PANORAMA OF THE EUROPEAN UNION

2003 EDITION

Panorama of European Union trade

Data 1988–2001

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Introduction

'Globalisation' and 'internationalisation of economies' are terms which are commonly used to emphasise the interdependence of present-day economies and the undeniable and increasing importance of international economic relations. While each of these terms of course covers a very wide range of world economic relations, they also include one of the oldest methods of exchanging things between countries: international trade. The growth in external trade, generally at a faster rate than world production, illustrates the growing interdependence of the world's economies. If, according to the pattern of specialisation which it entails and sometimes assumes, the growth in international trade is of mutual advantage to all of the partners, it is also a source of problems on account of the changes which it brings or induces.

In an open economy, the performance of external trade reflects its strengths and weaknesses. As a result, changes in these largely express alterations in the structure of production and the said economy's competitiveness as compared to its partners. In other words, knowledge and understanding of how external trade works is a means for analysing the relative performance of an economy.

This *Panorama of European Union trade (1988–2001)* deals solely with trade in goods, i.e. agricultural products, energy and manufactured products. It does not cover trade in services, which is covered by other Eurostat publications. The aim of this first issue of the Panorama is to provide people in the Union and economic decision-makers with essential information on the medium- and long-term trends of EU external trade. It uses annual statistics in an effort to highlight the main features and salient trends of the European Union's external trade between 1988 and 2001.

The statistics analysed in this publication are taken mainly from Comext, the Eurostat database dedicated to the results of the external trade of the EU and its Member States. In order to better assess the EU's position in the world market, additional information was drawn from Comtrade, the United Nations database. All the data are taken from national sources, but, as far as EU Member States are concerned, the methodology used is harmonised at Community level.

Chapter 1

The place of the European Union in world trade

EU: accounting for one fifth of world trade

In 2001, the European Union was one of the main players in world trade [1]: approximately one fifth of all imports and exports either arrived in or left the EU. Its only direct competitor was the United States, which also generates a fifth of world trade flows (see Figure 1a). Japan was another major trading power, accounting for about 8 % of all world trade. Together, the European Union, the United States and Japan accounted for about half of world trade in 2001.

Trade flows more than doubled over the last 10 years

The European Union's external trade has more than doubled in value over the last 10 years. As can be seen in Figure 1b, exports rose from

Figure 1a — EU share in world trade, 2001

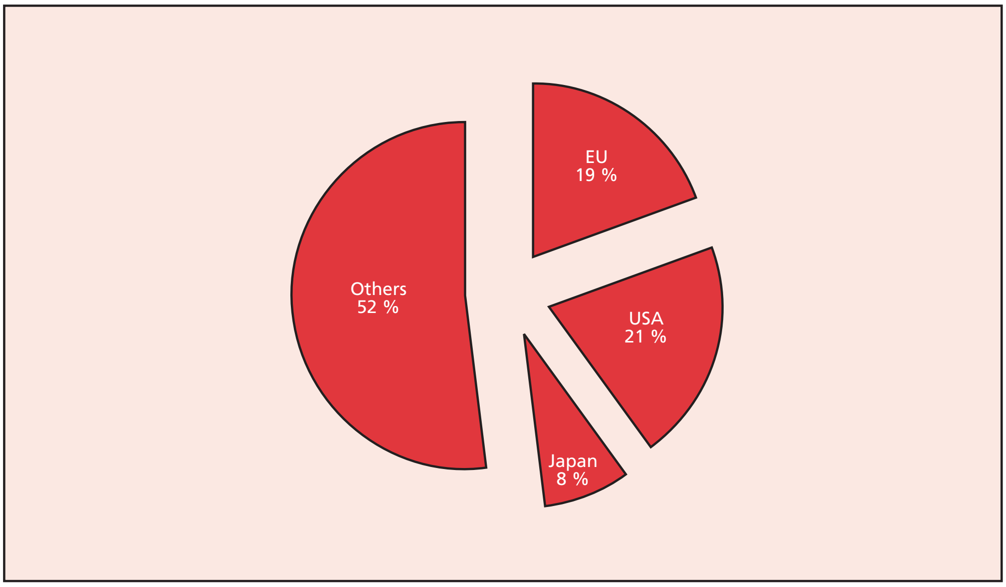
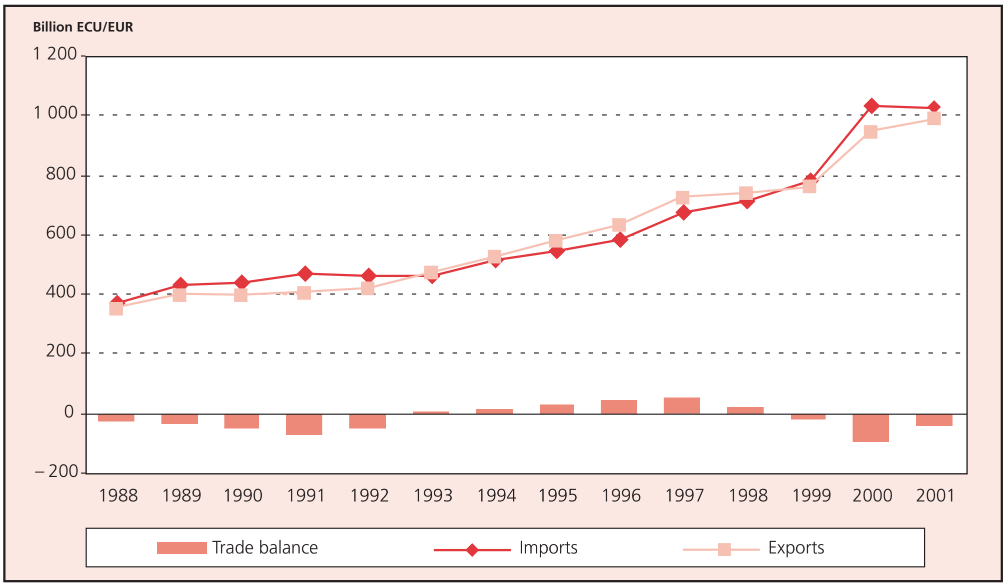


Figure 1b — EU trade, 1988–2001



[1] The EU's international trade in this instance does not include intra-Community trade.

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EUR 350 billion at the start of the period to about EUR 1 000 billion in 2001. Imports and exports developed very similarly. A deficit in the trade balance between 1988 and 1992 gave way to a trade surplus between 1993 and 1998. These cyclical changes in the trade balance reflected a period of slower GDP growth in the Union at the start of the 1990s, with a fall in real GDP in 1993, followed by a revival of growth during the second half of that decade. In 1999, the EU's trade balance was again negative, and in 2000 it dropped to EUR –90 billion, the largest deficit since 1988. Rising European imports then faltered in 2001 while exports continued to grow, with the result that the trade deficit fell to EUR 50 billion.

Volume, value and price trends

Trends in the value of trade are determined by fluctuations in the prices as well as the quantities of goods traded. Assuming quality does not change, a product that becomes cheaper will be easier to sell on the world market, resulting in volumes going up. Inversely, a product which becomes more expensive will be harder to shift on the market, with a resulting decline in volumes.

Figure 2a shows the trend of EU export indices between 1989 and 2001. During this period the prices of exports rose steadily until 1999. In fact, the value trend of EU exports primarily followed the trend in volume terms. This was particularly the case between 1992 and 1997, when the steady rise in prices was accompanied by an increase in the volume of goods sold. It should nevertheless be noted that during the previous period (1989–1991) the slight growth in the value of export flows was essentially the result of prices, since exports in terms of volume were declining during the period.

After peaking in 1997, the growth in the volume of EU exports recorded a sharp slowdown in 1998 and 1999. This coincided with the brutal interruption of economic growth in a number of countries in 1997 and 1998, primarily as a result of the financial crisis in Asia. These problems were aggravated by the Russian financial crisis, which resulted in Russia defaulting on payments in connection with its foreign debt. The EU was more affected by this than other countries, such as the United States.

The three indices went up sharply in 2000, in conjunction with a fall in the exchange rate of the euro against the dollar, which made EU products relatively cheaper — and thus more competitive — on world markets.

The import indices show similar trends, as can be seen in Figure 2b. Even more than exports, they reveal how fluctuations in one index can be linked to fluctuations in another. For example, it can be seen that an increase in the volume of imports coincided with lower prices until 1992, and to an even greater extent in 1998. The sharp rise in the cost of imported goods in 2000 can be linked to the weak performance of the euro against the dollar and, more tellingly, to the rise in the price of oil, which is of course one of the main raw materials imported by the EU. By the end of 2000 the price of oil had more than tripled compared with 1998, when it had hit its lowest price since the mid-1970s. In general terms, fluc-

Figure 2a — Indices of EU exports, 1989–2001

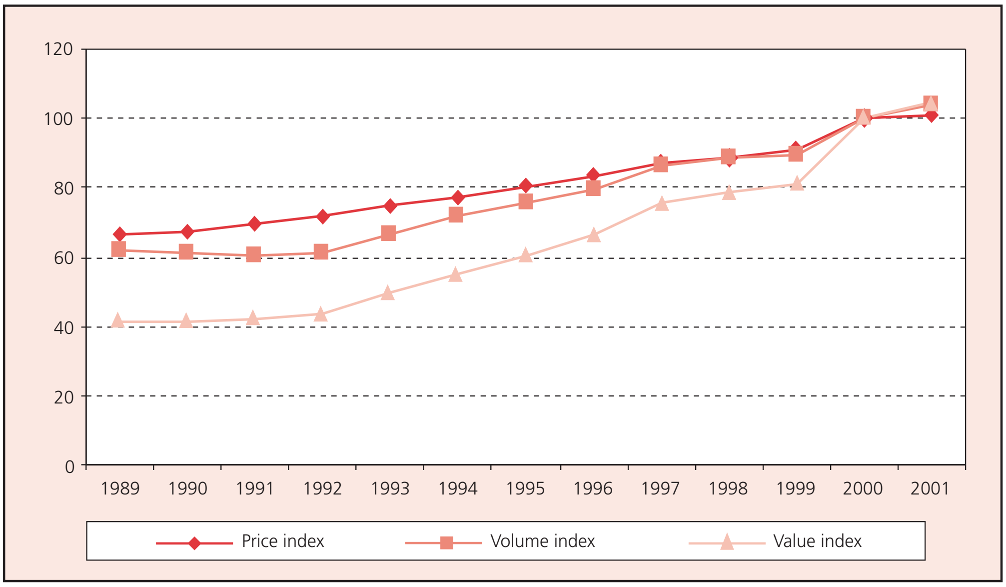
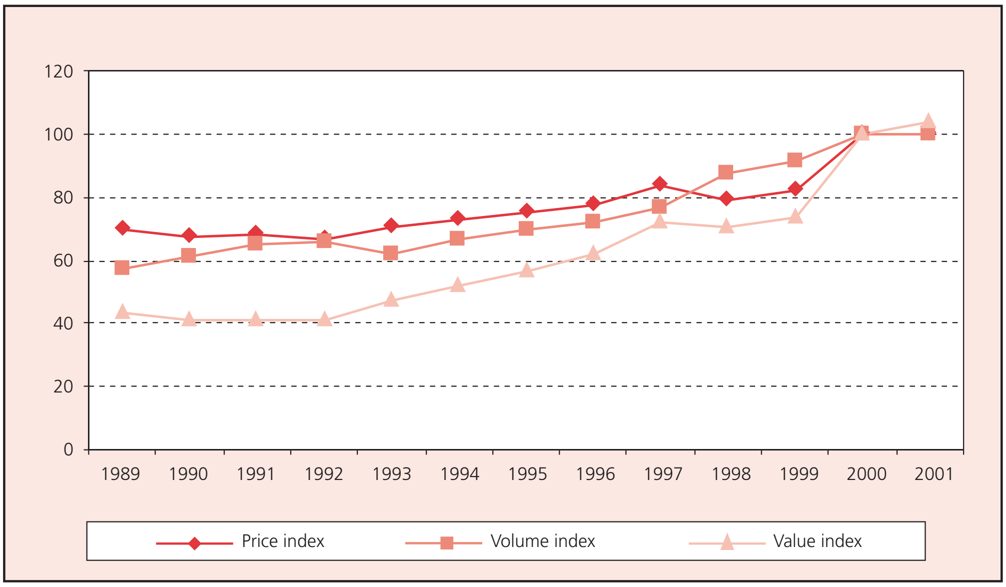


Figure 2b — Indices of EU imports, 1989–2001



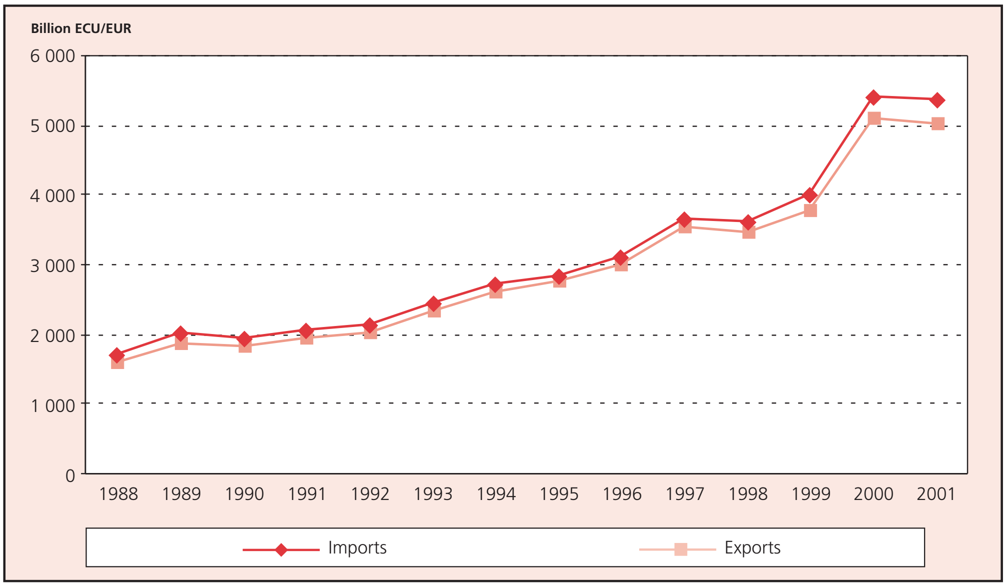
tuations in value terms of imports seem to be more fundamentally linked to price fluctuations. In other words, price is a more significant factor than volume when it comes to explaining fluctuations in the value of EU imports.

World economic growth

After a remarkably healthy period at the end of the 1980s, the world economy experienced recession at the start of the 1990s. For the European Union in particular, this recession persisted until 1993, when real GDP actually declined. These years were particularly affected by the Gulf War, upheaval in the Balkans and radical changes in eastern Europe. Growth recovered strongly in the years that followed, although further financial crises affected the world economy some years later.

The fears that the financial crises in Asia in 1997 and 1998 and in Russia in 1999 would have an adverse effect on world production and trade flows turned out to be somewhat exaggerated. Production in the developing countries of Asia recovered strongly, and GDP figures in Russia rose in the next few years to regain the ground they had lost. The main, and significant, exception to worldwide economic recovery was Japan, where the economy continued to stagnate, while in the EU the growth in GDP was no

Figure 3 — World trade, 1988–2001



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more than 2 % at the end of the decade. As Figure 3 shows, world trade flows almost tripled between 1988 and 2001. Similar to the evolution of the EU's commercial flows, their growth was quite weak in the early 1990s, negative in 1998, and picked up again in 2000. This upward trend in flows did not continue in 2001, when there was a slight decline in the value of goods traded.

Box A

Discrepancies in measuring the world trade balance

Any country's imports ought to correspond to another country's exports. If the system for recording trade statistics were perfect throughout the world, the total for all exports would match the total for all imports. But this simple equation does not work out in practice. The fact is that mirror data do not provide the same figures.

World trade, which in theory should be perfectly balanced, in fact shows a constant deficit. What is more, while it was fairly steady at about EUR 125 billion at the start of the period, from the middle of the 1990s it moved steadily upwards to reach EUR 315 billion in 2001. This development suggests that, far from being solved, the problem of an uneven world trade balance is just getting worse. The picture is different, however, if you look at the figures as a percentage of trade. The deficit in the world trade balance at the start of the period came to about 6 % of total trade. This percentage in fact declined over the first 10 years, to below 3 % in 1997. Since then the trend has reversed, and by 2000 and 2001 the figure had returned to its level of the 1990s (Figure A).

This global 'deficit' is partly accounted for by the various accounting methods used to measure flows. In the case of imports, the value recorded is the cif value (cost, insurance, freight), i.e. it includes not only the value of the goods traded, but also the costs connected with the international shipping of the goods to the border of the importing country. In contrast, exports are recorded fob (free-on-board), which means that the figure includes only the costs connected with the shipping of the goods within the exporting country's territory.

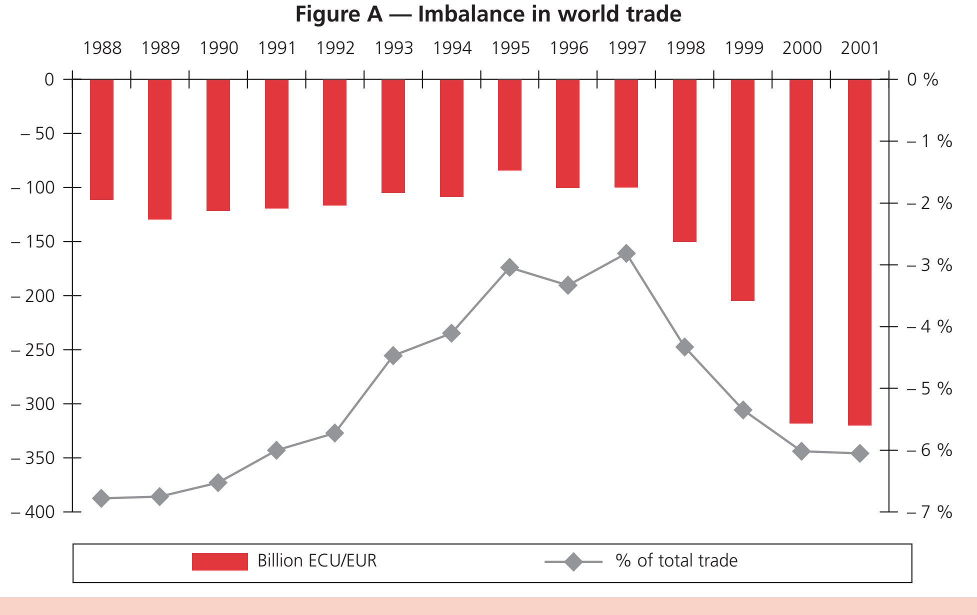
Nevertheless, differences in the way of recording movements are not enough to fully explain the discrepancy in the value totals for world imports and exports. Some of the other most common and significant reasons for discrepancies are:

— the fact that some countries record information on specific goods while other trading partners do not (a common occurrence in the case of military goods);
— differences in defining statistical territories, which means that some countries record trade with free zones while others disregard such trade;
— time lags in recording information;
— triangular trade;
— discounts;
— application of different value thresholds;
— inaccuracies in basic reporting (errors or omissions).

