

# Global Britain Briefing Note

No 37

26th November, 2004

## World Trade in 2003 Seen from Washington, Frankfurt & London

*“Intra-EU trade in manufactured goods has been shrinking since 2000: it's the same story in services...levels of intra-EU trade in services are lower than a decade ago.”*

*“Facing the Challenge”, Wim Kok, 5th November 2004<sup>1</sup>*

### Viewed from the IMF<sup>2</sup> in Washington

- The UK is the world's **third biggest** trading nation...

Rank	Country	Goods	Services	Income	Transfers	Totals
1	USA	685	289	256	11	1241
2	Germany	615	106	103	16	840
3	<b>UK</b>	<b>279</b>	<b>125</b>	<b>186</b>	<b>17</b>	<b>607</b>
4	Japan	396	66	91	10	563
5	France	306	87	81	19	493
6	Italy	254	60	43	21	378
7	Canada	264	37	20	5	326
	Rest of World	3567	852	483	326	5228
	<b>World</b>	<b>6369</b>	<b>1622</b>	<b>1263</b>	<b>422</b>	<b>9676</b>
	World %	66%	17%	13%	4%	100%

Rank	Country	Goods	Services	Income	Transfers	Totals
1	USA	1165	227	260	70	1722
2	Germany	493	150	109	41	793
3	<b>UK</b>	<b>332</b>	<b>104</b>	<b>154</b>	<b>31</b>	<b>621</b>
4	France	297	69	68	34	468
5	Japan	302	108	26	15	451
6	Italy	237	64	58	26	385
7	Canada	227	42	38	4	311
	Rest of World	3272	867	641	221	5001
	<b>World</b>	<b>6325</b>	<b>1631</b>	<b>1354</b>	<b>442</b>	<b>9752</b>
	World %	65%	17%	14%	5%	100%

### Viewed from the ECB<sup>3</sup> in Frankfurt

- The **Eurozone<sup>4</sup> is a shrinking market**
- In trade in goods, the **UK is the Eurozone's biggest single customer**, taking 18% of the Eurozone's exports; the UK is also the Eurozone's biggest single supplier, providing 14% of its imports
- In trade in goods, the USA is the Eurozone's second biggest customer and supplier, after the UK
- **In each of the last three years, British and US exports of goods to the Eurozone have shrunk**
- In each of the last three years, Eurozone imports of goods from all countries have shrunk

	2000	2001	2002	2003	% in 2003
By UK	160	155	150	138	14%
By USA	142	139	126	110	11%
By others	722	720	708	735	75%
<b>By world</b>	<b>1024</b>	<b>1014</b>	<b>984</b>	<b>983</b>	<b>100%</b>
Av. £/€ rate	1.64	1.61	1.59	1.45	

	2000	2001	2002	2003	% in 2003
By UK	189	202	206	193	18%
By USA	173	180	184	166	16%
By others	640	680	694	697	66%
<b>By world</b>	<b>1002</b>	<b>1062</b>	<b>1084</b>	<b>1056</b>	<b>100%</b>

**Table 5: Balances on Trade in Goods with the Eurozone:**  
€ billion

	2000	2001	2002	2003
Eurozone/UK	29	48	56	55
Eurozone/USA	30	42	59	56
Eurozone/Asia	(96)	(67)	(54)	(66)
Eurozone/others	15	25	38	27
<b>Eurozone/World</b>	<b>(22)</b>	<b>48</b>	<b>99</b>	<b>72</b>

*A figure in brackets means that the Eurozone is in deficit with the counterparty*

In 2003 the Eurozone's Exports of Goods accounted for 62% of all its credits on current account (goods, services, income and transfers). Its Imports of Goods accounted for 57% of all its debits on current account (goods, services, income and transfers). The ECB does not provide a geographical breakdown of all current account credits and debits. In 2003 the Eurozone accounted for 53% of UK goods exports worldwide, according to *United Kingdom Balance of Payments: The Pink Book 2004*

### Viewed from the ONS<sup>5</sup> in London

- EU-14 takes under half of recorded total UK exports. Adjusted for the Rotterdam-Antwerp Effect<sup>6</sup> and the Netherlands Distortion<sup>6</sup> the real proportion of all UK exports going to EU-14 is likely to be between 40% and 45% ...
- The UK has a big trade surplus with the USA and a big deficit with Europe ...

