

## The Tertiary Sector

Tertiary or Services sector consists of all the activities which don't directly produce tangible goods, but help to satisfy people's needs and wants. The tertiary sector of the economy has expanded greatly in the 20<sup>th</sup> and 21<sup>th</sup> centuries. In developed countries, over 70% of the active population works in the tertiary sector. However, in less developed countries a little percentage of the active population works here.

Services can be classified into two groups:

- **Public services:** are financed by the state out of taxes. They satisfy many of the basic needs of the population such as health and education. They also organise areas like administration, security and justice.
- **Private services:** are offered by private companies or individuals. Consumers pay for them and companies have an economic benefit from them. These services are very different: transport, telecommunications or culture, but also health and education.

The importance of public services:

Public services are provided in areas that are considered essential to all groups in society. In developed countries, the state (known as the "**welfare state**") guarantees many of these services. In less developed countries, many of these services fail to reach the whole population.

Defence, security and justice are always public services. In fields like health and education, some services are provided by the state, but others are financed by the private sector.

### **TRADE:**

Trade is the exchange of goods and services between producers and consumers. It depends mainly on three factors:

- **Transport and infrastructures.** Places with a good communication network, such as cities, have the biggest trade.
- **Market size.** This is the number of consumers who can purchase goods or services. There is a more important trade if the market is bigger.
- **Wealth.** If the people have greater purchasing power, they will consume more.

Trade can be classified into two groups:

- **Domestic trade:** takes place within a country's borders. Wholesalers and retailers supply products to consumers:
  - A **wholesaler** buys large quantities of a product directly from the producer to sell to retailers.
  - A **retailer** sells products in small quantities to a consumer.

- In addition to traditional commercial activity and self-service, the following systems have grown quickly: E-commerce where people buy on the Internet and through mobile services, and franchises which are an agreement between a company and an individual who opens a shop under the company brand name and sells its products, in exchange for part of the revenues.
- **Foreign trade:** takes place with other countries.
  - **Imports** are the purchases of goods and services from a foreign country.
  - **Exports** are the sales of goods and services to a foreign country.
  - **Balance of trade** is the difference between the value of a country's exports and the value of its imports. If the value of a country's exports is greater than the value of its imports, its balance of trade is positive. If the value of a country's imports is greater than the value of its exports, its balance of trade is negative.

Many countries form **trade blocs** in order to promote trade with each other. For example, the **European Union (EU)** is a free trade area where countries are exempt from customs taxes. EU exports are industrial goods, such as machinery, transport vehicles, chemical products, and agricultural products like wine, cereals and meat products.

## **TRANSPORT**

Transport is the movement of people and goods from one place to another. For transportation to be possible, two types of elements are needed:

- **Means of transport:** are the different vehicles used for travelling: car, train, plane or boat.
- **Infrastructures:** are the necessary elements for transport such as roads for vehicles, railways for trains, airports for aircraft and ports for ships.

Transport has been one of the fastest-growing tertiary activities for two centuries. This is due to industrialisation and increasing trade and travel, as well as technical advances, which have resulted in greater speed, capacity and safety at lower costs.

Transport has three main functions:

- **Economic.** Transport allows the exchange of goods and the everyday travel of the population.
- **Political.** It reinforces the integration of the different regions and areas in a territory.
- **Social.** It facilitates human relations and activities such as learning about other cultures.

Types of transport:

- **Land transport:** by road and by rail.
  - **By road:** cars, buses and lorries travel by road.

Advantages: it is very flexible and very useful for moving people and for transporting goods.

Disadvantages: it is expensive to build and maintain the roads; there are more accidents; and it creates pollution.

- **By rail:** trains, metros and trams.

Advantages: it is cheap, fast and safe and pollutes less than transport by road.

Disadvantages: it isn't flexible and infrastructures are expensive to build and maintain.

- **Ship transport:** by sea and on navigable rivers (such as the Mississippi, the Danube and the Yangtze).

Advantages: it is cheap and allows transporting big heavy goods.

Disadvantages: it is low, requires huge investments to build infrastructures, pollutes a lot because fuel is lost when tanks are cleaned at sea or when ships have accidents and produce oil slicks and it can't take goods directly from the producer to the consumer.

- **Air transport:** by plane.

- Advantages: it is quick, safe and comfortable.

- Disadvantages: it is expensive, causes noise pollution and air pollution and requires a huge investment and a big place.

In the last ten years, traditional Airlines have been faced with competition from **low-cost** companies.

## **TOURISM**

Tourism consists of the activities that people do for pleasure on their journeys. Tourism grew quickly in the second half of the 20<sup>th</sup> century when social advances were generalized in developed countries such as the right to a period of paid holidays.

Destinations: France, the USA, Spain and China are the countries which receive most foreign visitors. France has a huge artistic and cultural heritage. The USA has many attractions such as its cities and natural spaces. Spain has a very good weather and excellent beaches. China has a great attraction: its culture. However, Africa and the Middle East have so little tourism. Africa due to the natural environment and lack of infrastructures. The Middle East due to political instability.

Countries of origin: Europe, Asia and America.

Tourism has important benefits: it creates Jobs, adds economic value to a region's natural and cultural heritage, leads to cultural exchanges between different countries. At the same time, tourism has negative effects: seasonal and precarious employment, coastal tourism has a strong impact on the environment and there is sometimes a threat to a region's local traditions.

## **TRADE, TRANSPORT AND TOURISM IN SPAIN**

### **TRADE IN SPAIN**

16.5% of the total Spanish employed population works in trade. The trade sector was hit particularly hard by the economic crisis that started in 2007. People's spending power was affected by rising unemployment and falling salaries.

Spain used to have a negative balance of trade or a trade deficit. This means that it imported more than it exported. In recent years, this trend has been reversed because exports have increased and imports have fallen. Spain's main trading partners are France and Germany and its largest trade deficit is with China. Spain imports petroleum, agricultural, metal and mineral products. It exports manufactured goods and agricultural, metal and mining products.

### **TRANSPORT IN SPAIN**

Spanish road and rail networks are better and denser in the areas with the largest population and greatest economic activity.

- Land transport is radial with its centre in Madrid. Better roads and high-speed rail lines (AVE) have been developed.
- Ship transport. Spanish ports play a key role in the trade between the EU and other parts of the world.
- Air travel. The leading airports are in Madrid, Barcelona and Palma.

### **TOURISM IN SPAIN**

12% of the total Spanish employed population works in the tourism sector. Spain ranks third in the world for the number of foreign visitors. This leading position can be explained by:

- Excellent beaches. Spain is the country with the highest number of blue flag beaches which are given to the ones that meet high-quality standards.
- Government policies promoting tourism.
- Large investments and improvements in infrastructures to meet tourists' needs.
- Spain's rich cultural heritage.

In the past, tourism in Spain was mainly beach tourism. However, since the 1990s great efforts have been made in other areas, such as business or cultural and rural tourism.

Destination of Spanish people: Europe, especially countries in the EU and amongst these, the nearest countries: France, Portugal and Italy.

The countries of origin of tourists who visit Spain: the United Kingdom, Germany and France. The main reasons for their visits are holidays and leisure.

Main destinations for foreign tourists: Catalonia, the Balearic Islands, the Canary Islands and Andalusia.