

Global Britain Briefing Note

No 109

2nd November 2015

Failing EU handicaps UK exports

UK Export Growth to the EU & Outside the EU between 2004 & 2014

The 2015 Pink Book: UK Balance of Payments in 2014

Table 1: Value of UK Worldwide Exports ¹ £ bn						
Year	Col. 1: UK exports ¹ to EU	Index	Col. 2: UK exports ¹ to RoW ²	Index	Col 3: UK exports ¹ to World	Index
2004	225		239		464	
2005	262		292		554	
2006	324		340		664	
2007	332		374		706	
2008	353	100	380	100	733	100
2009	275	78	320	84	595	81
2010	289	82	349	92	638	87
2011	323	92	393	103	716	98
2012	291	82	401	106	692	94
2013	297	84	395	104	692	94
2014	289	82	390	103	679	93

1 Exports of Goods, Services, Income, Transfers.

2 "RoW" means "Rest of World": i.e. the World outside the EU

Source: ONS "PinkBook2015detailedGeographicalData.pdf": 31st October 2015

Pre-2008: Global “Good Times”

- In the four years before the “Great Recession” of 2008, UK exports (of Goods, Services, Income & Transfers) to both the EU and the Rest of the World grew rapidly.
- Exports to the “RoW” - to the Rest of the World outside the EU - (Col. 2 in Table 1) increased in value by 63 % between 2004 and 2007, from £ 239 bn in 2004 to £ 374 bn in 2007. During the same period, exports to the EU itself (Col 1 in the Table) grew at a slower rate, by 48%. Exports to the World, EU plus non-EU, (Col 3) grew by 52% (£ 464 bn to £ 706 bn).
- In 2008 itself, UK exports still grew, both to the EU and the RoW, but only slightly. That year, 2008, can be regarded as far as UK exports are concerned as the last year of the “good times”.

Post-2008: Recession in EU markets, revival in Rest of World

- In the following year, 2009, the value of UK exports to both the EU and to the RoW declined compared with 2008.
- But in 2010, only a year later, the growth in value of UK exports to the RoW (Col 2) resumed. From 2011 onwards, their value has exceeded that of 2008, the last year of the “good times”, peaking in 2012 at £ 401 bn, then declining to £ 390 bn in 2014.
- In contrast, in 2014, the value of UK exports to the EU (Col 1) had still not recovered its 2008 level. In fact, the value of UK exports to the EU in 2014, of £ 289 bn, was slightly less in terms of value than almost a decade earlier, in 2005/2006. (The average of 2005 & 2006 export values to the EU was £ 293 bn.)

- In 2014 the value of UK exports to the EU was 18% **lower** than in 2008.
- In contrast, indexed on 2008, UK exports to RoW in 2014 were greater by 3 %. Overall, UK worldwide exports in 2014 were still 7% in value below their 2008 level, due to the decline in demand for UK exports from the EU.
- Consequently, in 2014, the value of UK exports **worldwide** (to both the EU and the RoW) was still below its 2008 “Great Recession” level.
- Based on the official ONS figures, the share of UK exports going to the EU as a proportion of UK exports to the whole world shrank from **48.5 % in 2004** (£ 225 bn divided by £ 464 bn) to **42.6 % in 2014** (£ 289 bn divided by £ 679 bn).
- In 2014, based on the official data reproduced in the table, 57% of UK worldwide exports went to the RoW. Such official data does not take account of the Rotterdam-Antwerp Effect or the Netherlands Distortion (see below). Once account is taken of those two separate statistical distortions, which are recognised by the ONS and its sister bodies overseas, the “real” proportion of UK worldwide exports going to the RoW is probably at least 60%, and the “real” proportion going to the EU at most 40%.
- **That means that UK exports outside the EU (RoW) are already 50% greater than UK exports to the EU. If this long-run trend continues, which seems likely, significantly less than 40% of UK exports will be going outside the EU.**

Source: *The Pink Book 2015*, 30th October 2015, www.statistics.gov.uk > *Economy* > *Balance of Payments* > *The Pink Book 2015* > “*PinkBook2015detailedGeographicalData.pdf*”, from which the statistical data summarised in this Briefing Note is extracted.

Global Britain

Ewen Stewart

Director

Brian Monteith

Director of Communications

Jonathan Gillen

Treasurer

Ian Milne

Chairman

www.globalbritain.co.uk

Global Britain Briefing Note No 109: Failing EU handicaps UK exports

16th November 2015