Discrepancies in measuring the intra-Community trade balance

Just as world trade ought to be in balance, total exports from the EU Member States to the other countries in the EU ought to match the Member States' total imports from their EU partners, i.e. intra-Community trade ought to balance as well. Before the introduction

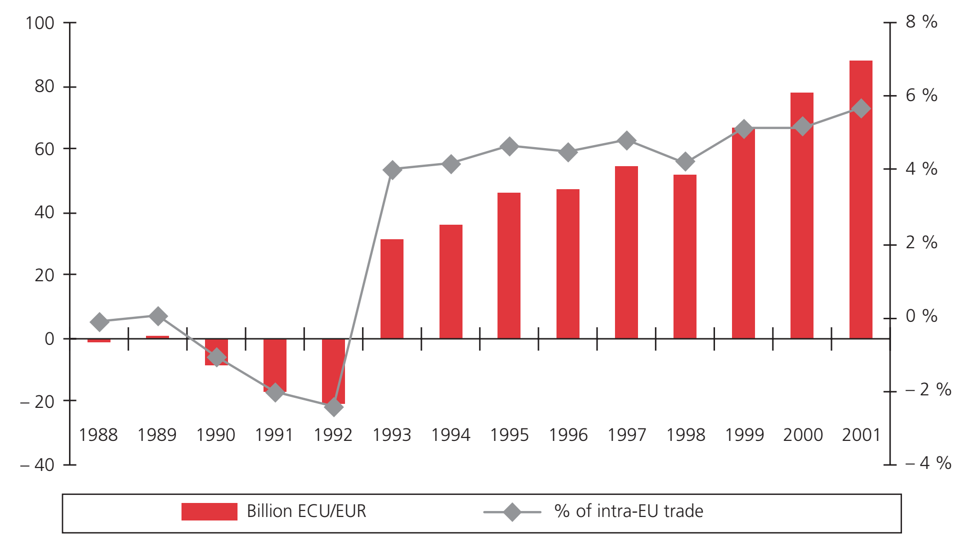
Figure A — Imbalance in world trade



of the single market, intra-EU trade statistics provided figures that were more or less in line with this theory, and there were no particular features that stood out. The intra-EU trade balance was either level or showed a deficit, just like world trade. The situation has been quite different since 1993, with the Member States recording an increasing surplus. From about EUR 30 billion in 1993, it rose to nearly EUR 90 billion in 2001.

The rise in value of the surplus was accompanied by an increase as a percentage of total flows: from 4 % of intra-EU trade in 1993 it went up to 5.7 % in 2001 (see Figure B). The reasons listed above also serve to explain the discrepancies in intra-EU trade. Statistical thresholds in particular result in significant differences between intra-EU imports and exports.

Figure B — Imbalance in intra-EU trade



A continuing trade deficit for the USA ...

As for every year since 1995, the US economy has provided impetus for world trade by alone accounting for more than half of the increase in world exports of goods (see Figure 4a). One feature of note is the growing US deficit at the end of the 1990s. In 2000, the American trade deficit was above EUR 500 billion. In 2001, the deficit amounted to 10 % of total world exports and 4 % of American GDP (at current prices).

Figure 4a — United States' trade, 1988–2001

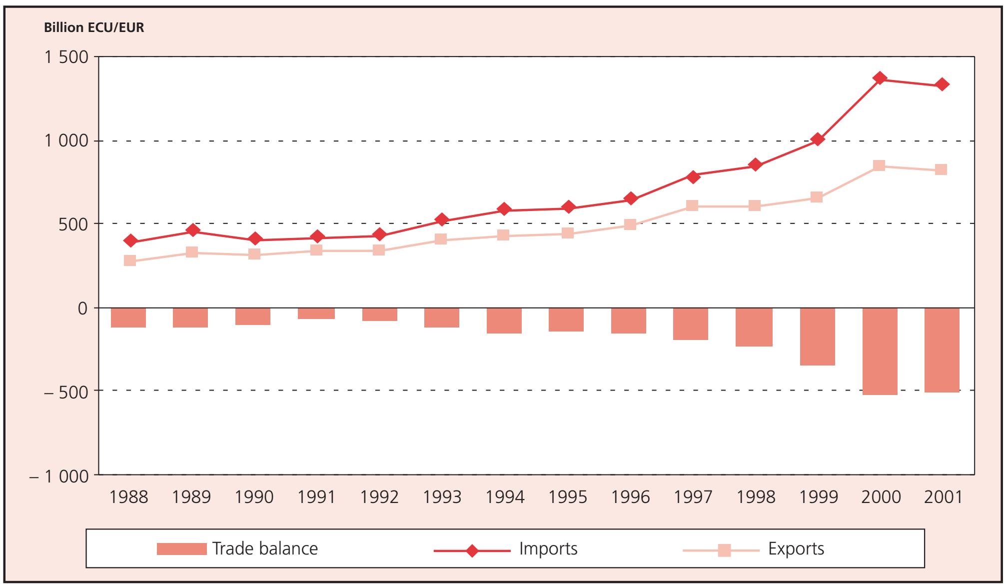


Figure 4b — United States' imports by product group, 2001

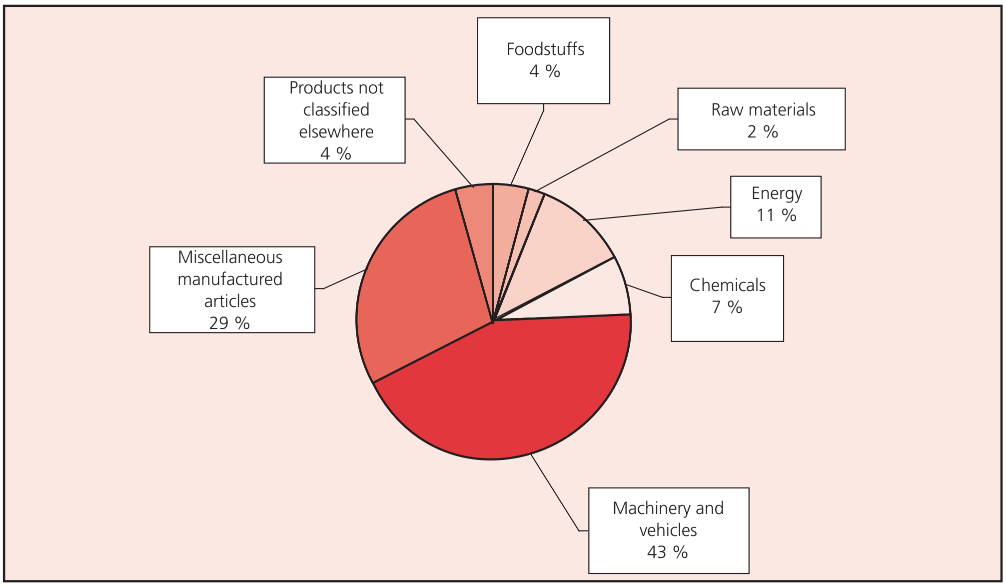


Figure 4b shows that more than 40 % of US imports comprised machinery and vehicles, with another third consisting of other manufactured products. The breakdown was similar for exports. The bulk of the country's trade deficit is caused by these two categories (machinery and vehicles, other manufactured products).

... but a constant trade surplus for Japan

Japan, on the other hand, is a country which has posted regular trade surpluses since the war. As Figure 5a shows, the country also recorded a trade surplus between 1988 and 2001. This surplus contracted slightly in 1990 and 1996 but showed a sharp rise in 2000. Japan's trade surplus was then halved in 2001, when the country recorded the biggest downturn in exports during the 1988–2001 period. It should be noted that in recent years Japan has imported almost as much oil as the United States, even though the population of the United States is twice that of Japan. Figure 5b also shows that machinery and vehicles and other manufactured products accounted for nearly 90 % of Japan's exports (compared with 70 % for the USA), but that Japan imported markedly fewer of these goods than the USA: about 50 % for Japan, compared with nearly 70 % for the United States.

Figure 5a — Japan's trade, 1988–2001

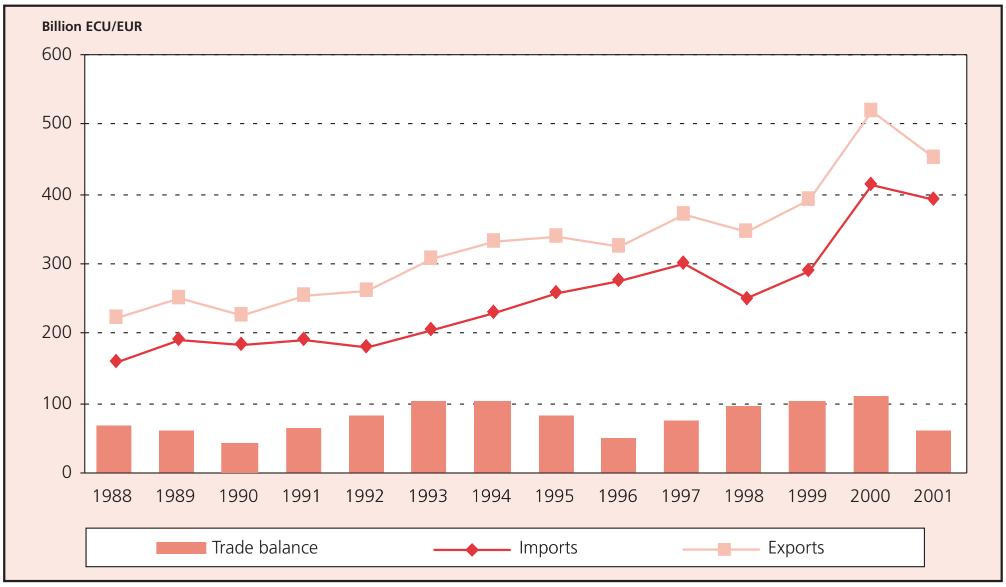
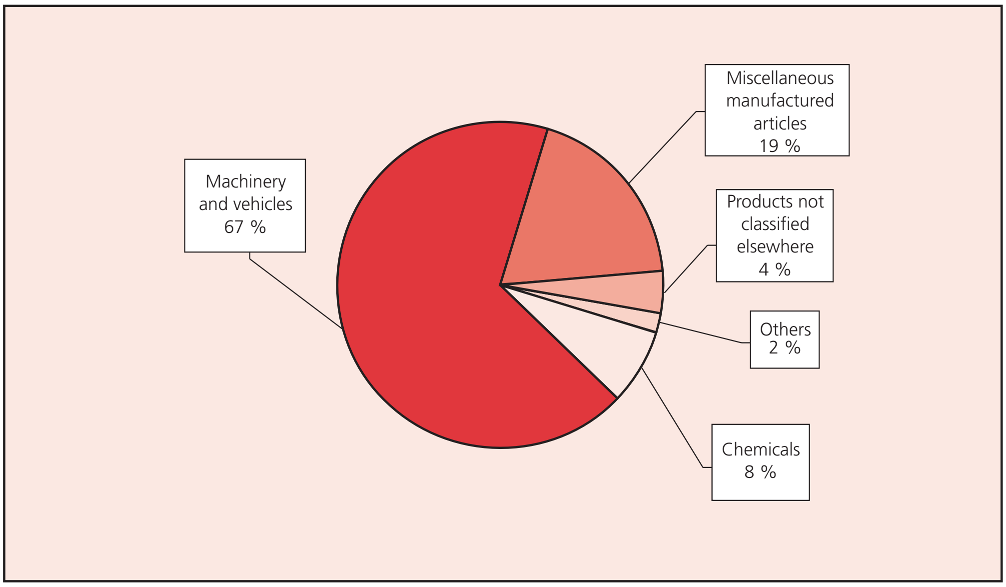


Figure 5b — Japanese exports by product group, 2001



The United States, Japan and China: the EU's main suppliers

The United States and Japan are both major trading partners for the European Union.

In 2001 about a fifth of all EU imports came from the USA. Japan, China and Switzerland were also significant sources, with each accounting for 6–7 % of total EU imports (see Figure 6a). Russia and Norway completed the list of the EU's main suppliers in 2001, each country accounting for about 4–5 % of total EU imports.

Table 7 shows how each country's share of EU trade has developed since 1988. It is interesting to see how China has become one of the major sources of EU imports (see Box B). In 1988, it was nowhere on the list, but by 2001 it was in third place, just behind Japan. Throughout the period Japan, Switzerland, Norway and Russia maintained fairly stable positions, but Poland, the Czech Republic and Hungary emerged towards the end of the 1990s as major suppliers of goods to the EU.

Figure 6a — Main trading partners' shares of EU imports, 2001

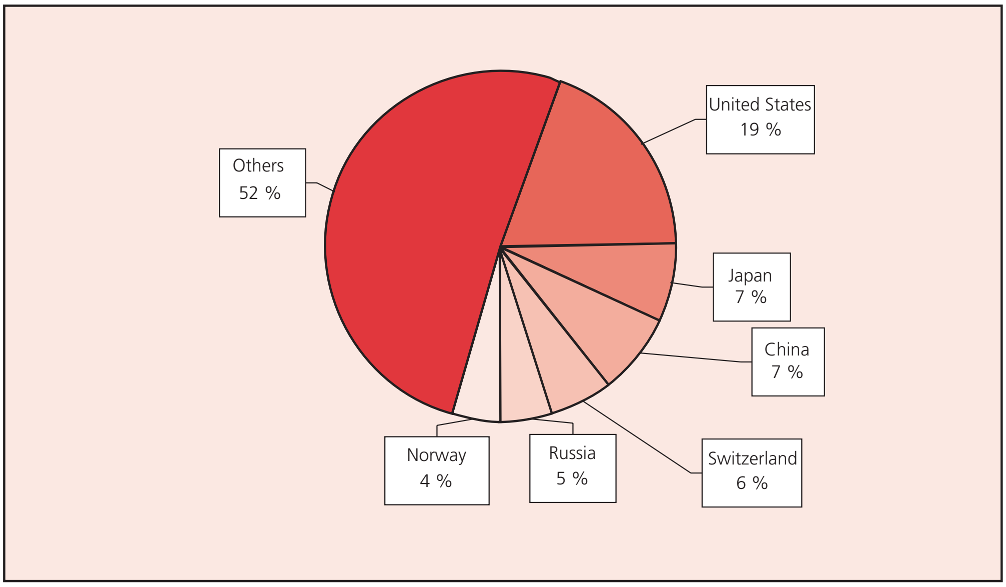


Table 7 — Trade between the EU and its main trading partners

Rank	1988 Partners	1988 Value (billion ECU)	1988 Share (%)	1988 Cumulative share (%)	1995 Partners	1995 Value (billion ECU)	1995 Share (%)	1995 Cumulative share (%)	2001 Partners	2001 Value (billion ECU)	2001 Share (%)	2001 Cumulative share (%)
	EU imports											
1	United States	73.4	19.7	19.7	United States	103.7	19.0	19.0	United States	195.6	19.0	19.0
2	Japan	47.0	12.6	32.4	Japan	54.3	10.0	29.0	Japan	76.3	7.4	26.5
3	Switzerland	31.9	8.6	40.9	Switzerland	43.2	7.9	36.9	China	75.9	7.4	33.8
4	Soviet Union	16.2	4.4	45.3	China	26.3	4.8	41.7	Switzerland	60.8	5.9	39.7
5	Norway	15.4	4.1	49.4	Norway	25.5	4.7	46.4	Russia	47.7	4.6	44.4
6	South Africa	12.7	3.4	52.8	Russia	21.5	3.9	50.4	Norway	45.1	4.4	48.8
7	Brazil	9.9	2.7	55.5	Poland	12.3	2.2	52.6	Poland	26.6	2.6	51.4
8	Canada	9.0	2.4	57.9	Taiwan	11.8	2.2	54.8	Czech Rep.	25.1	2.4	53.8
9	Taiwan	8.8	2.4	60.3	Canada	11.7	2.1	56.9	Hungary	24.8	2.4	56.2
10	South Korea	8.0	2.2	62.4	South Korea	10.9	2.0	58.9	Taiwan	24.2	2.4	58.6
	EU exports											
1	United States	78.0	22.4	22.4	United States	103.3	18.0	18.0	United States	239.9	24.3	24.3
2	Switzerland	39.1	11.2	33.6	Switzerland	51.0	8.9	26.9	Switzerland	74.8	7.6	31.9
3	Japan	18.5	5.3	38.9	Japan	32.9	5.7	32.7	Japan	44.9	4.6	36.5
4	Canada	11.2	3.2	42.1	Norway	17.5	3.0	35.7	Poland	35.7	3.6	40.1
5	Soviet Union	13.8	4.0	46.1	Russia	16.1	2.8	38.5	China	30.1	3.1	43.2
6	Norway	13.3	3.8	49.9	Hong Kong	15.8	2.8	41.3	Russia	28.0	2.8	46.0
7	Saudi Arabia	8.1	2.3	52.2	Poland	15.3	2.7	44.0	Czech Rep.	27.7	2.8	48.8
8	Hong Kong	7.1	2.0	54.2	China	14.7	2.6	46.5	Norway	26.2	2.7	51.5
9	Australia	7.2	2.1	56.3	Turkey	13.4	2.3	48.9	Hungary	23.9	2.4	53.9
10	South Africa	6.5	1.9	58.1	South Korea	12.3	2.2	51.0	Canada	21.9	2.2	56.1

Box B

EU–China: start of a global partnership

In 1975, China and the European Union established official relations in response to China's open-door policy. A trade agreement was signed in April 1978 and, in 1980, China was included among the countries eligible for the EU's generalised system of preferences. In 1985, an agreement on economic and trade cooperation extended and replaced the 1978 agreement. The next few years saw economic relations and cooperation continue to develop, marked in 1987 by an agreement on the creation of a centre for applying biotechnology to agriculture and medicine and, in 1988, by the opening of a European Commission delegation in Beijing.

These developing relations were suddenly halted in June 1989 when the student movement was put down.

Relations were restarted in June 1994 and an ambitious framework was introduced for bilateral political dialogue. In March 1998, the European Commission proposed a 'global partnership' designed to:

- bring China more into the international community by strengthening political dialogue;
- support the development of an open society based on the rule of law and respect for human rights;
- bring China into the world economy by making it more involved in the trade system and by supporting the economic and social reforms it had embarked on;
- improve the use of funding granted by Europe;
- boost the image of the EU in China.

