

STATE AND PROSPECTS OF DEVELOPMENT OF INTERNATIONAL TRADE IN IT SERVICES IN THE CONDITIONS OF GLOBALIZATION**Ukhanova I.**

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International trade in IT services occupies a special place in the modern global economy. With the development of information technologies and the spread of digital solutions, the global market for IT services is growing rapidly, opening up new opportunities for countries and companies. This type of trade is characterized by high mobility of services, low barriers to entry into the market and the ability to serve customers in different parts of the world without a physical presence.

International trade in IT services is distinguished by a number of specific characteristics that distinguish it from traditional trade in goods and make it a unique component of the global economy (Fig. 1).

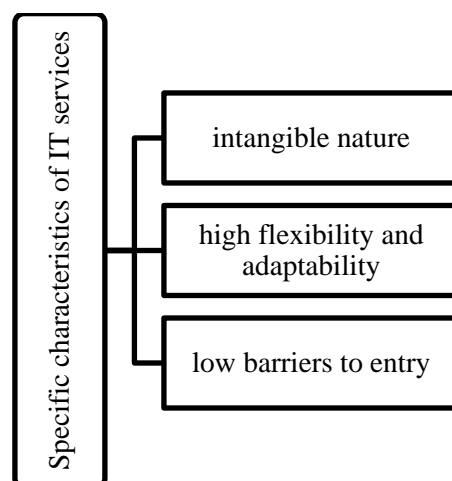


Fig. 1. Specific characteristics of IT services

Source: compiled by [1]

First, the main feature is the intangible nature of IT services, which means that they can be provided without the physical movement of goods or company representatives. This fundamentally changes the way suppliers and consumers interact, allowing companies to provide their services regardless of the geographical location of the customer or the supplier itself. Thanks to digital technologies, IT services can be transmitted via the Internet or other communication channels, making them available anywhere in the world where there is access to the network. This feature allows companies to operate in global markets, not limited to the borders of individual countries, which significantly expands their business opportunities.

Due to the intangible nature of IT services, companies are able not only to reduce logistics and storage costs, but also to avoid many of the regulatory barriers that exist in the trade of physical goods. This creates the prerequisites for the rapid development and dissemination of innovative solutions, since technologies, software and other types of IT services can be transferred almost instantly, without the need for complex customs clearance or transportation procedures. In particular, it allows businesses and startups from different countries to actively attract international customers by offering their services through digital platforms and online marketplaces. Thus, even small companies can quickly enter the international market, offering their unique solutions to a global audience.

Another important feature is the high flexibility and adaptability of IT services to the needs of different markets. IT companies have the ability to quickly adapt their products and solutions to the requirements of customers in different countries, which is extremely important in a rapidly changing technological environment. This ability to adapt is manifested in the ability to localize software, modify product functionality in accordance with specific market requirements, as well as in the implementation of individual solutions that take into account the cultural and legal characteristics of individual regions. For example, a company that develops custom software can easily modify its product to meet the requirements of local markets, providing support for different languages, integration with local payment systems, and compliance with the legal regulations of a particular country. Cloud services are also an example of this flexibility, as they allow companies to scale their resources according to the needs of customers, providing access to the necessary computing power and data storage anywhere in the world.

International trade in IT services is also characterized by low barriers to entry. In traditional trade in goods, new players need significant capital investments to produce, transport and store products, as well as to go through complex customs procedures and obtain relevant permits. In the case of IT services, such restrictions are much less. To enter the international market, it is enough to have access to the Internet, have the necessary technological knowledge and be able to provide high-quality communication with customers. Even small startups can offer their services on a global scale, using digital platforms such as Upwork, Toptal or Fiverr, which allow them to find customers around the world. This contributes to the development of competition and stimulates the growth of innovation in the industry, since every company, regardless of its size or location, has the opportunity to take its place in the international market if its offer is unique and relevant to customers [2]. However, along with numerous opportunities, international trade in IT services also creates certain challenges (Fig. 2).

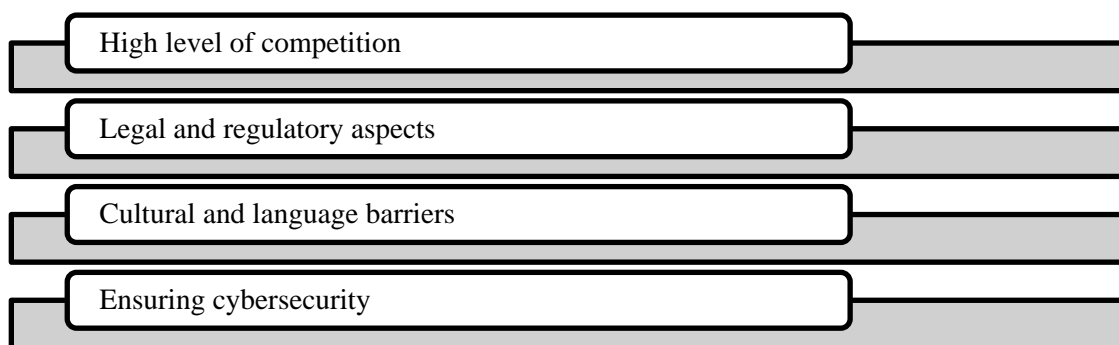


Fig. 2. Challenges associated with international trade in IT services
Source: compiled by [3]

