The case of the missing services

Whenever a newspaper needs to illustrate a story about trade, at least seven times out of ten the result is a photograph of 20-foot containers stacked on a cargo ship or resting on a quay. It is a natural tendency, generally reflecting a bias towards the writing itself, to focus on goods rather than services – and to use cases from manufacturing or agriculture to illustrate basic concepts about cross-border commerce. When writing about a broad issue like trade, readers like examples that they can see and touch.

For the media, the bias away from services trade goes beyond ease of comprehension and illustration, for several reasons.

One, journalism thrives on conflict, and there are rarely major trade disputes over services trade. Since China’s accession to the WTO, for example, the most high-profile litigation with the European Union and United States has been over garments, solar panels, trade defence methodologies and non-market economy status. Even between the European Union and United States, two advanced economies where the proportion of bilateral trade taken by services has been trending higher, the big fights have been over aircraft subsidies and bananas rather than the alignment of accounting standards.

Two, services sector industries are often less well set up at lobbying and communications than manufacturers, and thus less likely to get coverage. The Brexit negotiations are a case in point. Much of the debate in the United Kingdom has been focused on car production, some of which is located in formerly depressed areas and which stands as a symbol for industrial regeneration reliant on the European Single Market. The car companies have been well organized, both collectively through the Society of Motor Manufacturers and Traders, and singly through individual companies like Nissan and Honda.

Farming and fishing, too, have featured heavily in the debates, from the threat of imports of the infamous chlorine-washed American chicken to the fate of Britain’s beleaguered deep-sea fishing fleet. The tiny size of these in terms of UK GDP – Harrods almost certainly creates more value than Britain’s entire fishing industry – is outweighed by symbolism and sentiment.

By contrast, although finance and associated sectors like business and legal services constitute a larger part of the economy than car manufacture, the industry itself has been split between different lobby groups. It has struggled to attract attention to the potentially serious loss of economic activity and jobs that leaving the European Single Market would entail. Banks and finance houses are more used to lobbying domestic regulators and established forums of international rules, such as the Basel Committee on Banking Supervision, than trade negotiations, which have traditionally had only weak coverage of financial services.

Three, as well as its relatively weak symbolism and underdeveloped skill at lobbying, the complexity of services deals also militates against media coverage. It is relatively easy, for example, to follow and describe arguments over agricultural tariffs and quotas than the traditional sector-by-sector request-offer process in services or free trade agreement annexes on regulatory cooperation over professional qualifications. The Trade in Services Agreement talks got relatively little coverage, partly because they were held in relative secrecy but also because it is hard to report on negotiations where dozens of sub-sectors with different forms of regulation are all being discussed at once.

There is no automatic solution to the under-covering of services in the media, except for companies and trade officials to get better at talking to journalists – including by generating easy-to-understand examples – and for journalists to make an effort to feature them. One way of raising their profile would be to have a huge transatlantic or transpacific trade war over a particular service industry. But that would seem a slightly excessive way of doing it.