



BRIEFING PAPER

Number 7851, 6 January 2017

Statistics on UK-EU trade

By Dominic Webb

Contents:

1. Overview
2. Trade in goods
3. Trade in services
4. Trade between EU & Scotland, Wales, Northern Ireland & English regions
5. Tariffs
6. Appendix 1: The Rotterdam effect
7. Appendix 2: UK trade with EU and non-EU countries 1999-2015



Contents

Summary	3
1. Overview	4
2. Trade in goods	6
3. Trade in services	8
4. Trade between EU & Scotland, Wales, Northern Ireland & English regions	9
5. Tariffs	11
6. Appendix 1: The Rotterdam effect	12
7. Appendix 2: UK trade with EU and non-EU countries 1999-2015	14

Summary

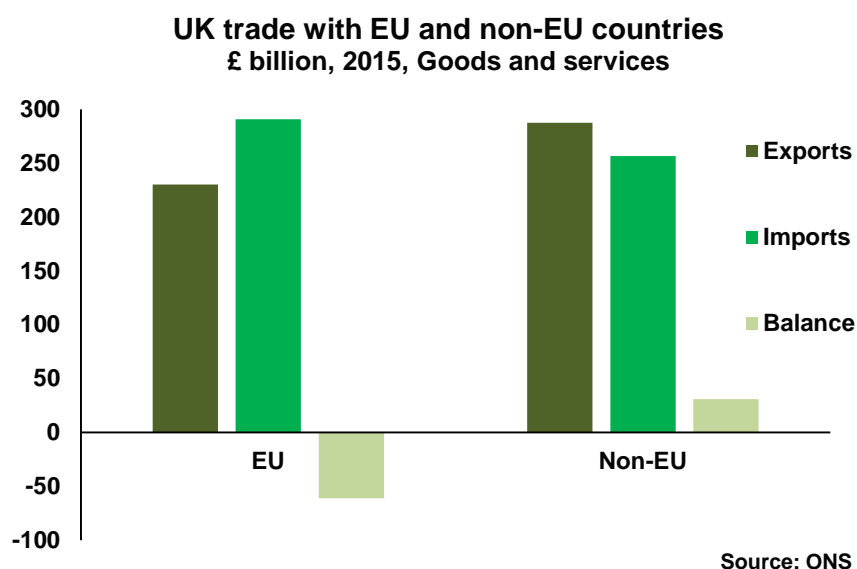
This note provides basic figures on UK trade with the EU.

Main points:

- The EU, taken as a whole is the UK's largest trading partner. In 2015, UK exports to the EU were £230 billion (44% of all UK exports). UK imports from the EU were £291 billion (53% of all UK imports).
- The share of UK exports accounted for by the EU has fallen over time from 54% in 2006 to 44% in 2015. The share of UK imports accounted for by the EU fell from 58% in 2002 to 50% in 2011 before increasing to 53% in 2015.
- The UK has an overall trade deficit of £61 billion with the EU in 2015. A surplus of £28 billion on trade in services was outweighed by a deficit of £89 billion on trade in goods.
- The UK had a trade surplus of £31 billion with non-EU countries. A surplus of £62 billion on trade in services outweighed a deficit of £31 billion on trade in goods.
- Services accounted for 42% of the UK's exports to the EU in 2015. Financial services and other business services are important categories of services exports to the EU.
- Wales had the highest percentage of goods exports going to the EU of all the countries and regions in the UK in 2015. Northern Ireland had the highest proportion of goods imports from the EU.
- EU tariffs are generally low but are high on some goods, especially agricultural products.

1. Overview

In 2015, the UK exported £230 billion of goods and services to other EU member states. This is equivalent to 44.5% of total UK exports. Goods and services imports from the EU were worth £291 billion (53.1% of the total) in 2015. The UK had a trade deficit of £61 billion with the EU in 2015 but a surplus of £31 billion with non-EU countries.¹



UK trade with EU and non-EU countries 2015
Goods and services

	Exports		Imports		Balance
	£ billion	%	£ billion	%	£ billion
EU	230	44%	291	53%	-61
Non-EU	287	56%	257	47%	31
Total	517	100%	547	100%	-30