Strengthening economic relations

The 1985 agreement on economic and trade cooperation covered cooperation in the fields of industry, mining, energy, technology and transport and communications. Environmental cooperation covered the quality of water and air, treatment of waste and alternative energy sources, while cooperation in the industrial field covered the aviation and car industries and intellectual property rights.

While world trade grew between 1995 and 2001 at a rate of about 13 % per year, China's trade increased by 19 %, primarily because of trade in industrial products. This surge in China's external trade between 1995 and 2001 exemplifies the trend for the whole of the decade, which was a period in which the country became the world's third largest economy in terms of GDP and moved to 10th place in the list of world exporters.

Asia is the main area for Chinese trade, with South Korea and Hong Kong leading the pack throughout the period for both exports and imports. After mainland Asia comes Japan, highlighting China's emphasis on regional trade. The European Union ranks third among the sources of China's imports and is in fourth place as a destination for Chinese exports. Among the EU's trading partners for imports, China now ranks third. In the case of EU exports, however, it ranks only fifth.

At the beginning of the 1980s, the European Union had a surplus in its trade with China. The situation has since reversed, however, and since the middle of the 1990s the EU deficit has steadily grown.

It has increased nearly fourfold during this time, moving from EUR 11.6 billion at the start of the period to EUR 45.8 billion at the end.

The United States, Switzerland and Japan: the EU's main customers

On the export side, the United States is the main destination for exports from the European Union, taking about a quarter of all EU exports in 2001. Next, some way behind, come Switzerland and Japan (see Figure 6b). These countries were the main destinations for EU exports throughout the period under review, and together they accounted for 30–40 % of all EU exports. The last decade has also seen Poland and China emerge as significant export markets for the EU. In 2001, these made up the top five destinations for EU exports. In 1995, there were several Asian destinations (e.g. Hong Kong and South Korea) among the main export markets for EU goods. By 2001, however, the situation had changed: some Asian countries had dropped back while some of those in eastern Europe (Hungary, the Czech Republic and Poland) had moved up in the ranking.

EU increasing trade surplus with the USA …

After a period of equilibrium between 1993 and 1996, the European Union has posted increasing surpluses in trade with the United States, even though the EU's overall trade balance has been worsening (1997–2000). The surplus went up again in 2001, when EU imports declined (see Figure 8).

… but still running a deficit with Japan

With Japan, on the other hand, the EU imports more than it exports (Figure 9). As mentioned earlier, Japan has posted a trade surplus with most countries — including the European Union — for several decades. Between 1988 and 1993, the EU deficit with Japan was fairly stable at around EUR 30 billion, but it then shrank to practically half that figure in 1996. It has since risen again, peaking at EUR 40 billion in 2000. A sharp reduction in imports helped to cut the deficit in 2001.

Candidate countries: an important market for the EU

The picture is very different when it comes to trade between the European Union and the 13 candidate countries that have applied to join the EU (Box C). In 2001, this group of countries was the European Union's second biggest trading partner, after the United States. In addition, between 1988 and 2001, the EU constantly posted a surplus in trade with these countries — which

Figure 6b — Main trading partners' shares of EU exports, 2001

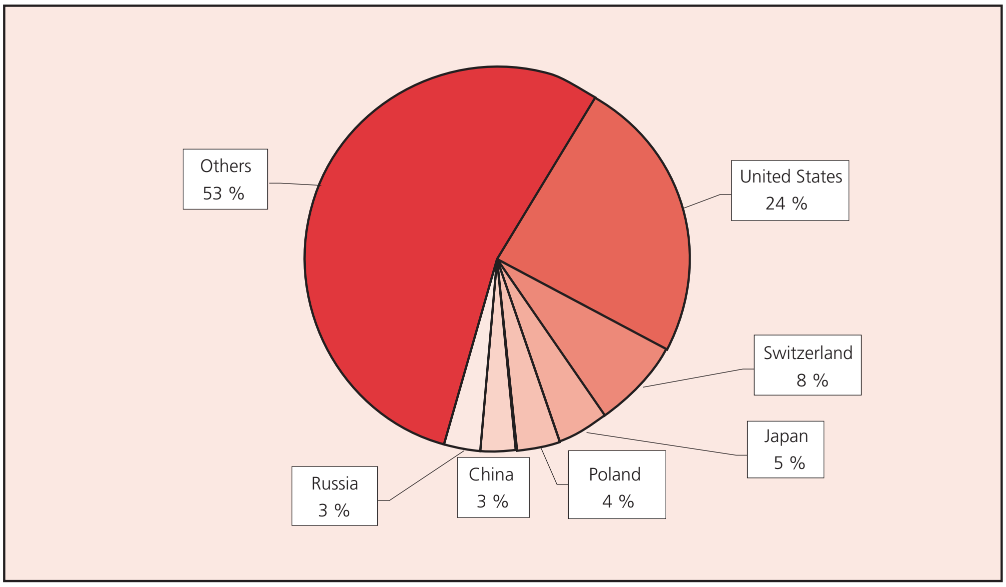


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Figure 8 — EU trade with the United States, 1988–2001

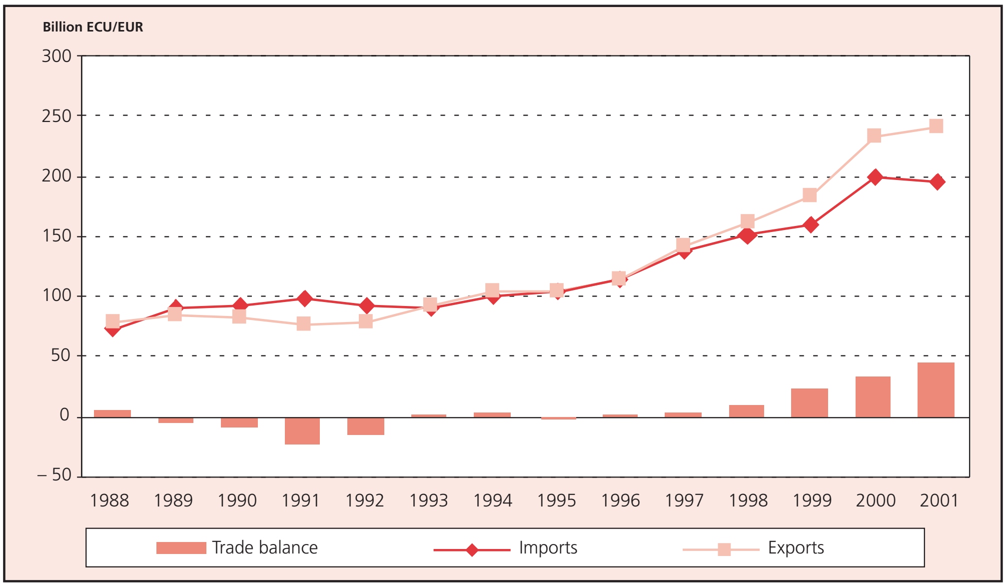
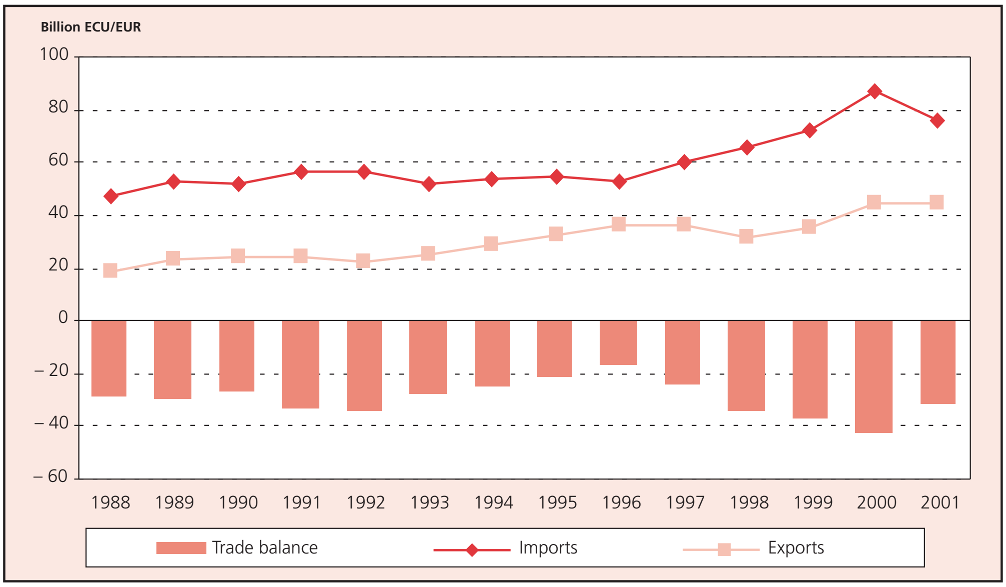
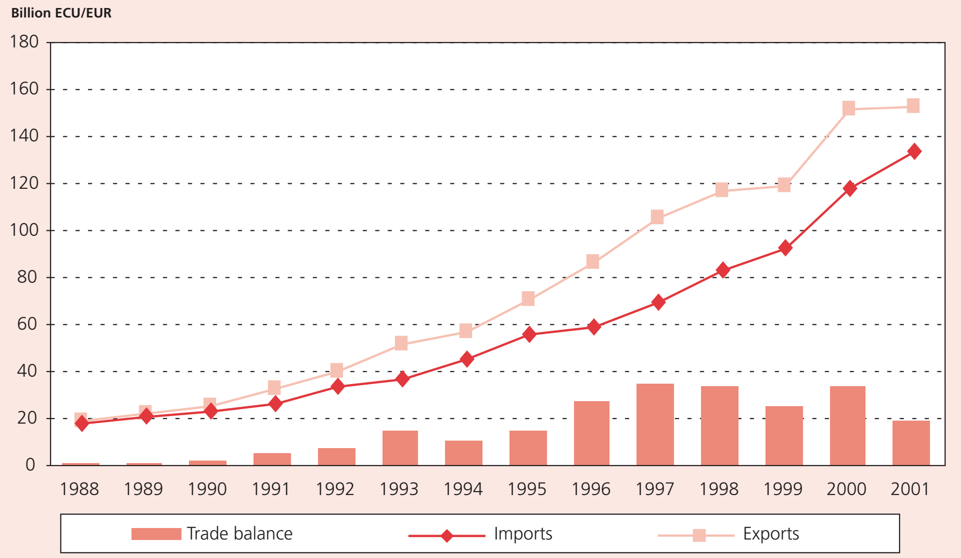


Figure 9 — EU trade with Japan, 1988–2001



virtually offset the deficit with Japan — with a peak figure of about EUR 35 billion in 1997–98 (Figure 10). After a noticeable slowdown in 1999, there was a sharp increase in trade between the candidate countries and the EU in 2000, a year which was marked by vigorous economic growth in the candidate countries. In 2001, exports from the EU to this group of countries faltered somewhat, but imports continued to record a healthy rise. For the sake of comparison, the 13 candidate countries have a total population of 143 million, or 42 % of the EU total. GDP per capita (expressed in purchasing power standards, designed to level out differences in prices between these countries) amounted to EUR 7 200 in 1999, i.e. about a third of the figure for the European Union as a whole.

Figure 10 — EU trade with the candidate countries (*), 1988–2001



(*) Slovenia, Estonia, Latvia and Lithuania from 1992 only.

Box C

EU candidate countries

Initially comprising six Member States, the European Economic Community — which became the European Union in 1993 — has gone through four enlargements and now comprises 15 countries. Since March 1998, the European Union has been involved in an enlargement process which is without precedent in its history. Thirteen countries are now candidates for EU membership. When the process is complete, the area of the EU will increase by more than a third and its population will go up by 143 million, or 42 % of the population of the 15 current Member States.

The 10 countries of central Europe applied for membership between 1994 and 1996. The three Mediterranean countries applied earlier: 1987 in the case of Turkey and 1990 for Cyprus and Malta (2). According to the rules laid down in Article 49 of the Treaty on European Union (Maastricht Treaty), any application for membership of the European Union must follow a precise procedure. The candidate country must address its application to the Council, which acts unanimously after consulting the Commission and receiving the assent of the European Parliament. The precise conditions of admission, any transitional periods and any adjustments to the Treaties are the subject of an agreement between the candidate country and the Member States. Lastly, before it comes into force, the agreement must be ratified by all the contracting States in accordance with their respective constitutional requirements.

In order to join the European Union, a candidate country has to meet the 'Copenhagen' criteria, so named because it was the Danish capital which hosted the European Council in June 1993 where the criteria were laid down. These criteria are based on political and economic requirements and the ability to transpose Community legislation. On the economic side, this assumes that there is a viable market economy which can cope with the pressure of competition and market forces within the EU. Moreover, a candidate country must be able to accept the *acquis communautaire* and the obligations that this entails, i.e. the series of principles, objectives and rules which underlie the European Union.

In the case of the current candidate countries, talks began with six of them in 1998 and were extended to include all the applicants — apart from Turkey — in 2000. The negotiations covered their ability to comply with all the obligations of a Member State and to apply the *acquis communautaire* from the date of accession. One of the 31 chapters which make up the *acquis* deals with statistics, including external trade statistics. With a view to helping the candidate countries meet these requirements, the European Union's Phare programme provided them with technical assistance for the development of their statistical resources. The EU database on external trade (Comext) now offers data on the international trade of the candidate countries as well.

On 9 October 2002, the Commission indicated that the accession negotiations should be completed by the end of 2002 with 10 of the candidate countries, i.e. all of them except Bulgaria, Romania and Turkey. This meant that these 10 countries would be ready for membership of the Union at the start of 2004. The Council endorsed the proposal and fixed May 2004 as the date for accession. In the case of Bulgaria and Romania, the Commission felt that the aim could be for the two countries to join in 2007. As for Turkey, it recommended providing more support to the preparations for membership and allocating extra resources for the purpose.

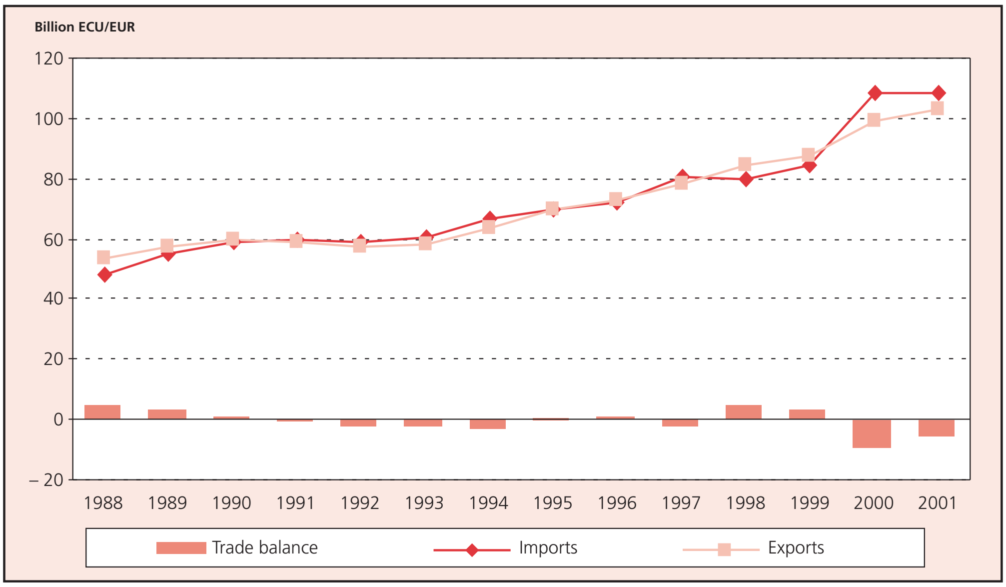
(2) The dates on which the countries applied for membership, in chronological order, are as follows : Turkey: 14 April 1987, Cyprus and Malta: 3 July 1990, Hungary: 31 March 1994, Poland: 5 April 1994, Romania: 22 June 1995, Slovakia: 27 June 1995, Latvia: 13 October 1995, Estonia: 24 November 1995, Lithuania: 8 December 1995, Bulgaria: 14 December 1995, Czech Republic: 17 January 1996, Slovenia: 10 June 1996.

Also important: EFTA countries, particularly Switzerland

Figure 11a shows that, overall, EU trade with the EFTA countries (the European Free Trade Association, made up of Iceland, Norway, Switzerland and Liechtenstein) is almost as important in value terms as trade with Japan. Trade was fairly evenly balanced throughout the period under review, although there was a sizeable deficit in 2000 because of the increased cost of oil imports from Norway. This deficit was substantially reduced in 2001.

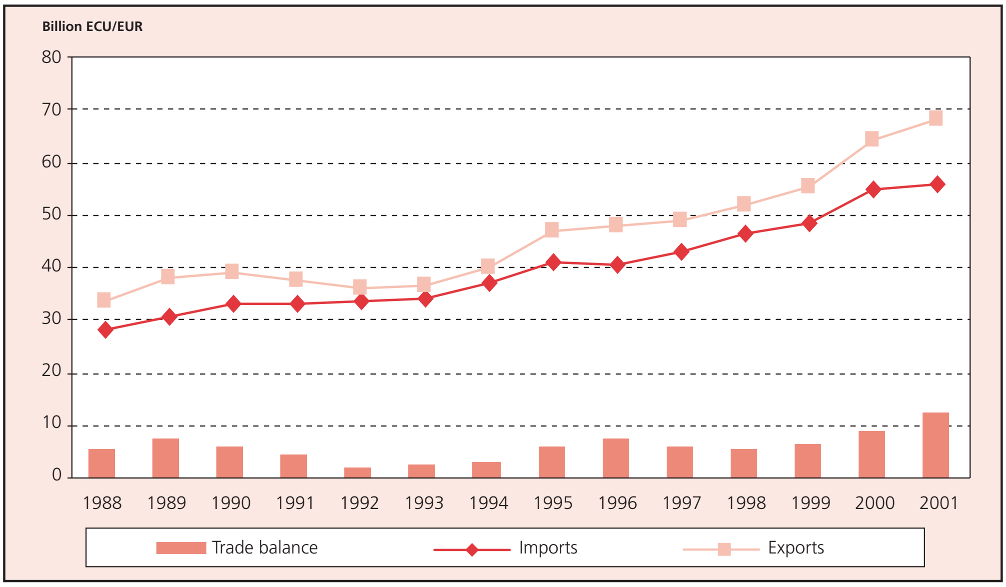
Among EFTA members, Switzerland stands out as the major player in the area's international trade. It accounts for the bulk of the flows between EFTA and the rest of the world. Switzerland's dominant role in EFTA is naturally reflected in the bilateral relations between EFTA and the EU, and its share has been growing with regard to both imports and exports. Indeed, in 2001 Switzerland accounted for more than half (55 %) of EFTA imports from the EU and was the source of nearly three-quarters of the zone's exports to the EU.

