

German Exports After the Euro

With the Eurozone accounting for a declining share of all German exports, the economic rationale for German membership of the Euro is hard to discern

Germany adopted the Euro on 1st January 1999. The changes in the pattern of her exports worldwide since then are shown in Tables 1, 2 and 3 overleaf.

The data is abstracted from the German Balance of Payments Statistics published by the Deutsche Bundesbank.

Main Conclusions

- **France is no longer Germany's main export market**, ranking second in 2002, after the USA. On current trends, **the UK will soon overtake France** as Germany's second biggest export market Table 1
- **The UK will then become Germany's main trading partner in the EU** Table 1
- In the first four years of Euro membership, **German exports outside the Eurozone** grew at an annual average compound rate of 10.8 per cent, **almost 60 per cent faster** than the rate - 6.8 per cent - at which German exports grew to the rest of the Eurozone Table 2
- In those same four years, **German exports to the three EU countries outside the Euro, the UK, Sweden and Denmark**, grew at an annual average compound rate of 11.0 per cent Table 2
- In those same four years, **German exports to the UK** grew at an annual average compound rate of 12.8 per cent Table 2
- In those same four years, **German exports to the USA** grew at an annual average compound rate of 11.5 per cent Table 2
- Within the Eurozone, to which the annual average compound growth rate of German exports was 6.8 per cent overall, **the fastest-growing market was Ireland** (9.1 per cent) **and the slowest Finland** (4.9 per cent). German exports to France grew at 6.8 per cent Table 2
- The share of all German exports taken by the "World outside the EU 15" **rose from 43 per cent in 1999 to 45 per cent in 2002** Table 3
- The share of all German exports taken by the "World outside the Eurozone" **rose from 56 per cent in 1999 to 59 per cent in 2002** Table 3

**Table 1:
Germany's Top 5 Markets
for Exports in 2002**

"Exports" are defined as Exports of Goods & Services plus Receipts of Income

Rank	Country	Share %
1	USA	11.7
2	France	9.9
3	UK	9.7
4	Italy	6.8
5	Belg/Lux	6.2
	Top 5 combined	44.3
	Rest of World	55.7
	World	100.0
Of which:	Eurozone	41.3
	Ex-Eurozone	58.7

**Table 2: Geographical Breakdown of German Exports:
Value Growth Rates between 1999 & 2002**

"Exports" are defined as Exports of Goods & Services plus Receipts of Income. "Growth Rate" is the Annual Average Compound Rate of Growth 1999 - 2002

Country/Region of Destination	Growth Rate %	Country/Region of Destination	Growth Rate %
		UK	12.8
France	6.8	Sweden	4.6
Italy	8.1	Denmark	8.9
Belg/Lux	7.3	"Outs"	11.0
Netherlands	5.0	EU 15	7.8
Austria	5.5	USA	11.5
Spain	8.4	Switzerland	6.7
Portugal	7.5	Japan	4.5
Finland	4.9	Norway	2.2
Ireland	9.1	Rest of World	12.0
Greece	4.6	World excl. EU 15	10.7
		World	9.1
Eurozone	6.8	World outside Eurozone	10.8

**Table 3: Geographical Breakdown of German Exports: 1999 & 2002 compared
Euros Billion**

Country/Region of Destination	1999				2002				% of Total
	Goods	Services	Income	Total	Goods	Services	Income	Total	
France	58	6	6	71	70	9	7	86	9.9
Italy	38	4	4	47	47	5	7	59	6.8
Belg/Lux	29	3	12	44	34	5	16	54	6.2
Netherlands	34	6	6	46	39	6	8	53	6.1
Austria	28	3	3	34	33	4	3	40	4.6
Spain	23	3	3	28	29	3	3	36	4.1
Portugal	6	1	1	7	7	1	2	9	1.1
Finland	6	1	1	7	7	1	1	8	0.9
Ireland	3	1	2	6	4	2	2	8	0.9
Greece	4	1	1	6	5	-	1	6	0.7
Eurozone	229	30	38	296	276	35	50	360	41.3
UK	43	8	9	59	55	14	16	85	9.7
Sweden	12	2	1	15	13	2	1	17	1.9
Denmark	9	2	1	12	11	3	1	15	1.7
"Outs"	63	11	11	85	80	18	19	117	13.4
EU 15	292	41	49	381	356	53	68	477	54.7
USA	51	14	9	74	65	23	15	102	11.7
Switzerland	23	5	4	32	28	7	5	39	4.5
Japan	10	3	1	14	12	3	1	16	1.8
Norway	4	1	1	6	5	1	1	6	0.7
Rest of World	130	17	18	165	185	25	19	232	26.6
World excl. EU 15	218	40	33	291	295	59	41	395	45.3
World	510	81	82	672	651	112	109	872	100.0
World excl. Eurozone	281	51	44	376	375	77	59	512	58.7

Source: Deutsche Bundesbank: Balance of Payments Statistics 2003: Statistical Supplement to the Monthly Report 3: www.bundesbank.de

Due to rounding, rows & columns may not sum

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