating of hypotheses, which are then tested. The selected data samples are taken from Romania's Balance Payment Sheets, which are analyzed during 2001 – 2011.

Most of the hypotheses are evaluated through graphs, charts and statistical means.

Data is taken from the tables and imported within the database constructed with SPSS and Excel software programs.

For most of our hypotheses, graphs and charts are eloquent in presenting the results of the study. For others, however, one must study the relationship between two variables in order to determine the correlation coefficient between them.

For the current study, indicators have been used in the analysis of chronological series, and the Pearson coefficient has been used.

IV. Chapter presentation

The current paper is structured into four chapters.

Chapter I presents the evolution of the *services* concept within economics. Additionally, the occurrence and development of the *international trade with services.* The key moments in the development of services are analyzed here, along with the basic characteristics of services, according to the current, actualized literature review, both foreign and national researchers.

A comparative analysis of the tertiary sector is conducted – services exports are not considered here. This is due to the special political situation during this period.

A classical and modern vision on services, are presented through a vast literature review.

Afterwards, arguments are built to reveal while the usage of the classification from the NBR's Balance Payment Sheets, following the three main services sub sectors: transportation, tourism – travelling and other services.

The motivation for using this data is given by the need for analysis results to be accurate and based on official estimates.

Chapter II presents a first, broad analysis, of the current status quo of the services sector within the national economy. The logical flow of the thesis and its contents is followed through the establishment of the link between our tertiary sector and the development of international trade with services.

Thorough analyses were conducted for each of the subsectors of the services sector: transportation, tourism – travelling and other services.

As aforementioned, the structure of services exports has been analyzed by following the structure within the NBR's Balance Payment sheets.

Also, the main factors, described in thorough detail, which have contributed to the evolution of the tertiary sector, have been analyzed. These factors are analyzed from a descriptive perspective, since their technical and economic analysis is conducted in Chapter IV of the current thesis.

Chapter III presents a detailed analysis of the evolution of the international trade with services from Romania's perspective.

On the basis of data provided by the balance of payment sheets, a detailed analysis of each of the analyzed categories.

Each sector benefits from its own conclusions, on the basis of the time series interval 2002 – 2011, considered in the analysis.

Chapter IV presents, in thorough detail, the analysis of Romania's international services trade. The same classification structure is kept throughout the thesis, namely the aforementioned NBR classification.

Each of the sectors is analyzed considering the identified influence factors.

In order to demonstrate the influence of these factors on Romania's services trade, several hypotheses were established, and then researched, to reveal if they surpass the testing, based on available statistical information. Testing was done through SPSS software.

The confirmation or not of the hypotheses constitutes the required proof on the existence and influence of the identified factors on Romania's services exports. As aforementioned, the main argument for the entire paper is linked to the fact that our services exports can contribute to the equilibrium of the entire payment balance.

Afterwards, the conclusions of the paper were formulated.

V.   Personal contributions

The current thesis proposes a series of new and innovative elements for the research field of services in general and for the research into services exports.

A first such element is given by the new additions to defining services exports and international trade with services. These definitions have been the result of the conducted analysis.

Also, these definitions are based on the thorough analysis of the influence factors which influence international trade with services, from Romania's perspective.

Of novelty, we also find the analysis concept which is used within the tertiary sector and services exports within the current paper.

The statistical and economical analysis which was conducted sought to quantify, in an eloquent manner the influence of each of the factors and aims to offer a new vision on them and set the premises for further research in the field.

Another new aspect is the use of the Pearson test to prove the existence of a relationship between the identified influence factors and their influence on international trade with services. Statistical processing was used as a new element within the paper.

Also, the research is the first known research which proposes a factor – based approach to this issue, based on the 3 subsectors: transportation, tourism – travelling and other services. The analysis of these factors was required in order to test the hypotheses within Chapter IV and elaborate concrete conclusions for the research.

Also innovative is the inclusion of several factors which are somewhat difficult to analyze, but which manifest an important influence. For example, the quantification of the level of foreign language by local citizens.

In conclusion, these elements are meant to help solidify a more and more concrete vision concerning services and export of services, from a national, macroeconomic perspective. We believe that these elements have to be determined in a clear fashion, in order to provide logical results.

VI. Thesis topicality

The topicality of the thesis is in the purpose of the research itself, meaning the analysis of the evolution of international trade with services, in Romania. This detailed analysis wishes to be a starting point for future research in the field.

The services sector is the one which recorded the highest growth rate in our economy.

As the results of the analysis reveal, services account for more than half of Romania's GDP. Considering this, and on the basis of increasing FDIs in Romania, and of increased corporate presence in the country, important growth has been recorded in the services sector, both in terms of volume and in terms of employed labour force.

The current research is of present importance due to the fact that, up unto this point, there is few national research which has been done in this field, considering services in other countries and research done in those neighbouring countries, such as Hungary or even Bulgaria.

Beyond these technical aspects, the thesis has an increased importance because of the sector it analyses. Services and services exports are of maximum interest for the national economy, as they become more and more important from the macroeconomic perspective.

Romania must take full advantage of the possibility to export as many services as possible, as studies have shown that other countries, such as Bulgaria, Hungary or Poland, have seen considerable economic benefits from exporting services.

In relation with these countries, Romania has the advantage of better prepared professionals with good command of foreign languages and as a result, must seek to take advantage of this opportunity to its full extent.

The Services Balance of Payments is far closer to equilibrium than the goods balance, as the analysis reveals. As a result, increasing exports of services can be extremely beneficial for our economy.

Thus, the knowledge and correct quantification of factors which influence services as a whole and the services sector in particular is an essential economic growth premise on a medium and long term for our country, and this should be considered within macroeconomic decisions.