Figure 11a — EU trade with EFTA countries, 1988–2001



Although it has been overtaken in the trade rankings by the CEEC countries (central and east European countries), Switzerland is still one of the European Union's major partners: in 2001, it took about 8 % of total EU exports and accounted for just under 6 % of EU imports.

Figure 11b — EU trade with Switzerland, 1988–2001



The EU maintained a surplus in trade with Switzerland throughout the period under review (see Figure 11b). The EU's imports and exports followed the same trends, except for between 1991 and 1993, during which exports fell.

So with the exception of these years, the trade surplus remained relatively stable. The years 2000 and 2001 nevertheless showed a growing EU surplus. In both years, the figures were up by about a third compared with the previous year.

China advances

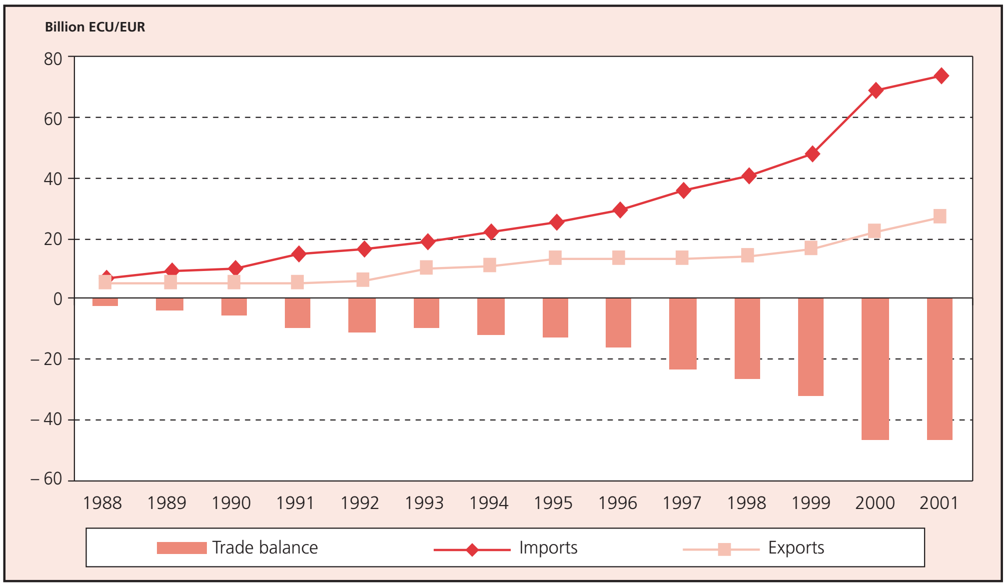
Driven by trade in industrial products, China's international trade grew at a faster rate than world trade between 1988 and 2001. This speedy expansion of the country's external trade, which, over the 1990s, made it the world's third largest economy in terms of GDP, resulted in its becoming one of the world's top 10 exporters.

The European Union ranks third among the sources of China's imports and is in fourth place as a destination for Chinese exports. At the same time, and mainly because of the generalised system of preferences of which it is the primary beneficiary ([3]), China now ranks among the EU's top five partners: it is third among the sources of EU imports, and fifth for exports.

The bulk of EU–China trade concerns industrial products. Agricultural products, which represented 5 % of China's trade flows in 2001, play an even smaller role in EU–China trade, accounting for less than 3 % of both imports and exports. And their relative significance is declining. The share of agricultural products in EU exports has followed the same pattern and trend. This reduction is the result of sluggish growth in trade in agricultural products, coupled with a rapid expansion of trade in industrial products.

At the beginning of the 1980s, the European Union had a trade surplus with China but the situation has since reversed. Between 1988 and 2001, the EU deficit steadily grew (see Figure 12). Over this time it increased by more than a factor of 25, soaring from EUR 1.7 billion at the start to EUR 45.8 billion at the end of the period. Nearly all the Member States — 13 out of 15 — have a deficit with China. Only Finland and Sweden have a surplus — and it is tiny.

Figure 12 — EU trade with China, 1988–2001



Trade with the former Soviet Union — and trade deficits — take off

Figure 13 shows trade with the USSR and the Commonwealth of Independent States (CIS: 12 of the 15 countries which emerged after the break-up of the Soviet Union in 1992 — see also Box D). Until 1997, the European Union had a slight trade deficit with these countries, and the rate of growth in trade was moderate. Trade

([3]) The GSP offers preferential treatment without reciprocal obligation for imports from developing countries. China's share of total EU imports under the system amounts to about 30 % .

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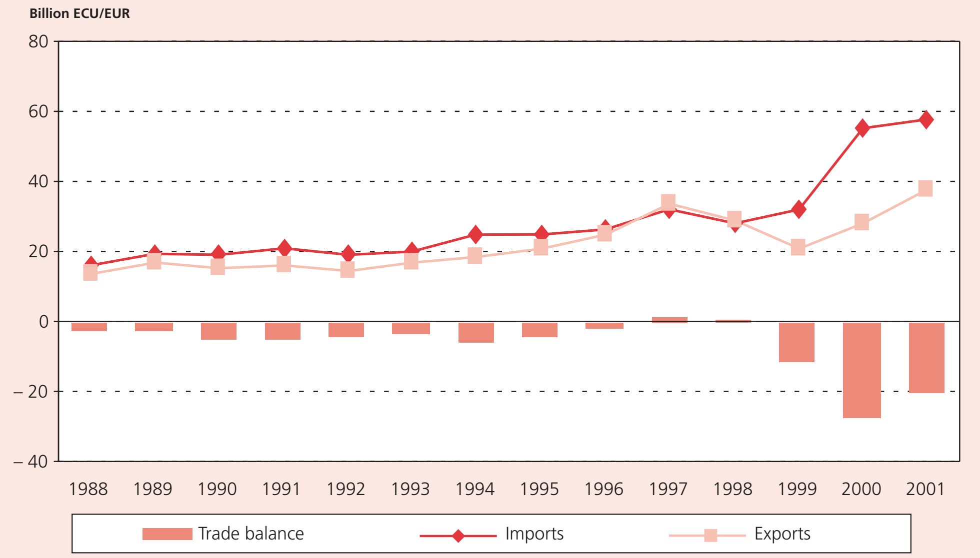
Figure 13 — EU trade with the CIS (*), 1988–2001



(*) USSR prior to 1992.

then declined in value terms for two years before a strong revival in 2000. There was a particular increase in imports as a result of high oil prices and a significant devaluation of the rouble. At the same time, Russia considerably boosted potential oil production, with the result that trade increased in volume terms as well. Most of this oil comes from fields in the Arctic and is imported via the Baltic republics. The price of oil fell in 2001, which meant that imports from the CIS countries increased only slightly in terms of value.

Box D

Statistics on the Commonwealth of Independent States

The Interstate Statistical Committee of the CIS was set up in response to the decision by the heads of government in December 1991 to coordinate the activities of the CIS countries' statistical institutes, to develop and introduce a unified statistical methodology based on mutual consultation, to ensure the lasting comparability of statistical work, to facilitate widespread exchanges of information within the CIS, and to organise seminars and to make use of other forms of assistance to help the national statistical services. The committee was given the job of setting up and maintaining a common statistical database.

In September 1993, the Heads of State or Government of the CIS countries signed an agreement on creating an economic union with a view to:

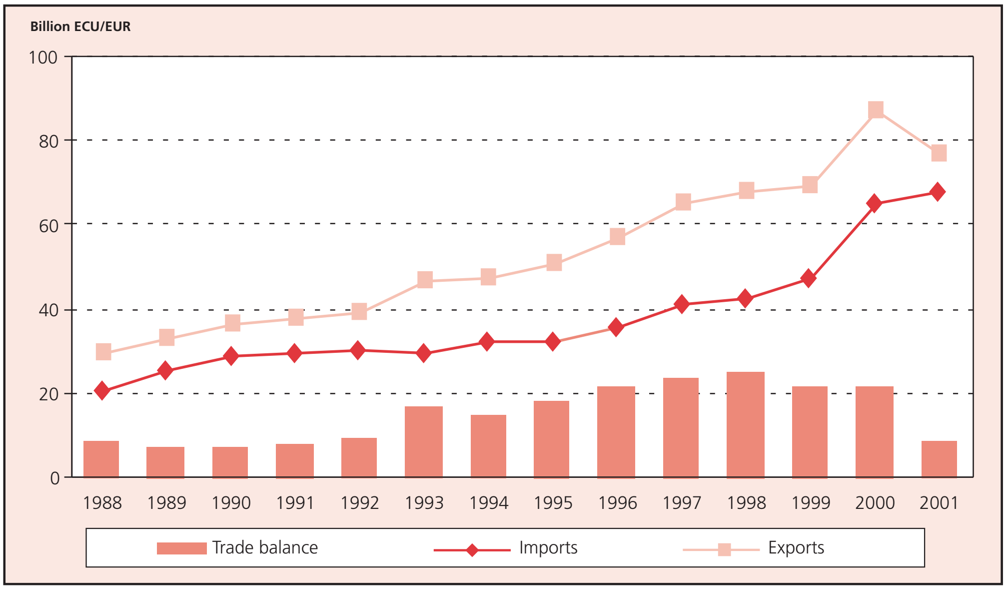
— establishing a common economic area, based on the free movement of goods, services, labour and capital;
— introducing a coordinated economic policy on monetary, fiscal, customs and foreign affairs;
— pooling resources to regulate economic activity and to create conditions conducive to the development of direct production relations.

In order to accelerate the process of integration, an agreement on closer integration in economic and humanitarian fields was signed by four countries (Belarus, Kazakhstan, Kyrgyzstan and Russia) in 1995. In the same year, Russia and Belarus signed an agreement to create a Commonwealth of Sovereign Republics. In February 1999, the Interstate Council of four countries (Belarus, Kazakhstan, Kyrgyzstan and Russia) decided to admit Tajikistan as a member of the customs union with full rights.

The CIS currently consists of: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. The Interstate Statistical Committee of the CIS is an official distributor of statistical information on the social and economic situation of the CIS countries.

More information can be found on http://www.cisstat.com.

Figure 14 — EU trade with MEDA countries, 1988–2001



Surplus with Mediterranean countries continues

Trade between the European Union and the MEDA countries (12 countries located around the Mediterranean's southern and eastern coasts ([4]) — see Box E) was marked by a trade surplus in the EU's favour throughout the period from 1988 to 2001 (see Figure 14). Until 1993, the surplus was just under EUR 10 billion, but since 1995, it has been above EUR 20 billion. Exports and imports both more or less tripled in the period up to 2000, an increase above the general average for the EU during this time. Figure 14 also shows that the increase has been steady, without any cyclical fluctuations in the trade balance. In 2001, however, exports to the MEDA countries declined, and the EU trade surplus fell back to its 1991 level.

Box E

Medstat and EU relations with the Mediterranean countries

After 20 years of increasing bilateral trade and cooperation with regard to development between the 15 Member States of the European Union and its 12 Mediterranean partners, the Barcelona Conference (27 and 28 November 1995) signalled the start of a new phase in the 'partnership' between the two sides, involving bilateral and multilateral or regional cooperation (Barcelona process).

There are 12 Mediterranean partners on the southern and eastern shores of the Mediterranean: Morocco, Algeria and Tunisia (Maghreb); Egypt, Jordan, Lebanon, Syria (Mashreq), Israel and the Palestinian Authority; Turkey, Cyprus and Malta. Libya currently has observer status at some meetings.

The MEDA programme is the European Union's main financial instrument for implementing the Euro-Mediterranean partnership. It provides technical and financial assistance in support of reforming economic and social structures in the Mediterranean partner countries.

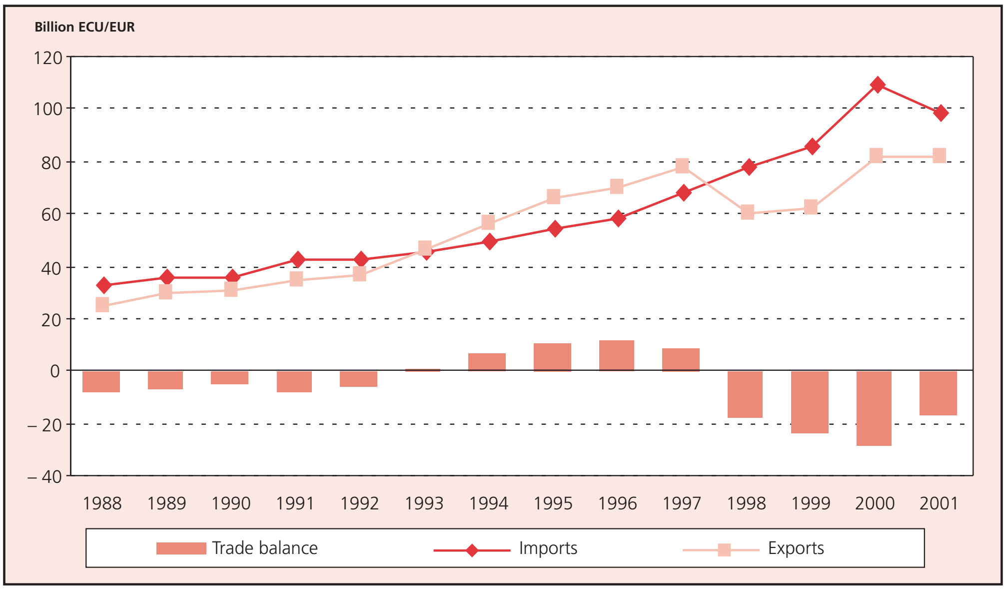
Under the MEDA programme the partner countries have developed closer relations in the statistical field thanks to the Medstat programme for regional cooperation on statistics, which was launched in 1996. The EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) are also involved in the programme. Medstat's main aim is to help the Mediterranean partners develop their statistical services with a view to providing regular, reliable and comparable statistics to various users. Since it started, Medstat has brought about considerable progress in the production of harmonised statistics and has set up a system for collecting, exchanging and disseminating data. The statistics collected by the countries taking part in MEDA are disseminated in particular through the Eurostat databases NewCronos and Comext. The main macroeconomic and social indicators are available in NewCronos, while detailed statistics on external trade are to be found in Comext.

([4]) Mediterranean partners (MED): Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestinian Authority, Syria, Tunisia and Turkey.

Slow recovery in EU exports to the Asian tigers

European Union exports to the DAEs (dynamic Asian economies, comprising Hong Kong, Malaysia, South Korea, Singapore, Taiwan and Thailand) were roughly equal in value terms to exports to the Mediterranean countries in 2001. However, a third more was imported by Europe from the DAEs in the same year. In line with the EU's overall trade pattern, trade with the DAEs produced a deficit until 1993. From 1994 to 1997, the EU ran a short-lived trade surplus, but in 1998 deficits returned following a sharp drop in exports. The 1998 deficit grew in 1999 and 2000, then dropped by half in 2001, thanks to a drop in imports and stagnating exports.

Figure 15 — EU trade with the dynamic Asian economies, 1988–2001



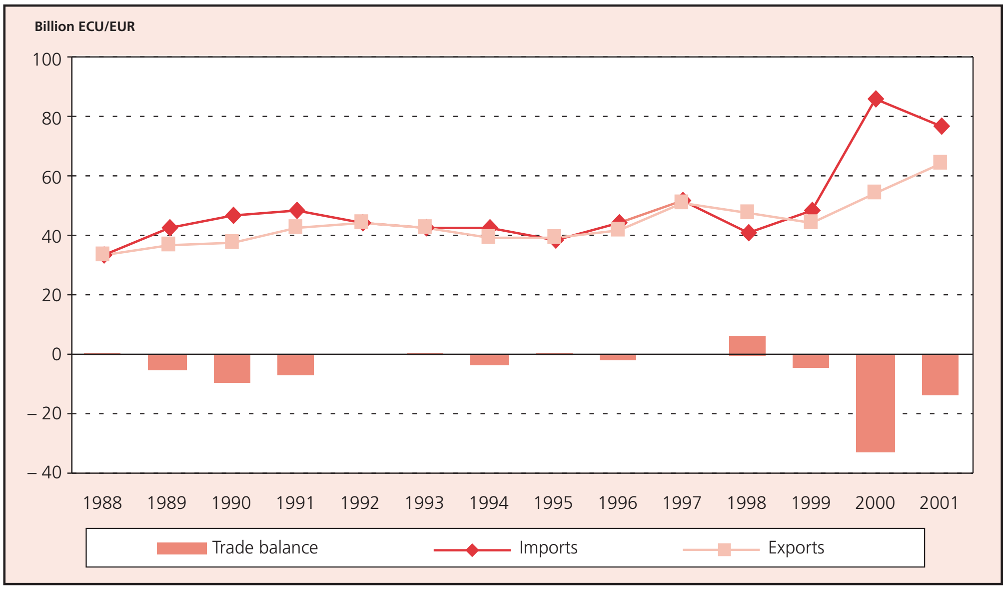
OPEC boosted by rising oil prices in 2000

Trade between the European Union and OPEC (Organisation of Petroleum Exporting Countries) has remained fairly stable throughout most of the last decade. Imports into the EU — almost solely petroleum products — fluctuated between EUR 40 billion and EUR 50 billion until 1999. They then practically doubled in 2000 (see Figure 16) before falling slightly in 2001. Once again, these figures can be explained by the sharp hike in world oil prices which has already been mentioned. Exports also went up in 2000, but at a more modest rate, and the trend continued into 2001. Overall, the EU has maintained fairly balanced import and export figures with the OPEC countries, although there was a slightly larger deficit between 1989 and 1991. This deficit became a surplus in 1998, when oil prices reached a 30-year low. There was a complete reversal in 2000, when the EU posted a sizeable trade deficit of EUR 30 billion as a result of soaring oil prices. In 2001, however, the deficit was more than halved, amounting to about EUR 13 billion.