The high level of competition in the global market requires companies to constantly improve their technologies, improve the quality of products and services, and provide a high level of customer service. The absence of geographical restrictions means that they have to compete with companies from all over the world that can offer similar products or services at lower prices or with better quality. This creates significant pressure on companies, forcing them to invest in developing their technological capabilities, training staff and improving customer interactions. In addition, the constant changes in the technological environment require IT companies to be flexible and ready to quickly adapt to new trends, such as the introduction of artificial intelligence, blockchain, the Internet of Things and other advanced technologies that are becoming increasingly popular. In addition, companies engaged in international trade in IT services face challenges related to legal and regulatory aspects in different countries. Each country has its own rules on data protection, intellectual property, cybersecurity, and service delivery, which creates additional challenges for companies seeking to operate in a global marketplace. For example, the European Union has strict data protection requirements, such as the General Data Protection Regulation

(GDPR), which requires companies to adhere to certain standards when processing and storing data of EU citizens. This can be a serious obstacle for companies from other regions that are not ready or able to ensure that their processes comply with these requirements. Another important aspect is cultural and language barriers, which can make communication between suppliers and customers from different countries difficult. Although English is often used as the language of international business, language and cultural differences can still affect the effectiveness of communication, understanding customer requirements, and project management. For example, different approaches to conflict resolution, negotiation styles, or even differences in time zones can create additional difficulties in the work of international teams, which, in turn, can lead to project delays or misunderstandings in the process of cooperation.

An equally important challenge is ensuring cybersecurity in the context of international trade in IT services. With the increase in the number of cyber threats, such as attacks on systems, data theft or malware, companies are faced with the need to protect their IT systems and confidential customer information. This requires significant investments in protection tools, constant security monitoring and the development of comprehensive risk management strategies. This problem is especially important for companies that provide data management or storage services, as they are responsible for the security of their customers' data.

Despite all the challenges, international trade in IT services has significant potential for further development. The growth of the digital economy, the increasing demand for innovative solutions and the spread of new technologies create favorable conditions for the development of this sector. Companies providing IT services can take advantage of new opportunities that are opening up due to globalization, digital transformation of business and the growing need for modern technological solutions. However, to achieve success in the international market, companies need to take into account the specifics of each region, adapt to legislative requirements and constantly invest in the development of their technological and organizational capabilities. These steps are key to maintaining competitive positions in a global economy where changes are taking place rapidly.

Against this backdrop, international trade in IT services continues to show steady growth in 2024, despite economic instability and geopolitical crises. According to the World Trade Organization, exports of IT services grew by 9% in 2023, confirming the continued demand for technology solutions, even in the face of global uncertainty (Fig. 3).

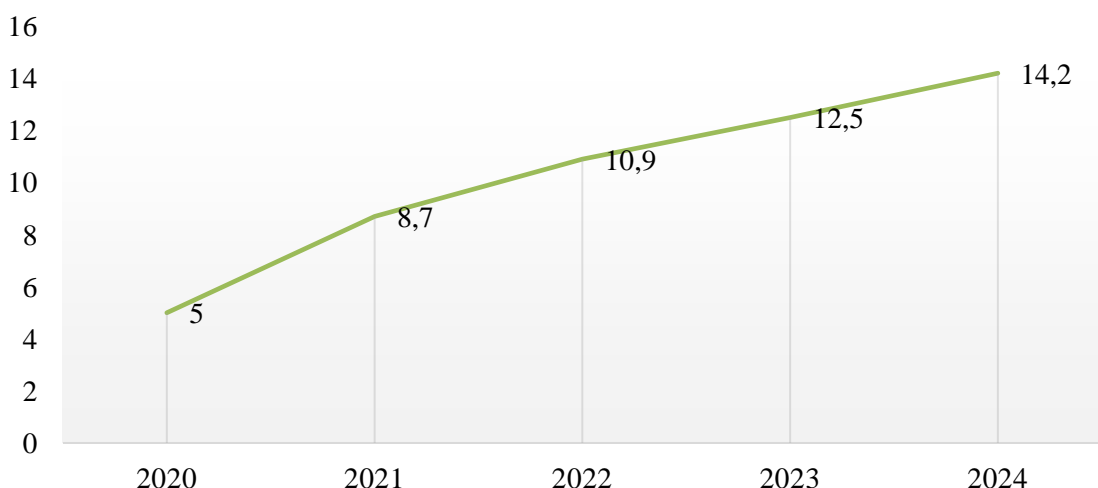


Fig. 3. Growth in IT services exports (2020-2024)

Source: [4]

These indicators reflect the stable growth of this sector, which maintains a positive trend. Statistical data show that the development of IT services continues to gain momentum, providing new opportunities for countries and companies in the international arena. In 2020, the growth in

exports of IT services amounted to 5%, which reflects the initial stages of market recovery after the global crisis caused by the COVID-19 pandemic. In 2021 and 2022, there is a further increase in export volumes by 9% and 11%, respectively, which indicates an increase in demand for technological solutions, especially in the field of digital business transformation and the development of innovative technologies. The most significant growth is observed in 2023 and 2024, when the indicators reached 13% and 15%, respectively. This indicates a further acceleration of the development of the IT sector, due to increased demand for cloud technologies, cybersecurity and other innovative services [4].