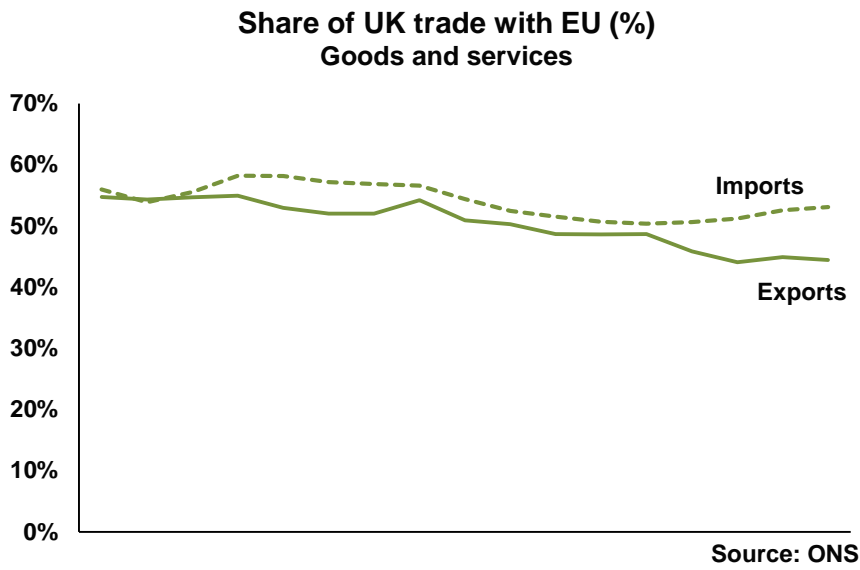
Source: ONS Balance of Payments Stat Bulletin, 23 Dec 2016, Tables B & C

The share of UK exports going to the EU has declined gradually over recent years. In 2006, the EU accounted for 54% of UK exports. By 2015, this had fallen to 44%. The picture on imports is slightly less clear. In 2002, 58% of UK imports were from the EU. By 2011, this had fallen to 50% but has increased slightly to 53% in 2015. The Appendix at the end of this note shows a time series of data on UK trade with the EU.²

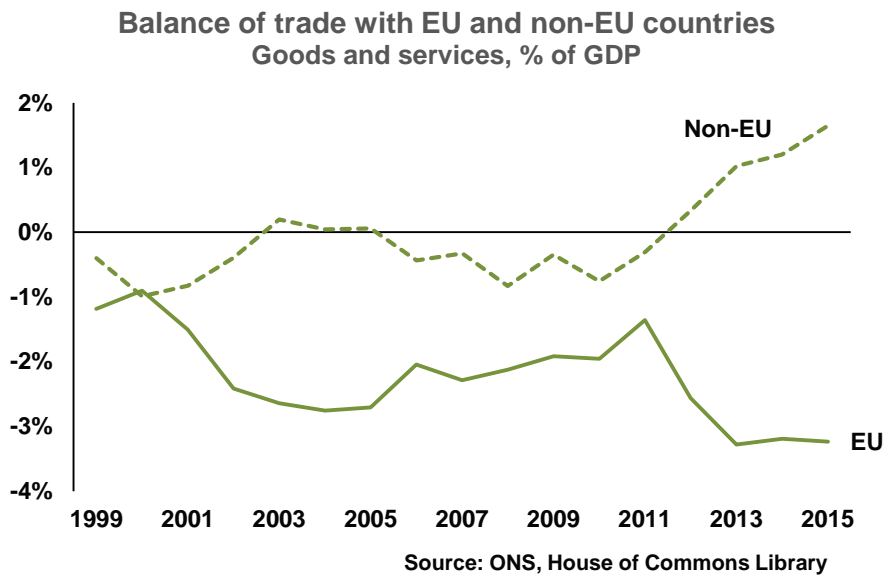
These figures take no account of the Rotterdam effect – the argument that trade with the EU is overstated as some trade recorded with the Netherlands may ultimately be with non-EU countries. This is discussed in Appendix 1 at the end of this note.

¹ ONS Statistical Bulletin, [Balance of Payments: July to Sept 2016](#), 23 December 2016, Tables B and C

² The figures are for trade with the EU as it is now (ie 27 countries, plus the UK) for all years from 1999.



The UK has had a trade deficit with the EU in every year since 1999. By contrast, the UK has had a surplus with non-EU countries since 2012.



2. Trade in goods

Total trade can be divided between trade in goods and trade in services. 58% of the UK's exports to the EU were goods in 2015 with services accounting for 42% of exports. Goods accounted for over 75% of UK imports from the EU.

The UK exported £134 billion of goods to the EU in 2015. The EU accounted for 47% of all UK exports of goods. UK imports of goods from the EU were £223 billion (55% of all UK goods imports). The UK had a deficit on trade in goods with both EU and non-EU countries.