Trade between the EU and the ACP countries stimulated by the addition of South Africa

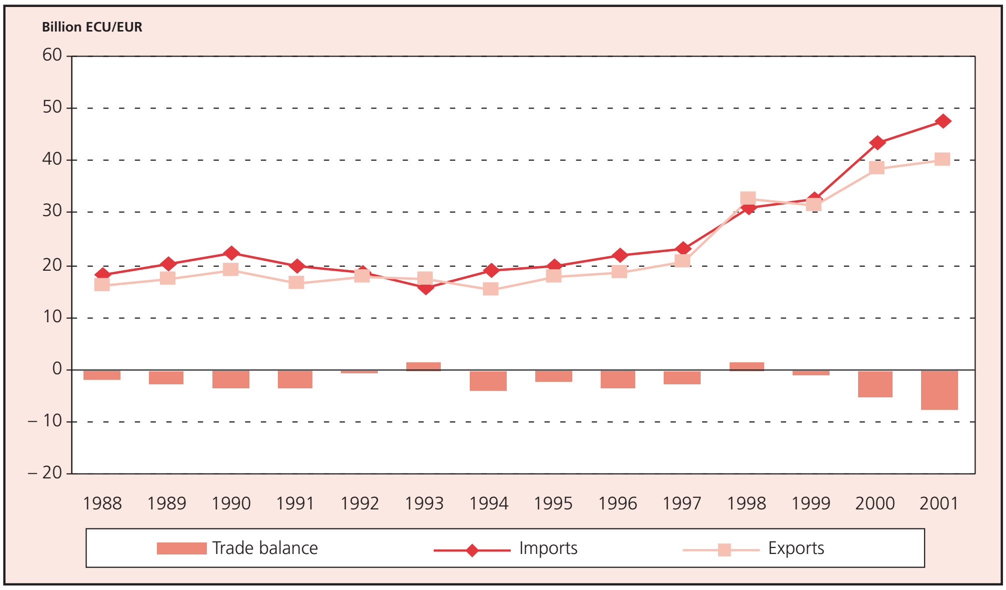
In 2001, the total value of EU imports from the ACP countries (African, Caribbean and Pacific countries which have signed a partnership agreement — see Box F), at close to EUR 50 billion, was comparable in value to imports from Norway or Russia. EU exports to the ACP countries came to about EUR 40 billion, approximately equal in value to EU exports to Poland. The EU showed a small trade deficit with these countries between 1988 and 2001, with the exception of in 1993 and 1998 (Figure 17). The growth rates of EU imports and exports involving these countries showed only modest increases between 1988 and 1997, with the figures themselves hovering around EUR 20 billion. They rose sharply between 1998 and 2001, almost doubling in comparison with the previous years. The main reasons for this sudden upward

Figure 16 — EU trade with OPEC countries, 1988–2001



movement was the inclusion of South Africa in the trade figures for the ACP area and the rise in oil prices (Nigeria and Cameroon are important oil-producing countries).

Figure 17 — EU trade with ACP countries, 1988–2001



Box F

From Lomé to Cotonou — EU trade relations with the ACP countries

The ACP (African, Caribbean and Pacific) countries can be generally described as a group of former colonies which are entitled to preferential treatment as a result of various Community provisions. The 79 countries ([5]) which currently make up the ACP club have a total population of more than 500 million. Half of all international aid to developing countries is provided by the people of the European Union, with the European Commission responsible for managing about 15 % of this aid. The bulk of it is administered under the Lomé Convention, a treaty which the European Community signed with the ACP countries in the capital of Togo in 1975.

The aim of these non-reciprocal trade privileges is to offer the developing countries customs exemptions — or at least reductions — on manufactured or semi-manufactured goods, processed agricultural produce, textiles and agricultural products. The principle of trade cooperation allows unlimited tax-free entry to the EU of manufactured goods and agricultural products, provided that such products do not compete with those covered by the common agricultural policy. There is no reciprocal obligation on the developing countries, who simply have to apply the most-favoured-nation doctrine and must not discriminate between EU Member States. The aim is threefold: to boost developing countries' export income, foster their industrialisation and to speed up their economic growth. The system has gradually evolved to include possible subsidies for social or ecological purposes, tax relief reflecting the 'sensitive' nature of certain products and a scheme to encourage progress in the least developed countries. There are also selection criteria which apply in particular to more industrialised or oil-producing countries, which no longer need the system.

Although this policy has contributed to the success of some countries in trade, the overall results are somewhat limited. The ACP countries' share of EU trade declined from about 7 % in 1976 to 4 % in 2000. Moreover, 10 products alone account for about 70 % of total exports. The Cotonou Agreement (signed on 23 June 2000) provides a new support framework for mutually strengthening trade cooperation and development aid. The European Union and the ACP countries agreed on a process designed to lead to new agreements which will continue to liberalise trade between the two sides and draw up provisions on trade-related matters.

The purpose of economic and trade cooperation is to encourage the gradual and appropriate integration of the ACP economies in the world economy and to increase their capacity for production, securing supplies and trade, as well as providing new stimulus for trade, encouraging investment and ensuring full compliance with World Trade Organisation provisions. Another important aspect is improving conditions for trade between the EU and the least developed countries, 39 of which are ACP countries. This exercise will be undertaken over the next few years, so that by 2005 the least developed exporting countries will have free access to the European market for most of their products.

([5]) Cuba has just joined this group, but does not (yet) enjoy all of the special provisions which apply to ACP countries.

Chapter 2
Trade by product

Machinery and vehicles lead the pack of European exports

Machinery and vehicles accounted for nearly half of the European Union's exports in 2001, while just under a third consisted of miscellaneous manufactured products. This meant that about three-quarters of Europe's exports were goods with high value-added, mainly built or assembled in the EU. The remaining quarter of the export total consisted of chemicals, foodstuffs, raw materials and energy products (see Figure 18b). The breakdown was different in the case of imports, where less machinery and transport equipment and fewer chemicals were purchased outside the EU in 2001. At the same time, however, energy products accounted for 14 % of total imports, a much higher percentage than for exports (see Figure 18a).

Figures 19a and 19b show how the structure of imports and exports by major product group has

Figure 18a — EU imports by product group, 2001

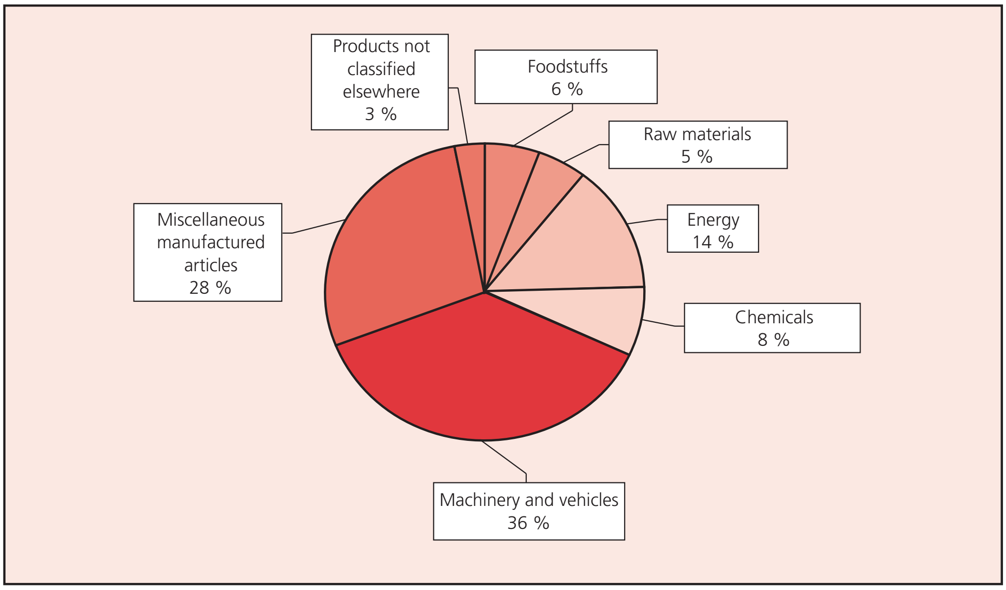


Figure 18b — EU exports by product group, 2001

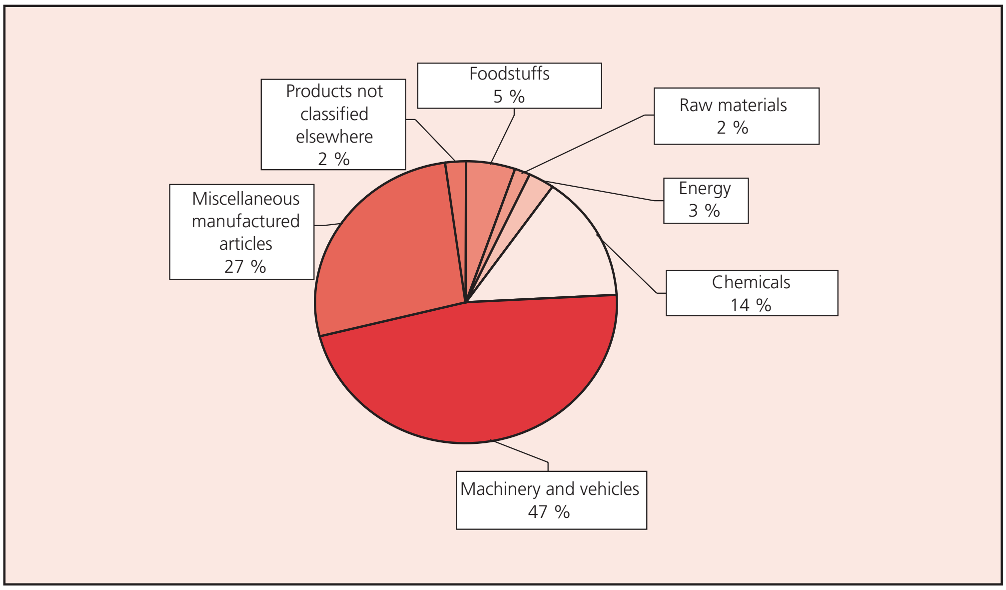


Figure 19a — EU imports by product group as a % of total trade

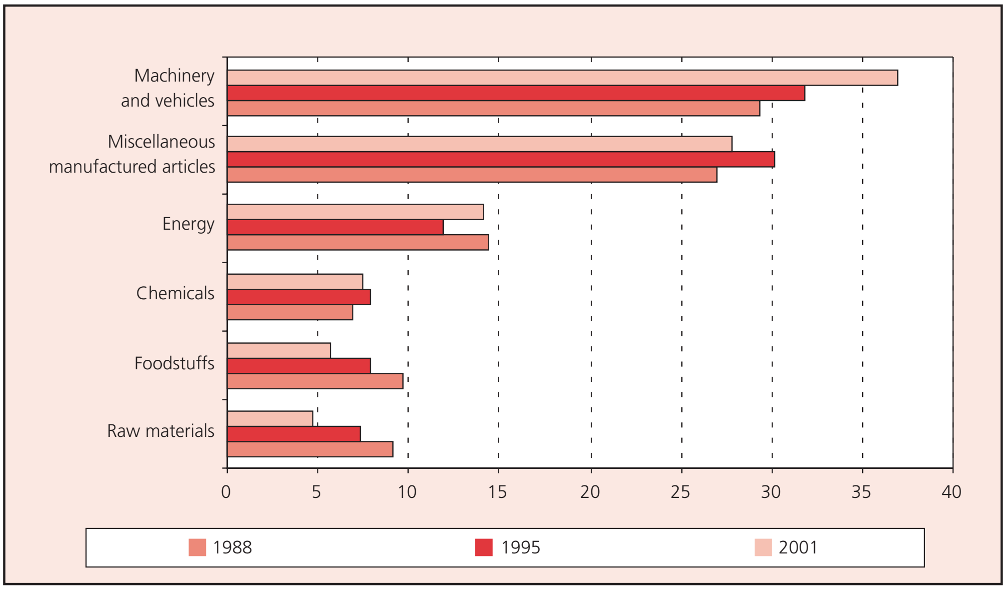
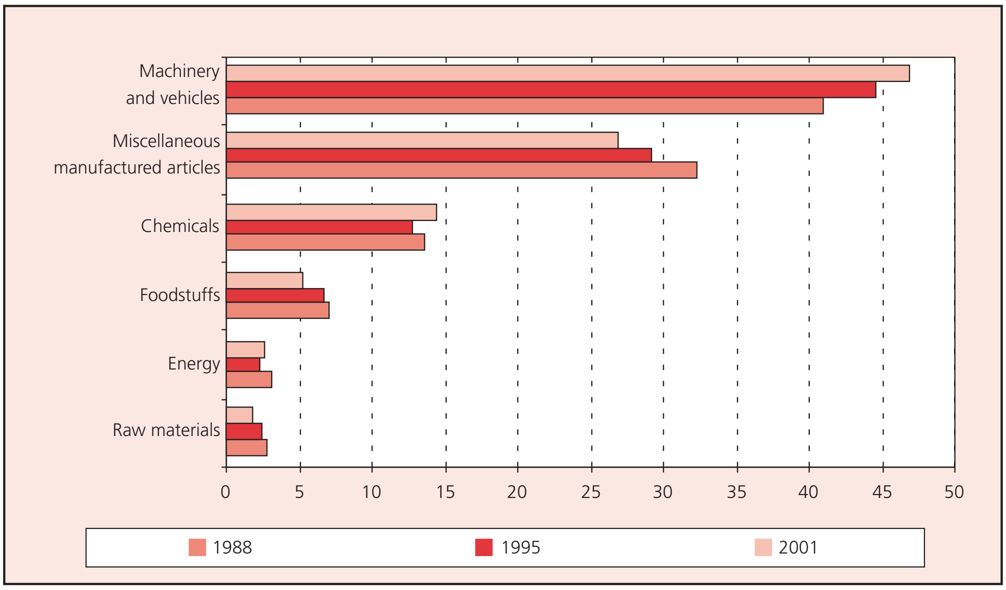


Figure 19b — EU exports by product group as a % of total trade



changed over time. In particular, there has been a noticeable increase in trade in machinery and vehicles, with a corresponding decline in the case of foodstuffs and raw materials.

The car industry in pole position

A closer look at the breakdown by product in terms of value reveals some interesting features (Figures 20a and 20b). For example, the car industry is the clear leader when it comes to European exports. Electrical machinery ranks second for exports, as well as for imports. Industrial machinery (especially specialised and power-generating machinery, the latter consisting predominantly of aircraft engines) is another major export group. Other mainstays are the pharmaceuticals industry, followed by telecommunications and organic chemicals.

Major imports of electrical machinery and computers

The EU purchased significant amounts of petroleum and petroleum products, and there was a fairly noticeable increase in imports between 1995 and 2001 (see Figure 20a). On the other hand, while exports were dominated by

Figure 20a — Main categories of products imported by the EU (billion ECU/EUR)

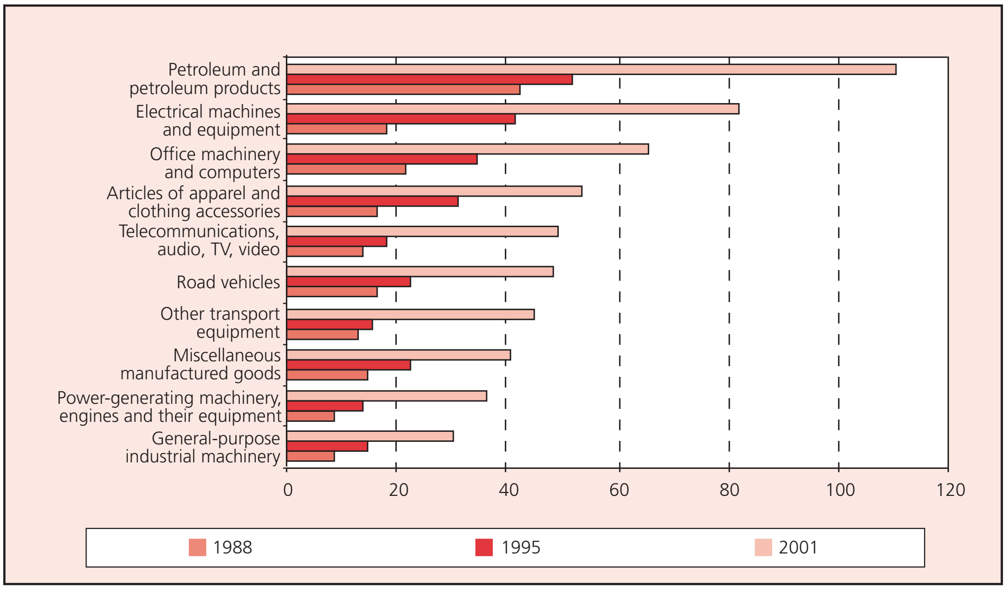
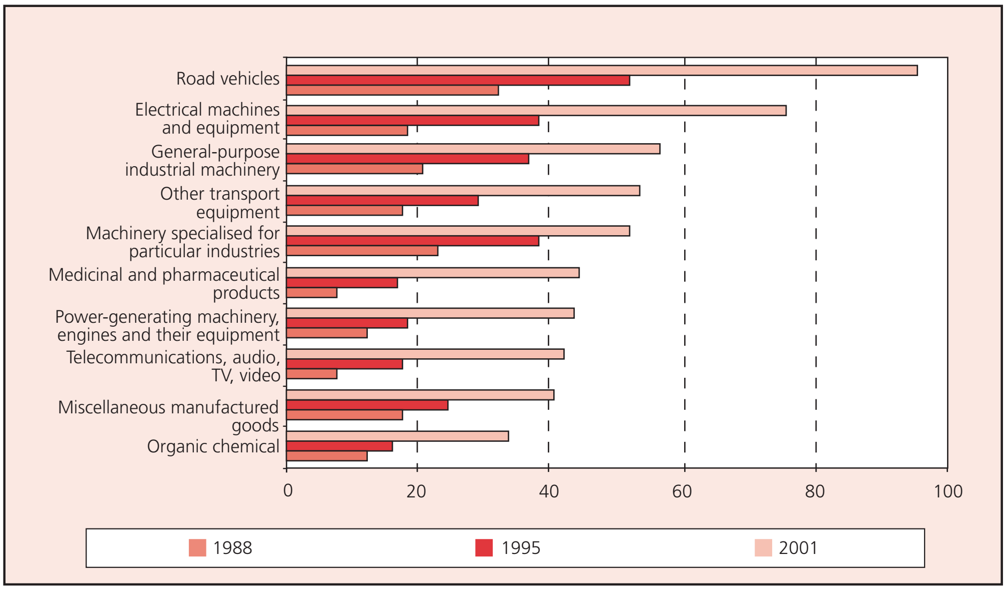


Figure 20b — Main categories of products exported by the EU (billion ECU/EUR)



machinery (see Figure 20b), imports focused on clothing, computers and telecommunications equipment. These last two sectors experienced rapid growth between 1995 and 2001, one reason being the demand for new electronic equipment compatible with Y2K and the switchover to the euro.

The EU: running a deficit on food …

The following set of figures shows EU trade broken down by major product group for 1988–2001. Figure 21 shows that the EU was a net importer of food during the period. The trade deficit was more noticeable at the end of the 1980s and the start of the 1990s than in the years which followed, but the deficit started to rise again towards the end of the decade and in 2001.

