

Global Britain Briefing Note

Contracting EU Market for British Exporters

The European Commission's latest demographic projections¹ go out to 2060.

They suggest that, for UK exporters, the rest of the EU will be a sharply-contracting market, with shrinkage comparable to "losing" the whole of Germany.

The USA, in contrast, will be an expanding market.

- A good proxy for the productive potential of the population is **"WAP" – working-age population** – defined (by Eurostat and the UN) as those aged 15 to 64: the part of the whole population whose work and incomes provide for children at one end of the spectrum and for old-age pensioners at the other. This section of the population accounts for the bulk of an economy's consumer spending. In developed countries the association between changes in GDP and WAP is quite strong; less so in developing and poor countries. Projections of WAP (by Eurostat in 2008 and by the United Nations in 2006) are useful "broad-brush" predictors of where export growth is likely to come from after 2015.
- Over the next 52 years, for British exporters, **the rest of the EU will be a rapidly-contracting market**, EU-26 WAP shrinking from 293 million in 2008 to 238 million in 2060: a loss of 54 million (which happens to be almost exactly the 2008 WAP of Germany, Europe's biggest & the world's third-biggest economy). *Tables 1 & 2*
- Over the next 52 years, EU-27 loses, net, 50 million in WAP, not far off the equivalent of the whole 2008 WAP of Germany (54 million). *Tables 1 & 2*
- Over the period 2008 – 2060 the USA will gain approximately as much in WAP (plus 48 million by 2050 according to the United Nations³) as EU-27 loses (minus 50 million by 2060 according to Eurostat¹). The "swing" in WAP between EU-27 and the USA by mid-century will be 98 million (48 million gained by the USA plus 50 million lost by EU-27 equals 98 million). *Table 1 & Global Britain Briefing Note No 47*
- By 2060 the UK will be the most populous country in EU-27, ahead of France & Germany. The number of old-age pensioners in the UK will almost double between 2008 and 2060. *Tables 3 & 4*

Table 1: EU-27 Working-Age (15-64) Population, millions¹

Country	2008	2060	Difference
UK	40.7	45.0	+ 4.3
EU-26	292.5	238.3	(54.2)
EU-27	333.2	283.3	(49.9)

Table 2: EU-27 Working-Age (15-64) Population, millions¹

Country	2008	2060	Difference
UK	40.7	45.0	+ 4.3
France ²	40.3	41.2	+ 0.9
Germany	54.4	38.9	(15.5)
Italy	39.2	32.7	(6.5)
Other EU	158.6	125.5	(33.1)
EU-27	333.2	283.3	(49.9)

Table 3: EU-27 Total Population, millions¹

Country	2008	2060	Difference
UK	61.3	76.7	+ 15.4
France ²	61.9	71.8	+ 9.9
Germany	82.2	70.8	(11.4)
Italy	59.5	59.4	(0.1)
Other EU	230.5	227.0	(3.5)
EU-27	495.4	505.7	10.3

Table 4: EU-27 Old-Age (65+) Pensioners, millions

Country	2008	2060	Difference	
			millions	percentage
Germany	16.5	23.0	+ 6.5	+ 39 %
UK	9.9	19.0	+ 9.1	+ 92 %
Other EU	58.2	109.5	51.3	+ 88 %
EU-27	84.6	151.5	66.9	+ 79 %

Notes & References

1 www.epp.eurostat.ec.europa.eu > Themes > Population & social conditions > “Ageing characterises the demographic perspectives of the European societies”, Eurostat paper 72/2008, 26th August 2008.

2 Metropolitan France only, excluding French overseas territories

3 See Global Britain Briefing Note No 47, *The EU’s Demographic Anaemia*, 23rd November 2007, which is based on the United Nations 2006 projections.

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