

The World's Nine Leading Trading Nations in 2004

by Ian Milne

In 2004, the latest year for which comparable data is available, the UK was still the third-biggest trading nation in the world.

Only the USA & Germany traded more worldwide than the UK.

Japan was in fourth position.

- Measured by all credits (exports) on current account, the UK in 2004 was the third-biggest exporter in the world *Table 1*
- Measured by all debits (imports) on current account, the UK in 2004 was the third-biggest importer in the world *Table 2*
- Compared with the other eight leading trading nations, the structure of UK trade is weighted towards “Services” & “Income” & away from “Goods” (See Note B below on the make-up of UK Income) *Tables 1 & 2*
- Were mainland China & Hong Kong to be counted as a single trading entity, it could well have been the third-biggest in the world in 2004 *Tables 1, 2 & 3*

- In terms of Exports per Capita, Germany, the UK & Canada are similar. (See Note B below on the Netherlands) *Table 4*
- France & Italy, on the Exports per Capita measure, are significantly less “export-intensive” than the UK *Table 4*
- The “export-intensities” of the USA & Japan, measured by Exports per Capita, are approximately a third of those of the UK, Germany & Canada *Table 4*

- The USA tops both the GDP & GDP per Capita rankings *Table 5*
- The North American & European economies exhibit similar levels of GDP per Capita *Table 5*

- Between 1998 & 2004, world exports grew at an average annual compound rate of 8.3% *Table 6*
- Over that period Chinese & German export growth rates were higher than the world average, suggesting that both countries gained world market share *Table 6*
- The remaining seven leading trading nations appear to have lost market share over that period *Table 6*

- Another way of looking at “export-intensity” is by Exports/GDP. Excluding the special case of the Netherlands (Note B below), Germany, the UK & Canada have similar Exports/GDP ratios (as they do on the Exports per Capita measure), significantly above those of France & Italy *Table 7*

- The USA had the biggest deficit on current account in 2004, in absolute terms & as a percentage of GDP *Table 8*
- Of the other eight leading trading nations, the UK, Italy & France were in deficit on current account *Table 8*
- Germany, Japan & China ran substantial surpluses on current account in absolute terms & as a percentage of GDP. The Netherlands & Canada ran small-ish surpluses in absolute terms but quite high ones as percentages of GDP *Table 8*

| Table 1: \$ US bn: Exports (“credits on current account”): 2004¹ | | | | | | | |
|--|----------------|--------------|--------------|--------------|-----------------|---------------|------------------|
| Rank | Country | Total | % | Goods | Services | Income | Transfers |
| 1 | USA | 1549 | <i>11.4</i> | 811 | 340 | 380 | 18 |
| 2 | Germany | 1203 | <i>8.8</i> | 909 | 142 | 133 | 19 |
| 3 | UK | 809 | <i>5.9</i> | 349 | 181 | 256 | 23 |
| 4 | Japan | 757 | <i>5.6</i> | 539 | 98 | 113 | 7 |
| 5 | China excl. HK | 700 | <i>5.1</i> | 593 | 62 | 21 | 24 |
| 6 | France | 670 | <i>4.9</i> | 421 | 110 | 113 | 26 |
| 7 | Italy | 511 | <i>3.8</i> | 352 | 84 | 53 | 22 |
| 8 | Netherlands | 450 | <i>3.3</i> | 304 | 73 | 66 | 7 |
| 9 | Canada | 414 | <i>3.0</i> | 330 | 48 | 30 | 6 |
| | Rest of world | 6541 | <i>48.0</i> | 4435 | 1097 | 582 | 427 |
| | World | 13604 | <i>100.0</i> | 9043 | 2235 | 1747 | 579 |
| | | <i>100%</i> | | <i>66%</i> | <i>16%</i> | <i>13%</i> | <i>4%</i> |

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| Table 2: \$ US bn: Imports (“debits on current account”): 2004¹ | | | | | | | |
|---|----------------|--------------|--------------|--------------|-----------------|---------------|------------------|
| Rank | Country | Total | % | Goods | Services | Income | Transfers |
| 1 | USA | 2217 | <i>16.3</i> | 1473 | 296 | 349 | 99 |
| 2 | Germany | 1100 | <i>8.1</i> | 719 | 193 | 133 | 55 |
| 3 | UK | 852 | <i>6.3</i> | 457 | 144 | 208 | 43 |
| 4 | France | 676 | <i>5.0</i> | 429 | 98 | 101 | 48 |
| 5 | China excl. HK | 631 | <i>4.6</i> | 534 | 72 | 24 | 1 |
| 6 | Japan | 586 | <i>4.3</i> | 407 | 136 | 28 | 15 |
| 7 | Italy | 525 | <i>3.9</i> | 341 | 82 | 71 | 31 |
| 8 | Netherlands | 427 | <i>3.1</i> | 273 | 71 | 67 | 16 |
| 9 | Canada | 390 | <i>2.9</i> | 279 | 57 | 49 | 5 |
| | Rest of world | 6226 | <i>45.7</i> | 4078 | 1073 | 785 | 290 |
| | World | 13630 | <i>100.0</i> | 8990 | 2222 | 1815 | 603 |
| | | <i>100%</i> | | <i>66%</i> | <i>16%</i> | <i>13%</i> | <i>4%</i> |

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| Table 3: Hong Kong: \$ US bn: 2004¹ | | | | | |
|---|--------------|--------------|-----------------|---------------|------------------|
| | Total | Goods | Services | Income | Transfers |
| Exports | 365 | 260 | 54 | 50 | 1 |
| Imports | 350 | 270 | 30 | 47 | 3 |