HMRC publishes data on goods trade with the EU, broken down into 99 product categories. The top 10 categories of goods exports to the EU and imports from the EU are shown in the two tables below.

UK exports of goods to EU: top 10 products

£ billion, Jan-Oct 2016

Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	14.7
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	13.4
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	10.8
Pharmaceutical products	9.4
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	8.2
Aircraft, spacecraft, and parts thereof	6.0
Plastics and plastic products	4.7
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	4.2
Organic chemicals	3.3
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	2.3

Source: HMRC uktradeinfo

UK imports of goods from EU: top 10 products

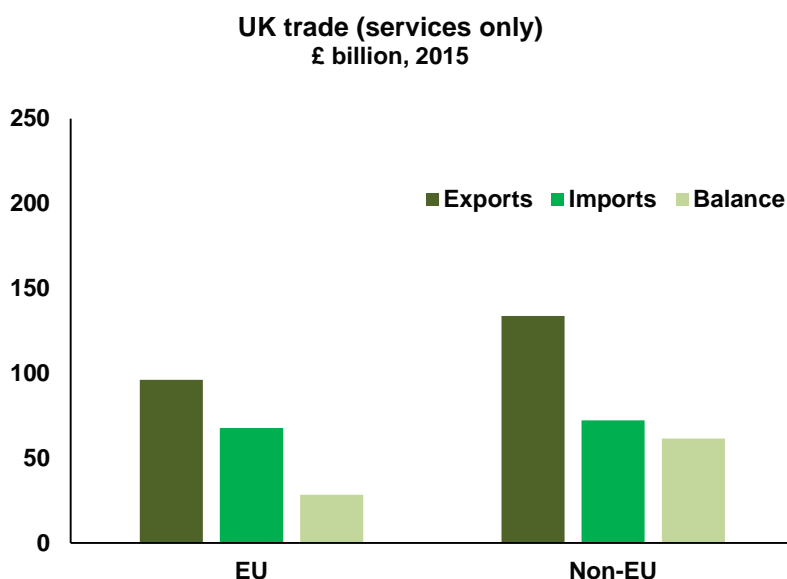
£ billion, Jan-Oct 2016

Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	39.2
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	22.8
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	17.0
Pharmaceutical products	14.7
Plastics and plastic products	7.3
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	5.8
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	5.7
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	3.7
Organic chemicals	3.7
<u>Beverages, spirits and vinegar</u>	<u>3.6</u>

Source: HMRC uktradeinfo

3. Trade in services

The UK exported £96 billion of services to the EU in 2015. Services accounted for 42% of the UK's exports to the EU. The EU accounted for 42% of all UK exports of services with 58% going to non-EU markets. UK imports of services from the EU were £68 billion (48% of all UK services imports). The UK had a surplus on trade in services with both EU and non-EU countries.



The table below shows a breakdown of UK trade in services with the EU. The financial sector and other business services accounted for around 50% of all UK service exports to the EU.³

UK trade in services with the EU, 2015

	Exports to EU		Imports from EU	
	£ billion	% of total	£ billion	% of total
Transportation	11.1	12.5%	12.2	17.9%
Travel	14.0	15.8%	25.5	37.5%
Construction	0.8	0.8%	0.9	1.3%
Insurance and pension	3.6	4.1%
Financial	22.4	25.2%	3.3	4.8%
Intellectual property	4.0	4.5%	2.2	3.2%
Telecoms, computer and information services	6.9	7.7%	5.2	7.7%
Other business services	22.8	25.7%	16.7	24.6%
Personal, cultural and recreational	0.6	0.7%	0.4	0.5%
Government	0.7	0.7%	1.1	1.6%
Total	88.9	100.0%	68.0	100.0%

Source: ONS Pink Book 2016, Table 9.11

³ The figure for total services trade in the table differs from the figures given earlier in this section. The figures in the table are from the 2016 Pink Book. The other figures, from the ONS quarterly balance of payments release, are more up to date but do not provide a breakdown by type of service.

4. Trade between EU & Scotland, Wales, Northern Ireland & English regions

HMRC publish data on trade with the EU for Scotland, Wales, Northern Ireland and the English regions. These figures are for trade in goods only – they do not include services.

Two thirds of exports of goods from Wales go to the EU. This is the highest proportion of any country or region in the UK. The North East and Northern Ireland also have relatively high shares of exports to the EU.

