

# Global Britain Briefing Note

No 80

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## UK trade in 2011: healthy surplus outside the EU, massive deficit with the EU

- Cumulatively, over the last six years, the UK trade surplus with the world outside the EU was £ 21 bn. Over the same period, the UK deficit on trade with EU-26 was £190bn. *Table 2*
- The UK traded in deficit with nineteen of its twenty-six EU partners in 2011. *Table 9.2 on page 154 of the 2012 Pink Book*
- Between 2008, when recession took hold, & 2011, UK exports outside the EU grew by four per cent; exports to EU-26 shrank by ten per cent. *Table 1*
- The UK Gross Contribution to EU Institutions continued its inexorable upward march, costing the British taxpayer **£ 53 million per day** in 2011. *Tables 5 & 6*
- In 2010 & 2011, 56% (probably 60% or more if account is taken of the *Rotterdam-Antwerp Effect* & the *Netherlands Distortion*) of British exports went to the world outside the EU. (Taking 60% as the real proportion, this means that UK exports outside the EU are already 50% higher [60 minus 40 divided by 40] than UK exports to the EU.) *Table 1*
- In 2010, 44% of British exports (probably 40% or less if account is taken of the *Rotterdam-Antwerp Effect* & the *Netherlands Distortion*) went to EU-26. The proportion of UK worldwide exports going to EU-26 is shrinking. *Table 1*
- In 2011, the UK traded in massive deficit – £ 46 billion – with EU-26. *Table 2*
- On its trade with the whole world in 2011 the UK ran large deficits (minus £ 122 bn) on Goods & Transfers, and large surpluses (+ £ 93 bn) on Services & Income). *Table 3*

	2006	2007	2008	2009	2010	2011
Exports to EU-26	317	319	345	285	278	311
Exports to Rest of World	333	370	372	309	348	388
<b>Exports to whole World</b>	<b>650</b>	<b>689</b>	<b>717</b>	<b>594</b>	<b>626</b>	<b>699</b>
<i>Proportion EU-26/World#</i>	49%	46%	48%	48%	44%	44%

# **Not** adjusted for the Rotterdam-Antwerp Effect or the Netherlands Distortion (see Global Britain Briefing Note No 64). The “real” proportion is lower than given here.

Year	2006	2007	2008	2009	2010	2011
Balance UK/EU-26	(33.3)	(38.0)	(4.7)	(20.8)	(47.4)	(46.1)
Balance UK/Rest of World	(5.8)	+5.8	(9.7)	+3.1	+10.1	+17.1
Balance UK/Whole World	(39.1)	(32.2)	(14.4)	(17.7)	(37.3)	(29.0)

- In 2011, UK exports of Goods (“visibles”) accounted for 43% of all UK exports worldwide. “Invisibles” (Services, Income & Transfers) accounted for 57% of all UK exports worldwide. In other words, for the UK, **the export value of “invisibles” is 33% (57 divided by 43) higher than the export value of “visibles”.** *Table 3*
- The UK appears to have a structural surplus on its trade with the USA. In 2011, the UK surplus remained above £ 20 billion.  
*Table 4, & Table 9.2 on page 154 of the Pink Book 2012*
- The cumulated UK trade surplus with the USA over the six-year period 2006-2011 is £114bn, compared with a cumulative UK deficit with EU-26 over the same period of £190bn.  
*Table 2, & Table 9.2 on page 154 of the 2012 Pink Book*
- The UK appears to have a structural surplus on its trade with Australia, recording a surplus with that country in each of the eleven last years.  
*Table 9.2 on page 154 of the 2012 Pink Book*
- The UK appears to have a structural surplus on its trade with Switzerland, recording a surplus with that country in each of the nine last years.  
*Table 9.2 on page 154 of the 2012 Pink Book*