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| Table 4: The World's Nine Leading Trading Nations Ranked by Exports per Capita in 2004 | | | |
|---|----------------|--|----------------------|
| Rank | Country | Exports per Capita¹ \$ US '000 | Index UK =100 |
| 1 | Netherlands | 28.1 | 208 |
| 2 | Germany | 14.5 | 107 |
| 3 | UK | 13.5 | 100 |
| 4 | Canada | 12.9 | 96 |
| 5 | France | 11.2 | 83 |
| 6 | Italy | 8.8 | 65 |
| 7 | Japan | 5.9 | 44 |
| 8 | USA | 5.3 | 39 |
| 9 | China excl. HK | 0.5 | 4 |
| | Rest of World | 1.5 | 7 |
| | World | 2.1 | 16 |
| <i>1 All Credits on Current Account (Goods, Services, Income, Transfers)</i> | | | |
| <i>Source: Calculated from data in Tables 1 & 5</i> | | | |

| Table 5: The World's Nine Leading Trading Nations Ranked by GDP* in 2004 | | | | |
|---|-----------------|-------------------------|----------------------|----------------------------------|
| Rank | Country | GDP \$ US bn | Population mn | GDP/capita \$ US '000 |
| 1 | USA | 11,712 | 294 | 40 |
| 2 | Japan | 4,623 | 128 | 36 |
| 3 | Germany | 2,741 | 83 | 33 |
| 4 | UK | 2,124 | 60 | 35 |
| 5 | France | 2,047 | 60 | 34 |
| 6 | China excl. HK | 1,932 | 1,296 | 1 |
| 7 | Italy | 1,678 | 58 | 29 |
| 8 | Canada | 978 | 32 | 31 |
| 9 | Netherlands | 579 | 16 | 36 |
| | Rest of World | 12,876 | 4338 | 3 |
| | World | 41,290 | 6365 | 6 |
| | <i>eurozone</i> | <i>9,501</i> | <i>309</i> | <i>31</i> |
| <i>*GDP @ current prices (not at Purchasing Power Parity)</i> | | | | |
| <i>Source: World Bank, World Development Indicators Database, April 2005</i> | | | | |
| www.worldbank.org | | | | |

| Table 6: The World's Nine Leading Trading Nations: Growth¹ in Exports² 1998 - 2004 | |
|---|-------------|
| China excl. HK | 21.5% |
| Germany | 8.8% |
| <i>World</i> | 8.3% |
| Netherlands | 7.9% |
| Canada | 6.7% |
| France | 5.9% |
| UK | 5.9% |
| Japan | 5.7% |
| Italy | 5.3% |
| USA | 4.3% |
| <i>1. Annual average compound rate of growth 1998 - 2004</i> | |
| <i>2. Growth in All Credits on Current Account: Goods, Services, Income, Transfers</i> | |
| <i>Source: IMF Balance of Payments Statistics Yearbook 2005, www.imf.org</i> | |

| Table 7: The World's Nine Leading Trading Nations Ranked by Exports¹ as a Proportion of GDP in 2004 | | |
|---|----------------|--------------------------------|
| Rank | Country | Exports¹/GDP |
| 1 | Netherlands | 78% |
| 2 | Germany | 44% |
| 3 | Canada | 42% |
| 4 | UK | 38% |
| 5 | China excl. HK | 36% |
| 6 | France | 33% |
| 7 | Italy | 30% |
| 8 | Japan | 16% |
| 9 | USA | 13% |
| | Rest of World | 51% |
| | World | 33% |
| <i>1 All Exports (Goods, Services, Income, Transfers) divided by GDP</i> | | |
| <i>Source: calculated from data in Tables 1 & 5</i> | | |

| Table 8: The World's Nine Leading Trading Nations: Surpluses & Deficits on Current Account: 2004 | | | |
|---|---|-------------------------|--|
| Country | Surplus/(Deficit) \$ US bn¹ | GDP \$ US bn | Surplus/(Deficit) as % of GDP |
| USA | (668) | 11,712 | (5.7%) |
| Germany | + 104 | 2,741 | + 3.8% |
| UK | (42) | 2,124 | (2.0%) |
| Japan | + 172 | 4,623 | + 3.7% |
| China excl. HK | + 69 | 1,932 | + 3.6% |
| France | (5) | 2,047 | - |
| Italy | (15) | 1,678 | (1.0%) |
| Netherlands | + 23 | 579 | + 4.0% |
| Canada | + 22 | 978 | + 2.2% |

1 Source: IMF Balance of Payments Statistics Yearbook 2005, www.imf.org

Note A:

The export & import data for the Netherlands are subject to two separate statistical distortions. The Rotterdam-Antwerp Effect arises from the entrepôt trade of Rotterdam, where merchandise & services in transit to & from third countries are recorded as going to or originating in the Netherlands. (See Global Britain Briefing Note No 32, www.globalbritain.org). The separate Netherlands Distortion affects flows of Income, routed through Dutch holding companies for tax reasons. (See also Appendix IV & Appendix V, A Cost Too Far? by Ian Milne, Civitas 2004).

Note B:

Receipts of Income make up almost a third of all UK credits on current account, a higher proportion than for all the other eight leading trading nations. According to Table 4.1: Income Summary Table, on page 60 of UK Balance of Payments, The Pink Book 2005, ONS, www.statistics.gov.uk, UK earnings on direct overseas investment accounted for 44% of total UK Income; the activities of "the City", broadly speaking, for the remaining 56% (27% for portfolio investment, 29% from banking).

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