The growth dynamics indicate that the international IT services market is not losing its activity, largely due to globalization processes and the introduction of new technological solutions. These factors continue to stimulate demand for IT services around the world. At the same time, the main regions showing the greatest growth remain unchanged: North America, the European Union and Asian countries continue to play a key role in the development of this sector (Fig. 4).

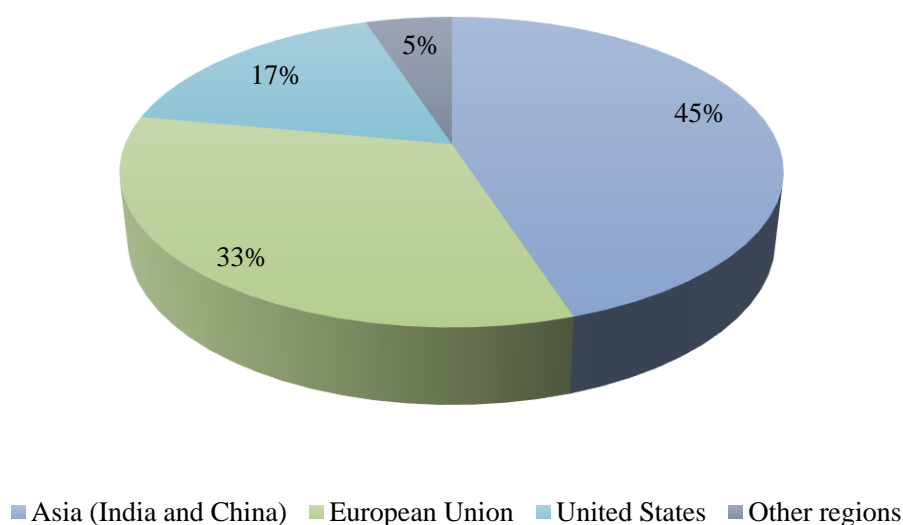


Fig. 4. Distribution of IT services exports by region
Source: compiled by [4].

That is, the international IT services market continues to concentrate around several key regions, each of which demonstrates stable positions and growth trends. The European Union, holding about 33% of world exports of IT services, remains a leader in this area. This emphasizes its strategic role in global trade in technology services, as the EU is actively developing digital initiatives, promoting innovation and integration of the latest technologies in various sectors of the economy. The United States also continues to maintain its significant role on the world stage, with a share of 17%. Although this indicator is inferior to the European Union, the United States is an important center for the development of technology and innovation. Their position is supported by a large number of technology companies, investors and research centers that stimulate the export of IT services to the global market. However, the most impressive growth dynamics are demonstrated by Asia, especially India and China. In particular, India, which occupies a significant share — 45% of the global IT services market, is strengthening its position as a leading player in this field. This can be explained by the presence of a large pool of qualified personnel, competitive prices for services and the rapid development of technologies in the region. At the same time, China continues to expand its presence in the global market, investing in innovation and increasing the competitiveness of its technological solutions. The steady growth of IT services in Asia indicates that the region continues to play an important role in the global digital transformation, which may shift the balance of power on the world stage in favor of Asian countries. These trends

demonstrate a global redistribution of economic influence in the field of technology, where Asia is strengthening its position, maintaining a competitive advantage in the cost and scale of IT services provision [5].

Legal regulation of international trade in IT services is a key aspect that requires a comprehensive approach and constant adaptation to the changing environment. It covers a wide range of issues: from intellectual property protection to ensuring data security and regulating cloud technologies. For IT companies, compliance with national and international regulations is becoming a decisive factor in successful operations in the global market. Ensuring compliance with the requirements of various regional markets and standards helps not only to avoid legal problems, but also contributes to increasing trust from customers and partners. This is what allows companies to remain competitive and develop in the face of constant changes in the legislative framework, which is becoming increasingly complex and multifaceted. Such an approach also contributes to expanding market opportunities and strengthening reputation in the international arena. The protection of intellectual property, personal data and cybersecurity are key issues that require effective legal regulation at both national and international levels. Existing international agreements, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the General Data Protection Regulation (GDPR), set basic standards in these areas, but in practice, enforcement and the effectiveness of protection can vary significantly from country to country.

Thus, the development of the digital economy and the implementation of innovative solutions remain key drivers of the growth of international trade in IT services. They provide companies with the necessary flexibility and competitiveness, allowing them to adapt to the challenges of the global market and make the most of new opportunities arising from the global digital transformation..

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