... and on raw materials and energy products as well

Similarly, the EU had an ongoing deficit with regard to trade in raw materials (see Figure 22), the deficit peaked at more than EUR 30 billion in 2000, and was hardly any lower in 2001. The same applied to energy products (see Figure 23),

Figure 21 — EU trade by product: foodstuffs

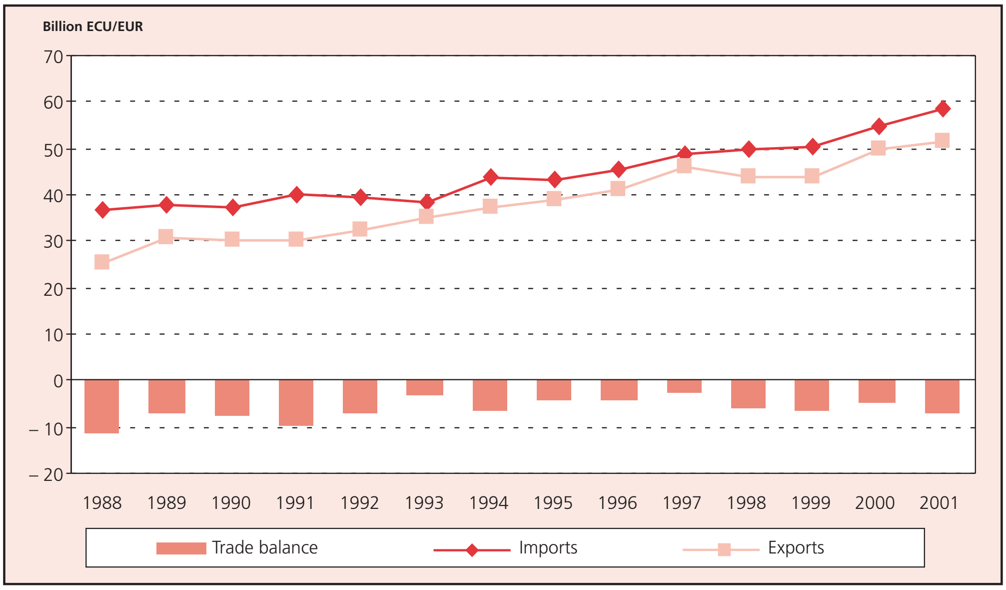
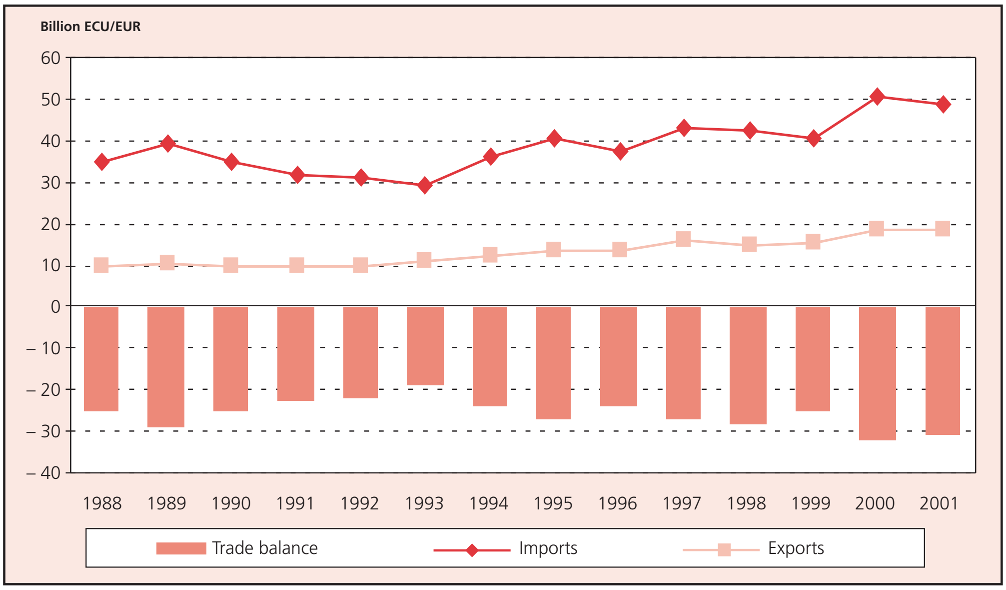
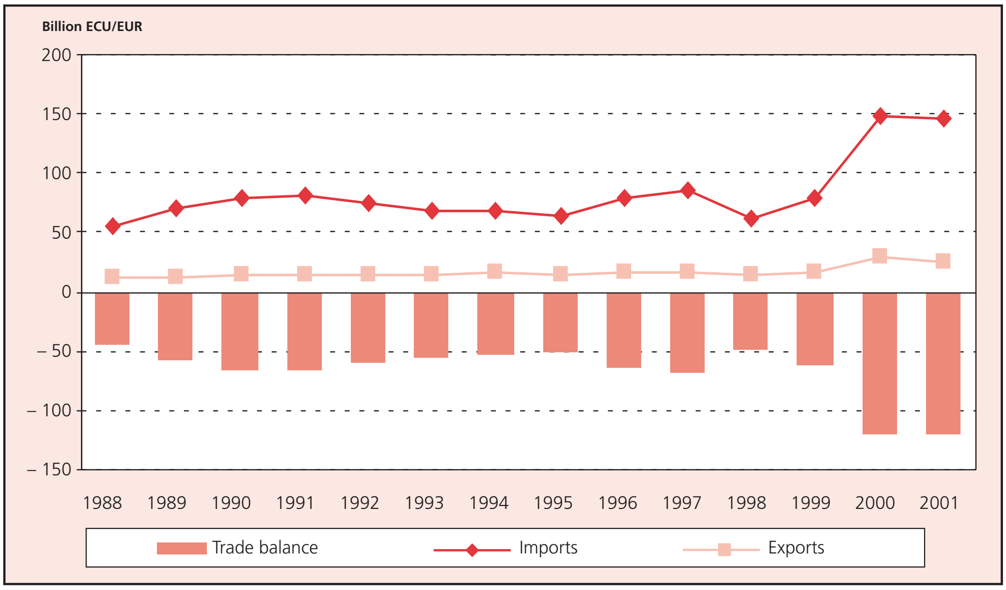


Figure 22 — EU trade by product: raw materials



for which the deficit fluctuated between EUR 50 billion and EUR 70 billion throughout much of the period but then practically doubled in 2000 and 2001 because of soaring oil prices. Exports remained more or less stable in value throughout the reference period. Imports showed slightly greater variations, until the upward surge in 2000.

Figure 23 — EU trade by product: energy



The chemicals industry: one of the EU's strong points throughout the decade

As Figure 24 shows, the European Union posted a surplus for trade in the chemicals sector throughout the period from 1988 to 2001. The surplus ran at about EUR 20 billion from 1988 to 1992, grew beyond EUR 30 billion between 1993 and 1996 and swelled to about 40 billion in 1997 and 1998. The trend has continued over the last three years, with the surplus rising sharply to almost EUR 65 billion in 2001.

Figure 25 shows the pattern of EU trade in intermediate manufactured goods. These are mainly simple products manufactured from raw materials such as leather, rubber, wood, textile fibres, metal, etc. It can be seen that the European Union had a surplus for trade in these products between 1988 and 2001. This surplus was particularly marked between 1993 and 1997 but then fell when there was a downturn in exports. Imports and exports both rose again in 2000, and in 2001 only the overall trade totals remained fairly firm.

Figure 24 — EU trade by product: chemicals

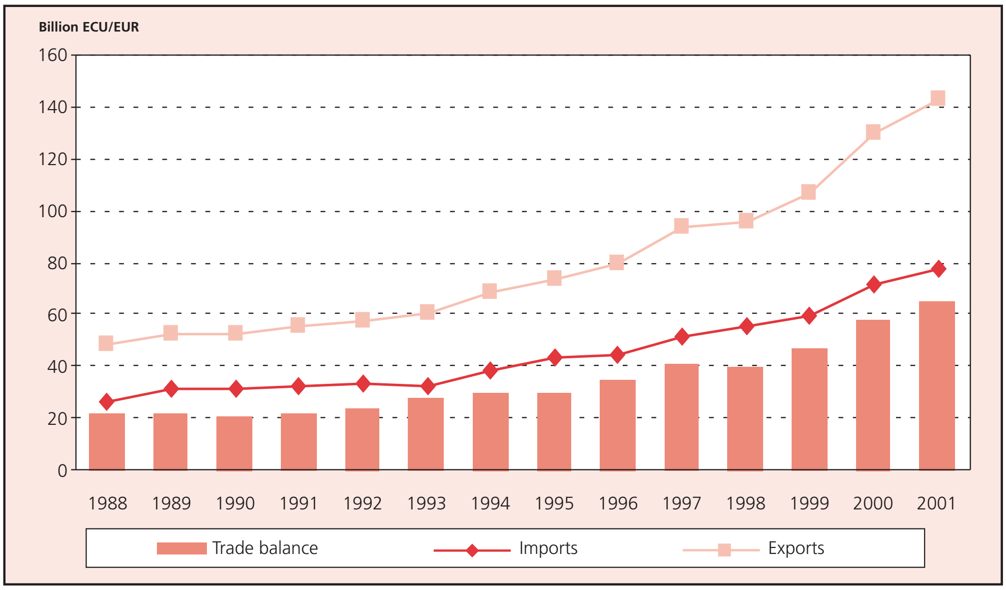


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Figure 25 — EU trade by product: manufactured goods classified by materials

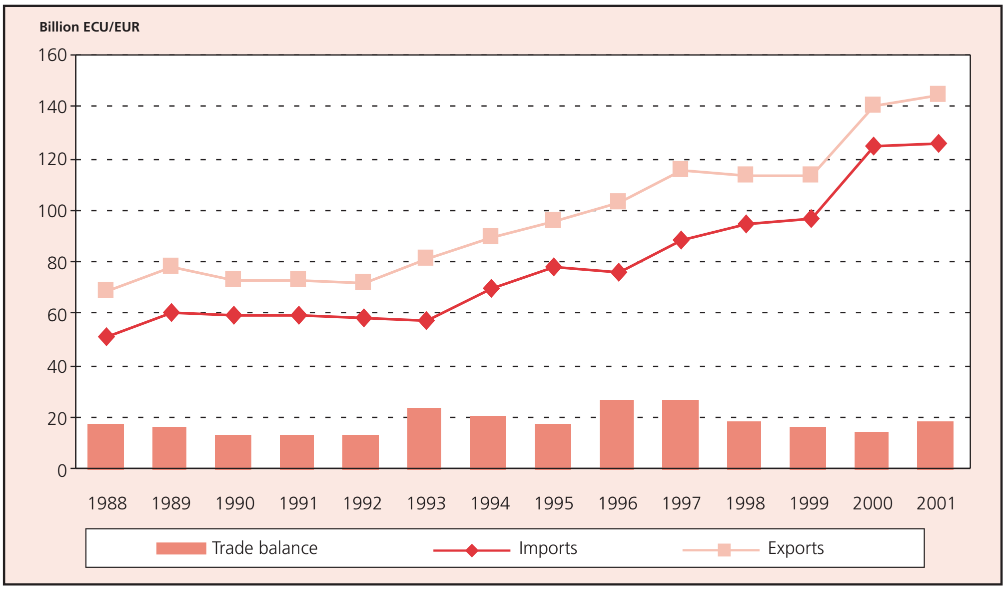


Figure 26 — EU trade by product: miscellaneous manufactured goods

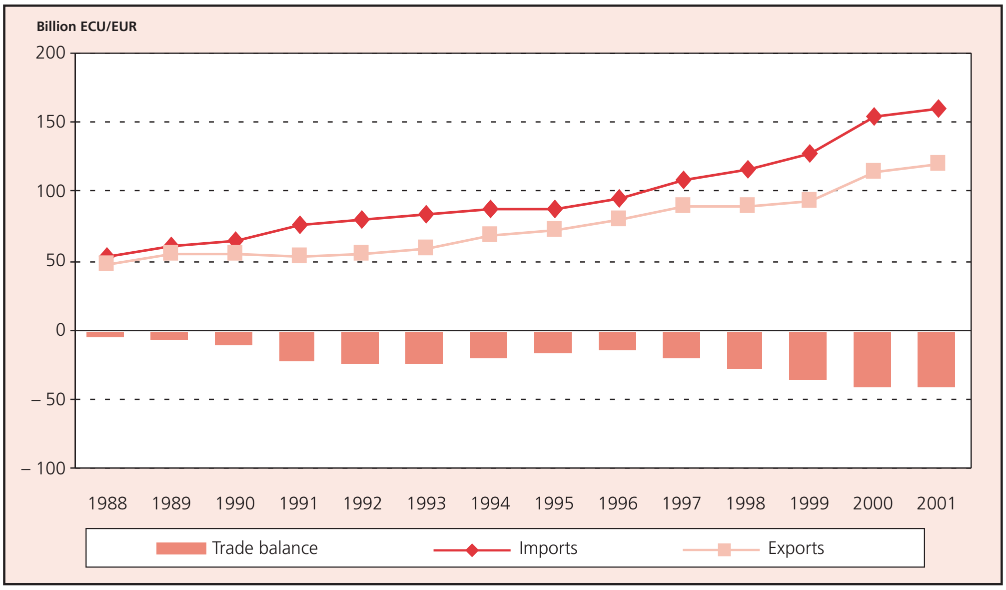
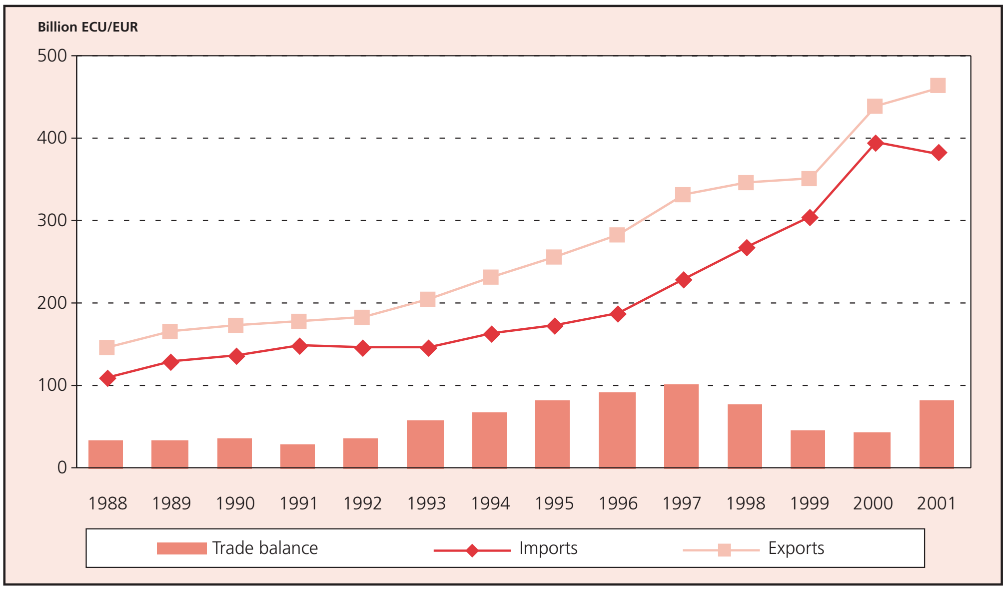


Figure 26 shows the pattern of EU trade in miscellaneous manufactured articles. In general, these are goods which have been processed more than those referred to in the previous paragraph. Examples are clothing and accessories, footwear and furniture. This product group recorded an ongoing trade deficit, which got even worse after 1996. To some extent, the EU exported basic manufactured articles, which were then finished abroad and subsequently re-imported. There is an growing tendency to export the most labour-intensive part of the production process to countries where labour is cheap. This is particularly true for the clothing industry.

Strong performance by machinery and vehicles as well

As mentioned earlier, trade in machinery and vehicles has been one of the European Union's strong points over the last decade. Over the period covered in Figure 27, the EU posted a surplus with the rest of the world. Until 1992 the figure was between EUR 30 billion and EUR 40 billion — although it was slightly less in 1991 — but it then soared to EUR 100 million in 1997. In subsequent years it fell back to pre-1993 levels. Be that as it may, there was a clear rise in the surplus between 1988 and 2000, with exports and imports tripling in value, and the EU trade surplus doubled again in 2001.

Figure 27 — EU trade by product: machinery and vehicles



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Chapter 3
Intra-EU trade

Constant growth in trade between Member States

Trade between EU Member States has been considerable. Figure 28 shows the trends in this intra-Community trade from 1988 to 2001. The total value of the goods traded increased spectacularly over the period, with imports and exports generally matching each other. Logically, as was explained in Chapter 1, one country's imports should equal another's exports. But Figure 28 shows that this simple equation does not work out in practice.

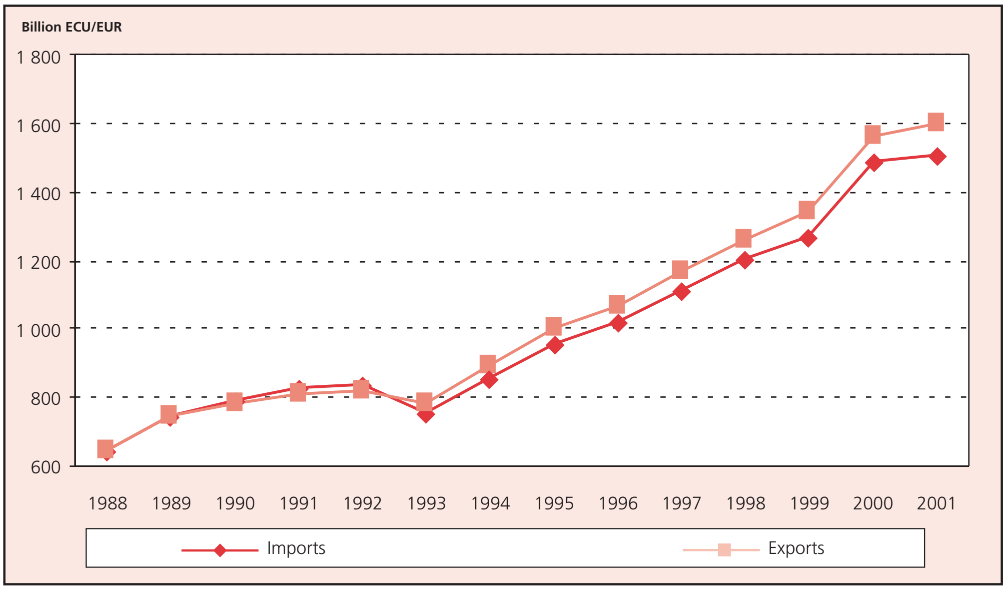
As was also said in Chapter 1, discrepancies in trade statistics stem from the use of different statistical systems. In the case of intra-Community trade, a particular problem emerged in 1993 with the introduction of the EU single market. This marked the end of customs barriers, and thus the disappearance of the traditional sources of trade statistics. Figure 28 clearly indicates a trend shift for the year, and the figures for arrivals (imports) and dispatches (exports) have been asymmetrical since then.