UK goods exports by region

£ billion, 2015

	EU	Total	% EU
North East	6.3	10.9	58%
North West	11.9	27.1	44%
Yorkshire and The Humber	7.3	14.1	52%
East Midlands	7.6	15.3	50%
West Midlands	11.4	24.6	46%
East	12.5	24.0	52%
London	14.0	33.7	42%
South East	18.2	37.8	48%
South West	8.3	20.9	40%
England	97.6	208.5	47%
Wales	7.7	11.6	67%
Scotland	13.1	25.5	51%
Northern Ireland	3.9	7.0	56%
Unallocated - Known	11.0	16.4	67%
Unallocated - Unknown	0.0	6.4	0%
UK	133.4	275.4	48%

Source: HMRC uktradeinfo

Northern Ireland has the highest share of goods imports coming from the EU (73%). The North East, West Midlands and East regions also have relatively high levels of imports from the EU.

UK goods imports by country and region

£ billion, 2015

	EU	Total	% EU
North East	6.9	11.0	63%
North West	18.5	32.8	56%
Yorkshire and The Humber	13.0	25.8	50%
East Midlands	11.1	19.9	56%
West Midlands	17.6	28.9	61%
East	23.0	37.2	62%
London	28.9	63.1	46%
South East	50.2	76.5	66%
South West	10.3	23.6	44%
England	179.7	318.9	56%
Wales	6.2	12.8	48%
Scotland	8.2	21.4	38%
Northern Ireland	6.8	9.3	73%
Unallocated - Known	17.2	26.1	66%
Unallocated - Unknown	0.2	6.2	3%
UK	218.2	394.5	55%

Source: HMRC uktradeinfo

5. Tariffs

While the UK is a member of the EU, there are no tariffs on trade with other EU member states. Goods imported into the EU from non-EU countries pay the EU's common external tariff, unless there is a preferential trade agreement.

The tariff rate differs between different goods. While on average EU tariffs are low, they are high for some products, especially agricultural products. The trade-weighted average EU tariff for non-agricultural products was 2.3% in 2014 and 8.5% for agricultural products.⁴ The table below gives a breakdown by type of product.

Average EU tariff by product type (%)	
Animal products	15.0
Dairy products	33.5
Fruit, vegetables and plants	10.3
Coffee, tea	6.0
Cereals and preparations	12.4
Oilseeds, fats and oils	6.0
Sugars and confectionery	20.2
Beverages and tobacco	19.4
Cotton	0.0
Other agricultural products	3.2
Fish and fish products	12.0
Minerals and metals	2.0
Petroleum	2.5
Chemicals	4.5
Wood, paper etc	0.9
Textiles	6.5
Clothing	11.4
Leather, footwear etc	4.1
Non-electrical machinery	1.9
Electrical machinery	2.8
Transport equipment	4.3
Other manufactures	2.6

Source: WTO World Tariff Profiles 2016, p81

⁴ WTO, World Tariff Profiles 2016, p81

6. Appendix 1: The Rotterdam effect

It has been claimed that the importance of the UK's trade with the EU is exaggerated by "the Rotterdam effect". This refers to the fact that the UK does a large amount of trade with the Netherlands.⁵ It has been argued that some of this trade may ultimately be with countries outside the EU, for example if UK goods are shipped to China via Rotterdam. If this is the case, and some of the goods bound eventually for China are recorded as exports to the Netherlands, the volume of UK trade with the EU will be overstated. However, if trade with the Netherlands is ultimately with another EU member state, the volume of trade with the EU will not be affected. An article published by the ONS explains the Rotterdam effect as follows:

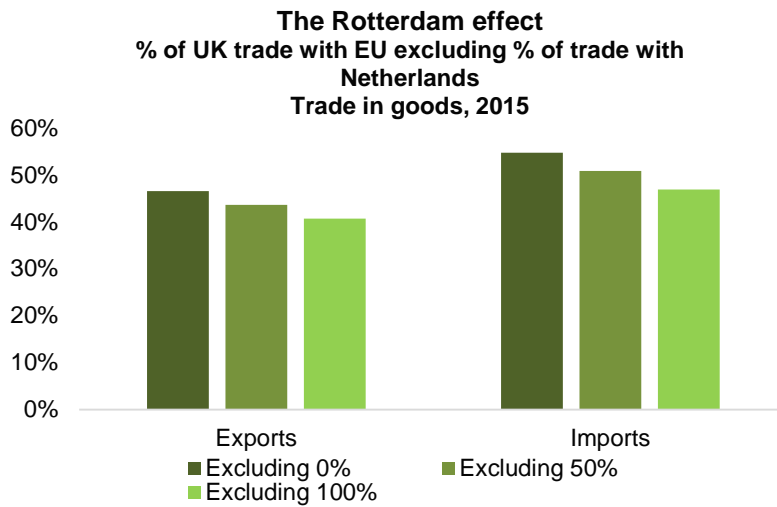
The Rotterdam effect is the theory that trade in goods with the Netherlands is artificially inflated by those goods dispatched from or arriving in Rotterdam despite the ultimate destination or country of origin being located elsewhere.