<b>Table 3: UK Current Account in 2011: £ bn</b>					
	<b>Goods</b>	<b>Services</b>	<b>Income</b>	<b>Transfers</b>	<b>Total</b>
<b>Exports:-</b>					
To EU-26	159	75	68	9	<b>311</b>
To Rest of World	140	119	121	8	<b>388</b>
<b>Exports to World</b>	<b>299</b>	<b>194</b>	<b>189</b>	<b>17</b>	<b>699</b>
<i>Exports to World as percentage</i>	<i>43</i>	<i>28</i>	<i>27</i>	<i>2</i>	<i>100</i>
<b>Imports:-</b>					
From EU-26	202	59	76	20	<b>357</b>
From Rest of World	197	58	96	20	<b>371</b>
<b>Imports from World</b>	<b>399</b>	<b>117</b>	<b>172</b>	<b>40</b>	<b>728</b>
<i>Imports from World as percentage</i>	<i>55</i>	<i>16</i>	<i>24</i>	<i>5</i>	<i>100</i>
<b>Balances:-</b>					
With EU-26	(43)	16	(8)	(11)	<b>(46)</b>
With Rest of World	(57)	60	25	(11)	<b>17</b>
<b>With World</b>	<b>(100)</b>	<b>76</b>	<b>17</b>	<b>(22)</b>	<b>(29)</b>

<b>Table 4: Balances: Largest UK Surpluses &amp; Deficits in 2011: £ bn</b>		
<b>Surpluses</b>	USA	22
	Australia	10
	Switzerland	8
	Luxembourg	8
	Netherlands	8
<b>Deficits</b>	Germany	(22)
	China + Hong Kong	(22)
	Norway	(21)
	EU Institutions	(11)
	Spain	(11)

- In 2011, the **UK Gross Contribution to EU Institutions** hit a new record of **£ 19.2 bn, equivalent to £ 53 million per day**. UK Gross & Net Contributions began rising sharply from 2010 onwards as a result of the abandonment by Mr Blair, then Prime Minister, on 17th December 2005, of part of the Fontainebleau Abatement. *Table 5*

	2006	2007	2008	2009	2010	2011
Gross Contribution	(17.7)	(15.8)	(16.4)	(17.6)	(18.2)	(19.2)
Receipts from “Brussels”	11.6	8.5	9.8	10.8	8.1	8.4
Net Contribution	(6.1)	(7.3)	(6.6)	(6.8)	(10.1)	(10.8)

	£ m in year	£ m per day
Gross Contributions	(19,188)	(53)
Receipts from “Brussels”	8,408	23
UK Net Contribution	(10,780)	(30)#

#Assuming the average salary of a nurse is £ 30,000 p.a., & that the UK Net Contribution had been used instead to employ nurses in the NHS, 984 nurses *per day* could have been recruited every day of the year in 2011, totalling 359,330 for the whole year.

### ***Notes & Data Sources***

*The Pink Book 2012, 31<sup>st</sup> July 2012, [www.statistics.gov.uk](http://www.statistics.gov.uk) > Economy > Balance of Payments > The Pink Book 2012.* The statistical data summarised in this Briefing Note is from *Chapter 9: Geographical Breakdown of Current Account*.

Payments to & from supra- & international organisations, & remittances by expatriates, which are included in “Transfers”, are not strictly-speaking “Trade”, but a large proportion of them are trade-related. HM Government itself justifies UK net payments to the EU on the grounds (unsupported by any evidence) that “*the UK needs to be in the EU for trade*”.

The data above is not adjusted for the Rotterdam-Antwerp Effect (described on page 242 of the *Pink Book 2012*) or the separate Netherlands Distortion (see *Global Britain Briefing Note No 64, “The Rotterdam-Antwerp Effect & the Netherlands Distortion” 7<sup>th</sup> January 2011*). The effect of these two distortions is to significantly overstate (in the *Pink Book*) the value of UK exports to EU-26, & to significantly understate the value of UK exports outside the EU.

*7th September 2012*

# Global Britain

**Lord Stoddart of Swindon**

*(Independent Labour)*

**Lord Pearson of Rannoch**

*(United Kingdom Independence Party)*

**Lord Willoughby de Broke**

*(United Kingdom Independence Party)*

**Lord Harris of High Cross (1924- 2006)**

*(Cross-Bencher)*

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

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