The new method of collecting information required firms to submit monthly declarations by way of 'Intrastat forms', which were then used to compile statistical data. In addition, statistical thresholds below which declarations were not compulsory also had an impact on the figures, with imports being affected more than exports (see Box G).

Intra-EU trade still dominant

Table 29 shows intra-Community trade as a percentage of total EU trade and reveals the relative importance of trade between Member States compared with trade with the rest of the world. This shows that intra-EU trade accounted for more than 60 % of total trade between 1988 and 2001, except for imports in 2000 and 2001. This was caused by soaring oil prices, which had an impact on the value of imports from outside the EU.

Figure 28 — Intra-EU trade, 1988–2001



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Box G

Methods of compiling EU external trade statistics

The creation of the European Union and the abolition of customs formalities at internal borders led to changes in the way of collecting statistical information on the external trade of the EU and its Member States. Since 1 January 1993, when the internal market took effect and checks at internal borders were removed, EU trade data have been collected using two separate systems: Intrastat for trade between Member States and Extrastat for trade between Member States and non-member countries.

Extrastat data are collected by the customs authorities via a single administrative document (SAD), which is completed by importers and exporters. Extra-EU trade statistics cover goods traded between the European Union and non-member countries. More specifically, the figures for EU imports refer to goods from non-member countries which are either intended for consumption in the EU, including re-imports (inward processing), or intended for outward processing, i.e. goods for working, processing or repair with a view to future export. EU exports include goods leaving the statistical territory (definitive export), including those leaving after inward processing, and goods leaving for outward processing, i.e. leaving the statistical territory for working, processing or repair with a view to being subsequently re-imported. However, extra-EU trade statistics do not include goods in transit or under a customs procedure for bonded warehousing or temporary entry, such as goods used for fairs, exhibitions, testing, etc.

Overall, the field covered by statistics on EU external trade corresponds to the 'special' method of accounting for trade. This differs from the 'general' method used by countries such as the United States and Japan, which take account of all goods entering and leaving the statistical territory, including those entering or leaving a bonded warehouse.

Statistics on intra-Community trade are not compiled in the same way as extra-EU trade statistics. Intrastat, the new system for collecting statistics on intra-Community trade, allows information to be collected directly from firms. Although intra-EU trade statistics are not formally based on the 'general' or 'special' methods, which are directly linked to customs procedures, because of the way trade is covered, Intrastat is close to the 'general' method. Indeed, intra-EU trade statistics include all goods traded between Member States except those in transit.

Apart from the different methodologies used, the two types of flow are not recorded according to the same concepts. Extra-EU trade statistics do not include imports and exports, the value or net mass of which falls below a statistical threshold. These thresholds are fixed by the Member States but are subject to rules on quality laid down in Community legislation.

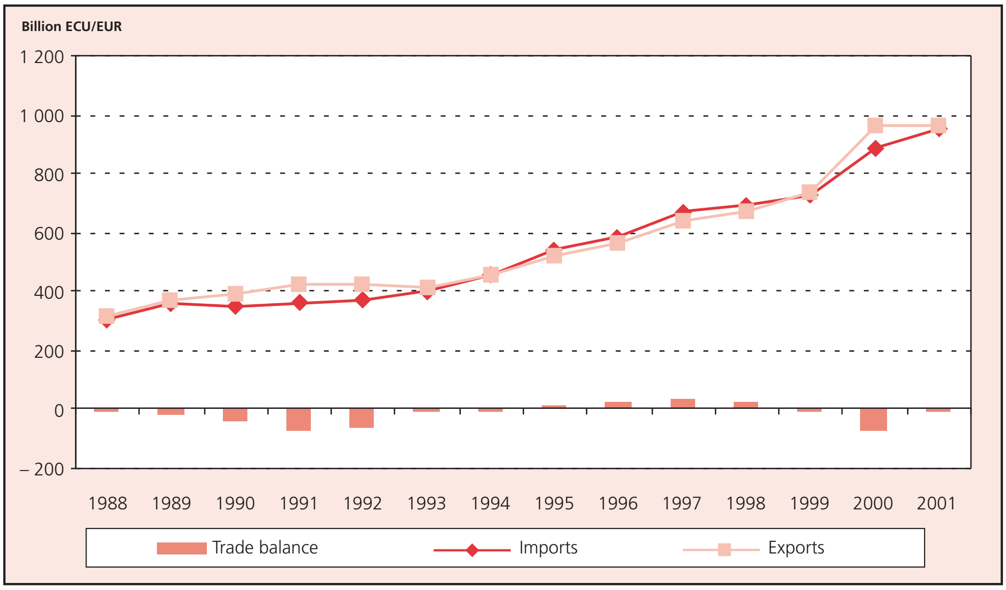
Table 29 — Share of intra-EU trade as a % of overall trade

	Intra-EU trade (Billion ECU/EUR)		Extra-EU trade (Billion ECU/EUR)		Share of intra-EU trade (%)	
	Imports	Exports	Imports	Exports	Imports	Exports
1988	645.7	645.0	372.2	348.6	63.4	64.9
1989	745.2	745.6	431.4	395.7	63.3	65.3
1990	788.0	779.4	442.9	396.2	64.0	66.3
1991	825.5	808.8	473.1	403.9	63.6	66.7
1992	838.6	818.3	465.4	415.3	64.3	66.3
1993	756.6	787.6	464.7	468.1	61.9	62.7
1994	856.8	893.1	514.3	523.8	62.5	63.0
1995	954.5	1 000.3	545.3	573.3	63.6	63.6
1996	1 021.7	1 069.0	581.0	626.3	63.7	63.1
1997	1 110.3	1 165.1	672.6	721.1	62.3	61.8
1998	1 207.1	1 258.9	710.5	733.4	62.9	63.2
1999	1 271.0	1 338.0	779.8	760.2	62.0	63.8
2000	1 487.0	1 565.0	1 033.4	942.0	59.0	62.4
2001	1 506.8	1 594.9	1 028.0	985.3	59.4	61.8

Chapter 4
Euro zone trade

GDP in the euro zone grew at an average rate of 1.5 % between 1992 and 1997 but increased sharply in subsequent years, averaging 2.9 % between 1998 and 2001, before reverting to the earlier rate of 1.5 % in 2001. However, this average concealed significant fluctuations from one year to the next. For example, the figure hit a low of 1.9 % in the first quarter of 1999 and peaked at 4.8 % in the first quarter of 2000. These rapid changes in the pace of economic growth in the euro zone in recent years reflect the changing circumstances of global demand. Changes in the trade balance are determined primarily by the joint effects of fluctuating demand, the euro exchange rate and the average prices of traded goods.

Figure 30 — Trade in the euro zone, 1988–2001



Trade deficit in the euro zone for much of the last decade

The trade balance of the euro zone (with 12 countries ([6])) generally mirrored that of the European Union as a whole and can be divided into three separate phases (see Figure 30). The first phase, from 1988 to 1994, was marked by an ongoing deficit which hit a low of just over EUR 72 billion in 1991. The trend was reversed during the second phase (1995–98), when there was an average surplus of about EUR 25 billion. The last three years of the period under review again produced a deficit, with 2000 posting one of the biggest deficits of any year during the 1988–2001 period. To a large extent, the shift to a deficit in recent years can be explained by the rising cost of energy imports. They accounted for about 85 % of the deficit increase. Apart from 1991, 1992 and 1998, the deficit or surplus figures of the euro zone were always below those of the European Union. In other words, fluctuations in the trade balance were felt more in the EU as a whole than in the euro zone.

Euro zone exports surpass EU exports

Throughout the period being looked at, the euro zone exported more goods than the EU as a whole, while generally importing less, which explains the lower trade deficits, and even surpluses.

([6]) Euro zone Member States: Belgium, Germany, Greece (since 2001), Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

eurostat

Figure 31a — Main trading partners' shares in euro zone exports, 2001

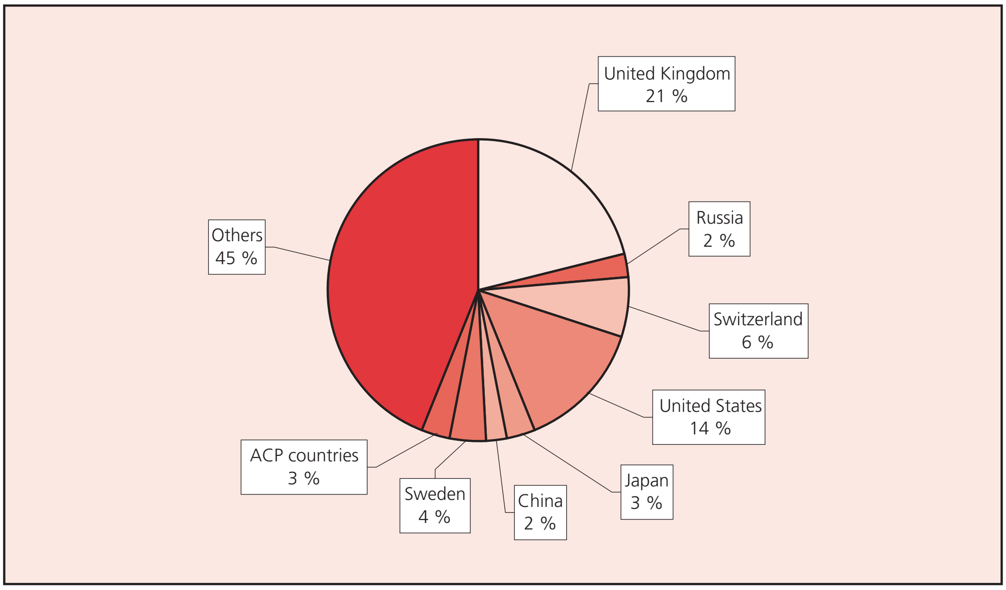
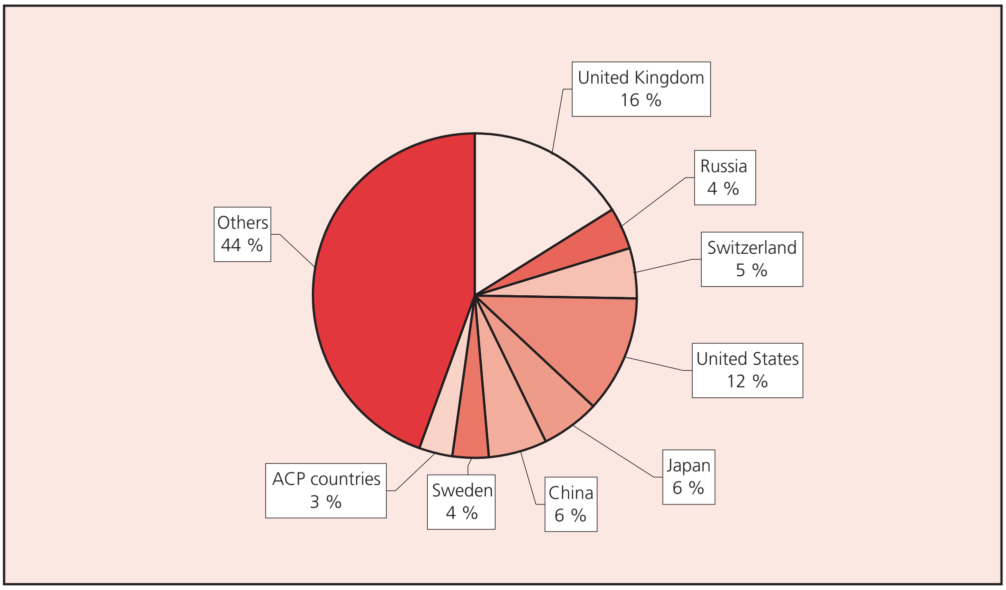


Figure 31b — Main trading partners' shares in euro zone imports, 2001



United Kingdom: foremost trading partner

The euro zone's biggest trading partner in 2001 was the United Kingdom, closely followed by the United States (see Figures 31a and 31b). Some 16 % of imports originated in the United Kingdom, while 12 % came from the United States. Other major sources of imports were China, Japan, Switzerland, Russia and Sweden. As for exports, more than a fifth went to the United Kingdom. Slightly less (14 %) were exported to the United States, and Switzerland, Sweden and Japan were other major buyers of euro zone goods. Two candidate countries (Poland and the Czech Republic) were also among the main export destinations.

Pattern of trade by product similar to the EU

In terms of products, the trade pattern of the euro zone is similar to that of the European Union (see Figures 18a/18b and 32a/32b). Nearly 50 % of euro zone exports were manufactured goods and vehicles (roughly the same as for the EU as a whole), with 25 % comprising miscellaneous manufactured articles. The remaining 25 % of exports in 2001 consisted of chemical products, foodstuffs, raw materials and energy products.

Figure 32a — Euro zone imports by product group, 2001

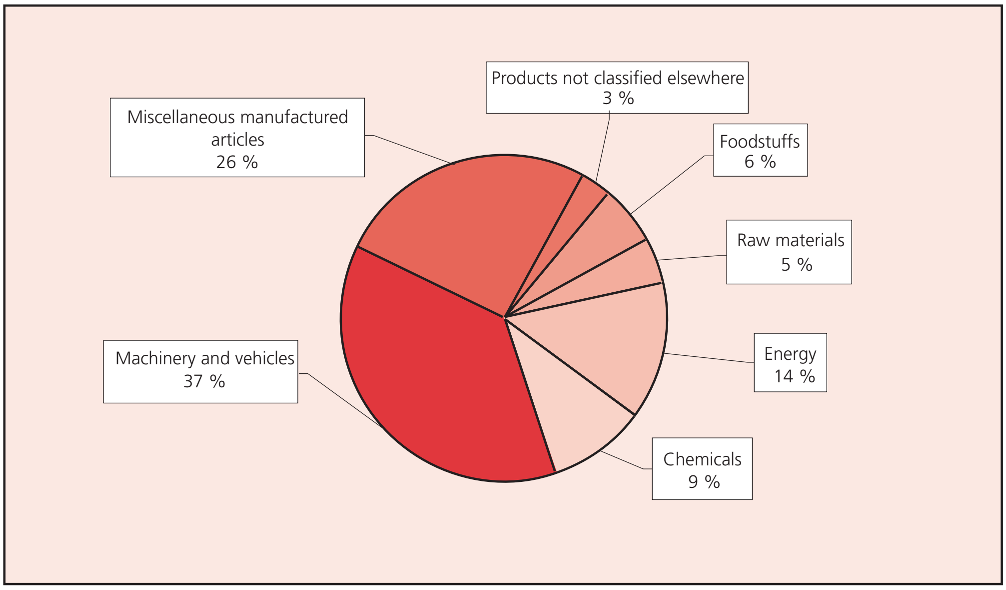
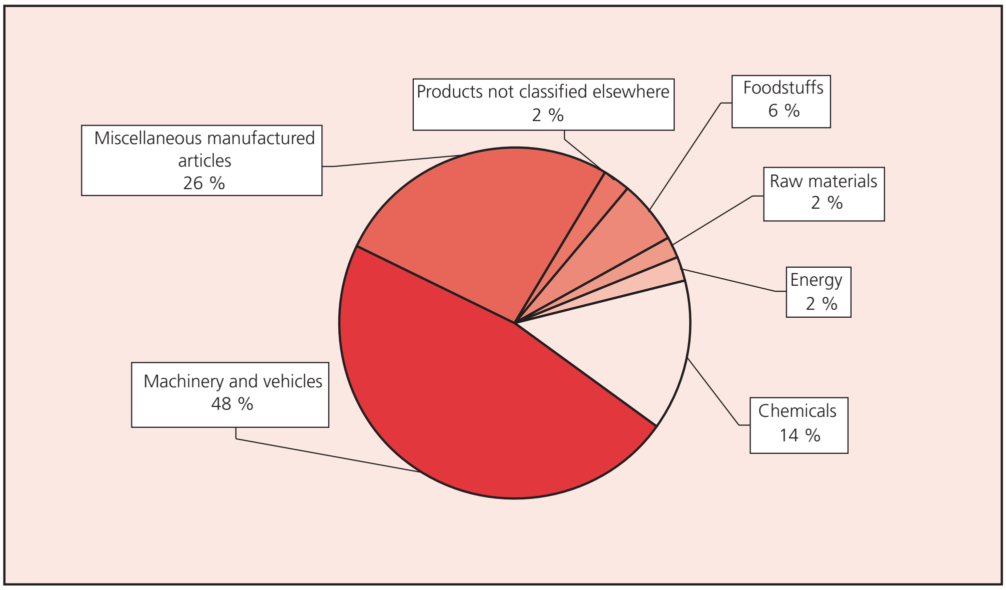


Figure 32b — Euro zone exports by product group, 2001



The export breakdown is slightly different from the breakdown for imports, since there were fewer imports of machinery and vehicles from outside the euro zone in 2001 (37 %). At the same time, energy products accounted for 14 % of imports, a figure much higher than for exports (2 %).