Some commentators feel that the Rotterdam effect distorts the UK's trade relationship with EU and non-EU countries. For example, oil exported from Saudi Arabia to Rotterdam and re-exported to the UK (possibly without processing) may be counted as an EU import rather than a non-EU import. Conversely, a product exported by the UK to Rotterdam and subsequently transited to a non-EU country may be counted as an export to the EU rather than the rest of the world.⁶

The ONS has said that the scale of this effect is unknown. It published 2013 estimates assuming that either 50% or 100% of recorded UK trade in goods with the Netherlands should be excluded from the EU total. The chart below updates this using 2015 data.

⁵ ONS, [UK Trade](#), 9 December 2016, Tables and 2 and 11. In 2015, UK exports of goods to the Netherlands were worth £17.0 billion, 13% of total exports of goods to the EU, and more than the UK exported to Ireland, Italy or Spain

⁶ ONS, [UK Trade in goods estimates and the Rotterdam effect](#), 6 February 2015



This shows that if all goods trade with the Netherlands is counted as EU trade, then 46.6% of UK exports went to the EU and 54.7% of imports came from the EU in 2015. If, to take an extreme assumption, all trade with the Netherlands is excluded from the EU total, these figures fall to 40.7% for exports and 46.9% for imports. If 50% of trade with the Netherlands is excluded, the figures are 43.6% for exports and 50.8% for imports. This 50% assumption is described by ONS as “perhaps a more realistic assumption” but also “perhaps towards the top end of the range”.

7. Appendix 2: UK trade with EU and non-EU countries 1999-2015

Trade with the EU

Goods and services

	Exports		Imports		Balance
	£ billion	% of total	£ billion	% of total	£ billion
1999	132.7	54.7%	144.8	56.0%	-12.1
2000	146.6	54.3%	156.3	53.9%	-9.8
2001	152.1	54.7%	168.9	55.5%	-16.9
2002	153.9	54.9%	182.2	58.2%	-28.3
2003	155.3	53.0%	188.1	58.1%	-32.8
2004	159.4	52.0%	195.3	57.2%	-36.0
2005	177.6	52.0%	214.9	56.9%	-37.3
2006	211.3	54.2%	241.1	56.6%	-29.7
2007	193.8	50.9%	228.8	54.4%	-35.0
2008	211.7	50.3%	244.9	52.4%	-33.2
2009	194.0	48.7%	223.1	51.5%	-29.1
2010	216.1	48.6%	246.9	50.7%	-30.7
2011	241.8	48.7%	263.9	50.4%	-22.1
2012	228.8	45.8%	271.7	50.6%	-42.9
2013	228.2	44.1%	285.2	51.2%	-57.0
2014	229.9	44.9%	288.1	52.6%	-58.1
2015	230.0	44.5%	290.6	53.1%	-60.6

Source: ONS series L84Y, L864, IKBH, IKBI, L86I

Trade with non-EU countries

Goods and services

	Exports		Imports		Balance
	£ billion	% of total	£ billion	% of total	£ billion
1999	109.8	45.3%	113.9	44.0%	-4.1
2000	123.3	45.7%	134.0	46.1%	-10.7
2001	126.0	45.3%	135.2	44.5%	-9.2
2002	126.2	45.1%	130.8	41.8%	-4.6
2003	137.9	47.0%	135.4	41.9%	2.5
2004	146.9	48.0%	146.4	42.8%	0.6
2005	163.8	48.0%	162.9	43.1%	0.8
2006	178.5	45.8%	184.8	43.4%	-6.4
2007	186.8	49.1%	191.8	45.6%	-5.0
2008	209.1	49.7%	222.1	47.6%	-13.0
2009	204.6	51.3%	209.9	48.5%	-5.3
2010	228.2	51.4%	240.1	49.3%	-11.9
2011	255.2	51.3%	260.1	49.6%	-5.0
2012	270.4	54.2%	264.8	49.4%	5.6
2013	289.5	55.9%	271.7	48.8%	17.8
2014	281.7	55.1%	259.8	47.4%	21.9
2015	287.4	55.5%	256.6	46.9%	30.8

Source: ONS series L84Z, L865, IKBH, IKBI, L86J

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcenquiries@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).