Globalization
Measuring Export Prices In Services
Ruth Vizner, Israel CBS

Export of Services from Israel
Services are the growth engine of Israel export, leading by Hi-tech services: Computer Services, Software and R&D in 2016 export of services
- raised in 10%
- Totaling 39.3 Billion $
- 38% of total export of goods & services
- export of Computer Programing, Consultancy and Related Activities amounted 12.93 Billion $
- export of R&D amounted 6.45 Billion $
- Covering together ~49 percent of services export
- Other services - Architectural and engineering services, accounting, bookkeeping and Auditing Activities; Tax Consultancy, legal services and other professional services.

What is export of services?
- The export of product is the sale of a product from a resident unit to a non resident unit
- In goods it is simple, production is in the domestic market and the goods passing through the customs frontiers
- in services delivery (production) typically occurs in the purchasing country
- The definition of residency is based on the concept of center of economic interest and not on economic territory

Export of Services From Israel
2011-2016 $ Milliard US

4 Models of international trade in services
Main model – Model 3

Challenges
Measuring export prices of computer services is further complicated by the business model
- offshoring - moving part of the process of production to a subsidiary company in another country.
- Near shoring - moving part of the process to a foreign affiliate geography close (or moving It to peripheral areas in the country)
- Outsourcing - contracting part of the work to another firm in another country.
- Global companies - acting in the local market through subsidiaries
- Consolidation - of companies through merger & acquisition

Measuring export prices
- Output of services industries includes both sales to the domestic market and to the rest of the world customers
- PPI for manufacturing export is already developed and used in National accounts for the calculation of GDP in constant prices
- Unlike international trade in goods, in services there are no administrative sources available, such as customs data
- Export is important in the output of services industries
- Export is very high in some industries especially Computer Programming, Consultancy and Related Activities and R&D.
- Export also relatively high in other professional services : Legal Activities, Accounting Bookkeeping & Auditing Activities; Tax Consultancy, Management Consulting Activities and architectural & engineering services.

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