**Table 6: 2003 Make-up of UK Exports by Destination:**  
World versus EU-14

£ bn	Goods	Services	Income	Transfers	Total
A Worldwide	188	90	126	13	417
B EU-14	105	35	55	9	204
<i>B/A</i>	<i>56%</i>	<i>39%</i>	<i>44%</i>	<i>69%</i>	<i>49%</i>

- Income is still the biggest single component of UK exports ...

**Table 7: 2003: Make-up of UK Trade<sup>7</sup> by Category**

£ bn	Exports	%	Imports	%	Balance
Investment Income	126	30	103	24	22
Finished mfrd. goods	102	24	139	32	(37)
Services	90	22	75	17	15
Semi-manufactured goods	54	13	56	13	(2)
Oil	15	4	10	2	4
Food, drink, tobacco	11	3	21	5	(10)
Others (including Transfers)	19	4	33	7	(12)
<b>Totals</b>	<b>417</b>	<b>100</b>	<b>437</b>	<b>100</b>	<b>(20)</b>

*A figure in brackets means that the UK is in deficit with the counterparty*

**Table 8: 2003: UK Trade<sup>7</sup>**  
By Country/Region

£ bn	Exports	Imports	Balance
Eurozone <sup>4</sup>	192	214	(22)
Sweden + Denmark	12	12	-
<b>EU-14<sup>8</sup></b>	<b>204</b>	<b>226</b>	<b>(22)</b>
Accession-109	6	7	(1)
<b>EU-24<sup>10</sup></b>	<b>210</b>	<b>239</b>	<b>(23)</b>
EFTA11	16	21	(5)
Other Europe <sup>12</sup>	12	16	(4)
<b>All Europe</b>	<b>238</b>	<b>270</b>	<b>(32)</b>
<b>USA</b>	<b>83</b>	<b>65</b>	<b>19</b>
Other Americas	21	17	3
Greater China <sup>13</sup>	10	20	(10)
Other Asia	45	44	1
Australasia/Oceania	8	6	3
Africa	11	14	(3)
Int'l Organisations	1	2	(1)
<b>World</b>	<b>417</b>	<b>437</b>	<b>(20)</b>

*A figure in brackets means that the UK is in deficit with the counterparty*

### References

- 1 "Facing the Challenge: The Lisbon strategy for growth and employment: Report from the High Level Group chaired by Wim Kok," presented to the EU Summit of 5th November 2004. In support of the statement quoted the Kok report cites a Commission document "COM (2003), p. 10". [www.europa.eu.int/comm/lisbon\\_strategy/index\\_en.htm](http://www.europa.eu.int/comm/lisbon_strategy/index_en.htm)
  - 2 The International Monetary Fund: *IMF Balance of Payments Statistics Yearbook 2003* [www.imf.org](http://www.imf.org)
  - 3 The European Central Bank: *European Central Bank Monthly Bulletin October 2004: Table 7.3* [www.ecb.int](http://www.ecb.int)
  - 4 The "Eurozone" comprises the twelve EU countries which have adopted the euro. Germany and France together account for 51% of Eurozone GDP; Italy and Spain together for another 28%.
  - 5 The Office for National Statistics: *United Kingdom Balance of Payments: The Pink Book 2004*, The Stationery Office, ISSN 0950-7558 [www.statistics.gov.uk](http://www.statistics.gov.uk)
  - 6 Rotterdam-Antwerp Effect and the Netherlands Distortion: see explanations in Global Britain Briefing Note No 31, *UK Trade in 2002*, 20th February 2004, [www.globalbritain.org](http://www.globalbritain.org); Leach, Rodney, *Europe: A Concise Encyclopedia of the European Union*, 4th Edition, 2004, Profile Books; Milne, Ian, *A Cost Too Far?*, 2004, Civitas
  - 7 Goods, Services, Income, Transfers
  - 8 The fifteen pre-May 2004 EU member states less the UK
  - 9 The ten countries which joined the EU on 1st May 2004
  - 10 The current 25 EU members less the UK
  - 11 EFTA comprises Norway, Switzerland, Iceland and Liechtenstein
  - 12 Includes Russia and Turkey
  - 13 China, Hong Kong and Taiwan
- Global Britain follows standard ONS practice in treating Investment Income as a component of Exports alongside Goods, Services and Transfers. Due to rounding, columns and rows may not sum.

Enquiries: Ian Milne, Director, Global Britain  
email: [globalbritain@ukonline.co.uk](mailto:globalbritain@ukonline.co.uk)

Web: <http://www.globalbritain.org>