Trade flows between euro zone Member States are declining …

Like trade in the EU as a whole, trade within the euro zone (see Figure 33) was marked by a clear break in the trend pattern in 1993 — the year when Intrastat was introduced — and some divergence between imports and exports thereafter. Although it is growing, the imbalance of the two trade flows within the euro zone is, however, less marked than the imbalance in trade flows in the Union as a whole. The figure in the countries using the single currency came to about 4–6 % over the period. Table 34 shows the trade within the euro zone as a percentage of total trade by the euro zone countries; it thus reveals the relative importance of trade with other countries in the euro zone in comparison with trade with the rest of the world. Imports and exports within the euro zone accounted for more than 50 % on average of total trade between 1988

Figure 33 — Intra-euro zone trade, 1988–2001

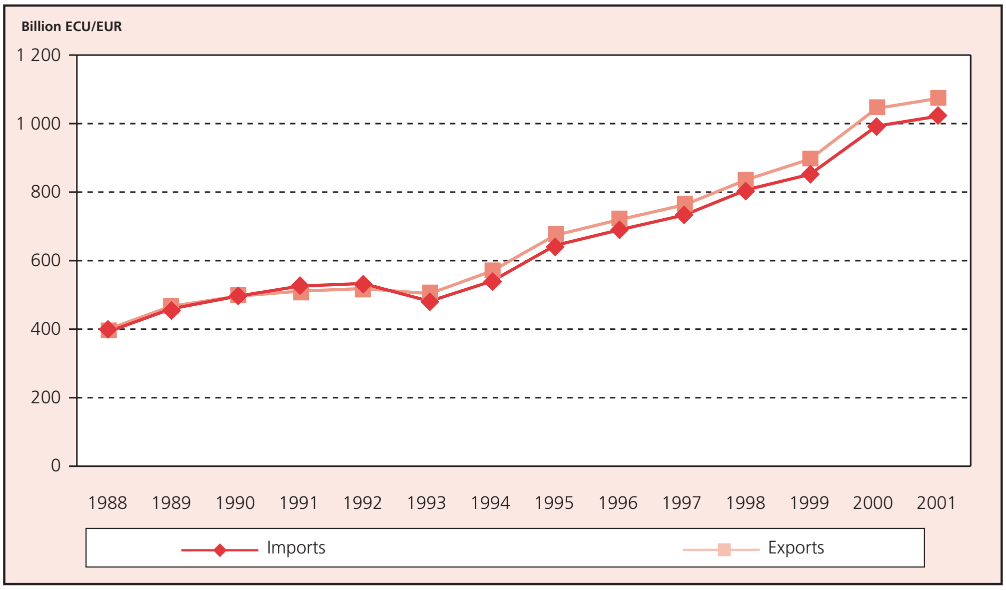


Table 34 — Share of intra-euro zone trade as a % of overall trade

	Intra-euro zone trade (Billion ECU/EUR)		Extra-euro zone trade (Billion ECU/EUR)		Share of intra-euro zone trade as a % of overall trade (%)	
	Imports	Exports	Imports	Exports	Imports	Exports
1988	420.2	419.2	360.6	381.1	53.8	52.4
1989	488.3	488.8	426.0	435.5	53.4	52.9
1990	525.7	517.9	445.6	434.6	54.1	54.4
1991	561.4	545.3	483.5	439.5	53.7	55.4
1992	571.1	552.7	478.0	454.4	54.4	54.9
1993	500.5	522.6	460.0	496.1	52.1	51.3
1994	564.1	591.2	517.8	558.3	52.1	51.4
1995	632.0	664.2	558.8	618.6	53.1	51.8
1996	673.8	705.7	592.0	669.3	53.2	51.3
1997	715.4	749.9	675.1	762.7	51.4	49.6
1998	789.9	821.9	711.4	797.1	52.6	50.8
1999	828.9	872.8	781.2	832.8	51.5	51.2
2000	973.8	1 020.0	1 014.0	1 016.2	49.0	50.1
2001	1 000.8	1 046.0	1 009.6	1 076.2	49.8	49.3

and 2001, but their share of total trade is tending to decline. These figures are slightly below those for the EU as a whole, where intra-Community trade accounted for 60 % of all trade for most of the period (see Table 29). The difference in the figures can be explained by the United Kingdom's importance as a trading partner for the countries in the euro zone.

Figure 35 shows that the structure of trade between countries in the euro zone is fairly different from the structure of trade between the euro zone and the rest of the world (see also Figure 32b). For example, about 65 % of exports within the euro zone consisted of machinery, vehicles and miscellaneous manufactured articles, compared to 75 % for exports outside the euro zone. The remaining 35 % in 2001 consisted of chemical products, foodstuffs, raw materials and energy products (as compared to 25 % for exports outside the zone).

… while the entry of Greece negatively affects the trade balance

With the arrival of Greece in the euro zone in January 2001, the statistical series of the zone had to be revised to take account of the new country. One consequence of Greece's inclusion was that the historically adjusted series now showed that the euro zone had a trade deficit in certain years, e.g. 1993, 1994, 1999 and 2001 (Figures 36 and 30).

Figure 35 — Intra-euro zone exports by product group, 2001

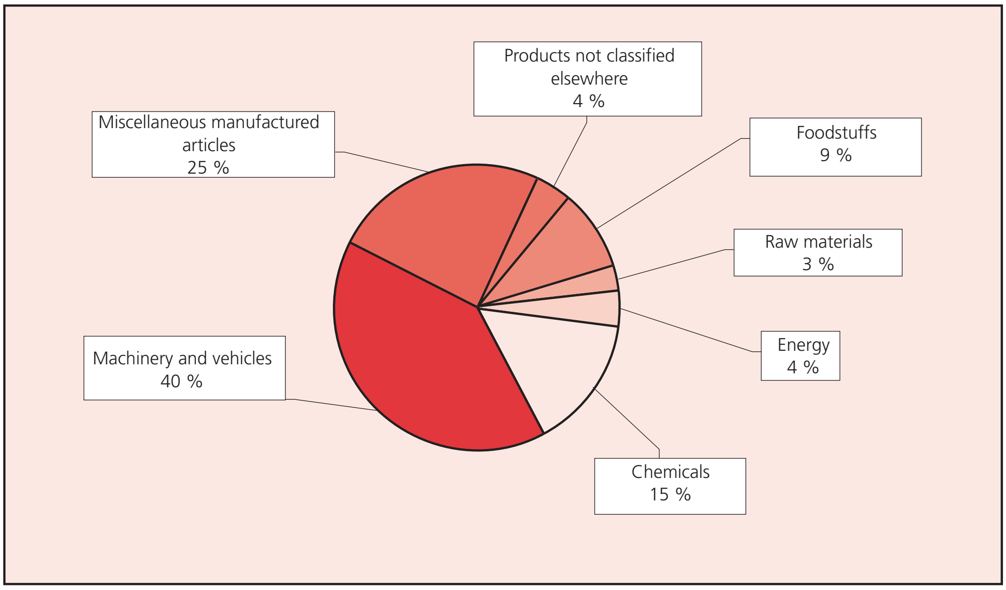
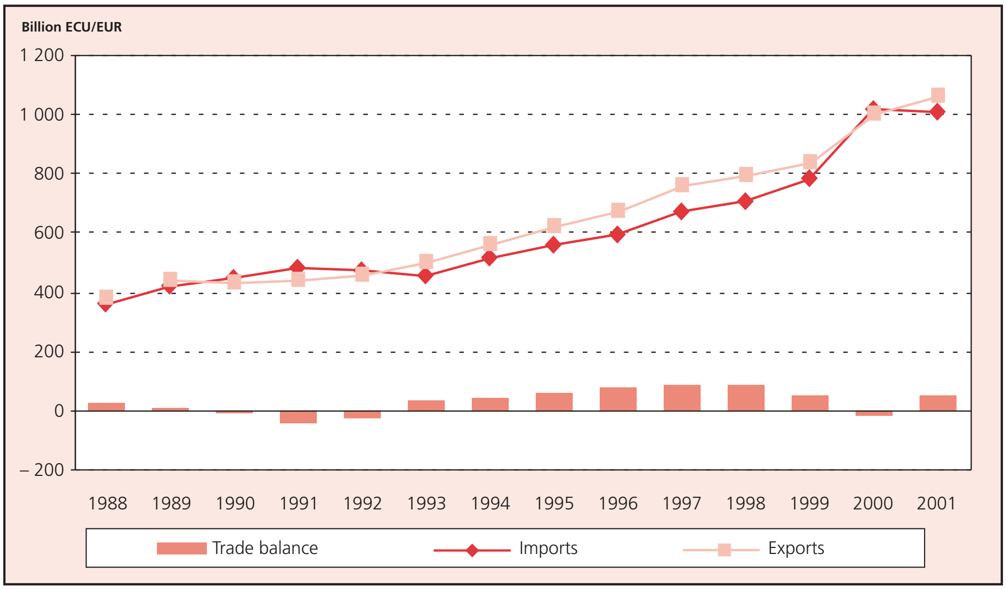


Figure 36 — Euro zone trade excluding Greece, 1988–2001



Chapter 5

Trade between the European Union and the candidate countries

In 1998 the European Union formally launched the enlargement process with 13 candidate countries, with May 2004 set as the date of accession for 10 of them. In trade terms, this enlargement process has been reflected in an upsurge in trade between the EU and the candidate countries. Dominated on both sides by the big economies, relations between the two areas have been marked by a shift in the breakdown of flows, with trade in primary products declining to the benefit of trade in manufactured goods, especially machinery and transport equipment.

A boost to trade relations

In the second half of the last decade, EU trade with the candidate countries, considered as a group, developed faster than the Union's total trade. The candidate countries' share of EU trade thus increased from 11 % in 1995 to more than 14 % in 2001. This advance was more noticeable in the case of exports than for imports. Between 1995 and 2001, the candidate countries' share of the former increased from 12 % to 15 %, while the latter rose from 10 % to 13 %. The two traditional EU trading partners who bore the brunt

Figure 37 — Share of candidate countries in EU trade, 1995–2001

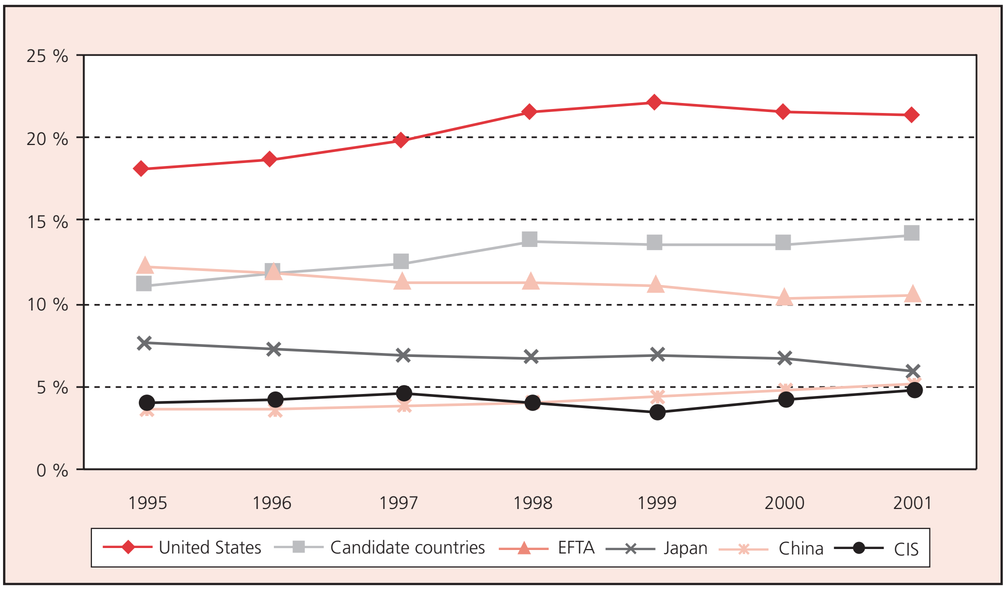


Table 38 — EU trade with the 13 candidate countries

	Imports					Exports					Balance
	Share		Variation		Billion EUR	Share		Variation		Billion EUR	Billion EUR
	1995	2001	2001/2000	2001/1995	2001	1995	2001	2001/2000	2001/1995	2001	2001
Poland	22 %	20 %	14 %	14 %	26.5	22 %	23 %	5 %	15 %	35.5	9.0
Czech Rep.	16 %	19 %	16 %	19 %	25.0	16 %	18 %	14 %	15 %	27.4	2.4
Hungary	14 %	18 %	10 %	21 %	24.3	12 %	16 %	3 %	18 %	23.7	– 0.5
Turkey	17 %	15 %	15 %	14 %	20.2	19 %	13 %	– 33 %	7 %	20.2	0.0
Romania	6 %	7 %	22 %	18 %	9.4	5 %	7 %	20 %	18 %	10.5	1.1
Slovakia	6 %	6 %	17 %	18 %	8.1	5 %	5 %	20 %	16 %	7.9	– 0.2
Slovenia	8 %	5 %	5 %	8 %	6.6	7 %	6 %	4 %	8 %	8.4	1.9
Bulgaria	3 %	3 %	13 %	11 %	3.5	3 %	3 %	23 %	12 %	4.0	0.5
Estonia	2 %	2 %	– 5 %	23 %	3.0	2 %	2 %	– 5 %	14 %	3.0	0.0
Lithuania	2 %	2 %	21 %	18 %	2.6	1 %	2 %	31 %	22 %	3.4	0.8
Latvia	2 %	1 %	2 %	10 %	1.9	1 %	2 %	20 %	17 %	2.4	0.5
Malta	2 %	1 %	11 %	1 %	1.2	3 %	2 %	– 11 %	4 %	2.5	1.3
Cyprus	1 %	1 %	– 5 %	4 %	1.0	3 %	2 %	– 6 %	7 %	2.9	2.0
Total	100 %	100 %	13 %	16 %	133.2	100 %	100 %	0 %	14 %	151.9	18.7

of this growth were Japan and the EFTA countries, both of whose shares in EU exports and imports shrunk over this period (see Figure 37).

Big countries increasingly dominant

EU trade with the 13 candidate countries is to a large extent structured by its relations with the four countries which are biggest in terms of GDP and population: Poland, the Czech Republic, Hungary and Turkey (see Table 38). These countries steadily increased their share of EU trade, with imports up from 68 % in 1995 to 72 % in 2001 and exports up from 69 % to 70 % over the same period. Turkey was the only one of these four countries whose trade with the EU declined. While it was the group's second most important partner in trade with the EU in 1995, by 2001 it had slipped to fourth ([7]).

Increased trade in machinery and transport equipment

When the trade flows between the EU and the candidate countries are broken down by product group, one noticeable feature is the declining

Figure 39a — Structure of EU imports

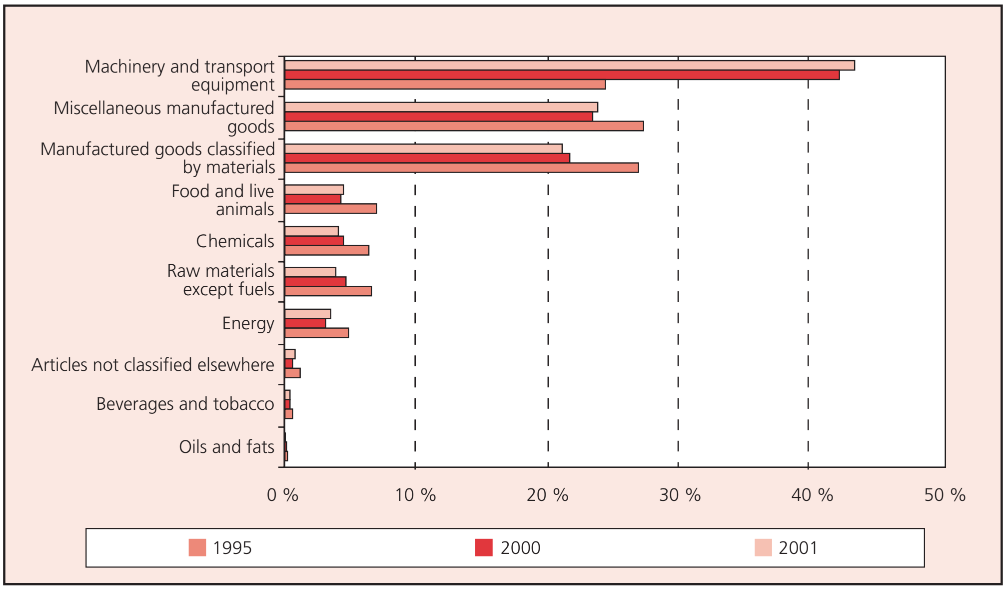
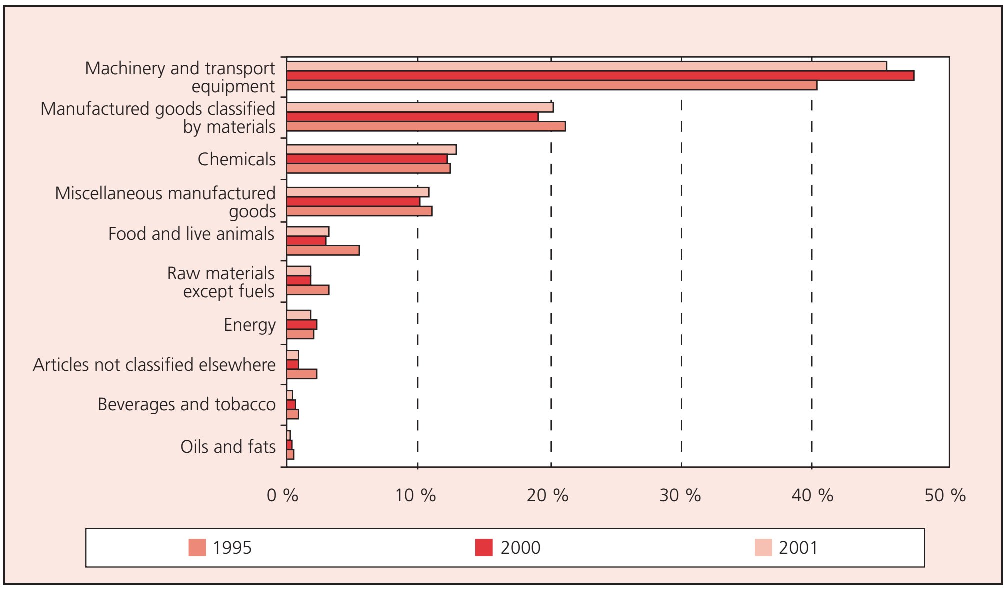


Figure 39b — Structure of EU exports



([7]) The trend was more noticeable in the case of imports from the EU. The downturn on the export side dates from 2001. Turkey was still ranked second a year earlier. The change reflects to some extent the effects of the financial crisis which hit Turkey from February 2001 onwards.

importance of primary products. As a percentage of all EU imports from the candidate countries, these products fell from 13.4 % in 1995 to 8 % in 2001, while exports from the EU to the candidate countries declined from 10 % to 6 % over the same period. The trade flows of industrial goods showed an opposite trend, prompted primarily by a clear rise in trade in machinery and transport equipment, especially in the case of EU imports, which almost doubled between 1995 and 2001. As a percentage of total EU imports from the candidate countries, the figure went up from 23 % to 41 % (see Figures 39a and 39b). In the case of chemical products and basic and miscellaneous manufactured articles, however, the figures fell over the same period: from 6 % to 4 % for the former and from 51 % to 42 % in the case of the latter. A similar, though less marked, trend can be observed for EU exports to the candidate countries. Machinery and transport equipment took an increasing share of EU exports (from 40 % in 1995 to 45 % in 2001), while the figures for other manufactured articles remained fairly steady over the same period: around 12 % for chemical products and 20 % and 10.5 % for basic and miscellaneous manufactured articles respectively.

EU: deficit in primary products

The European Union posted a trade surplus with the candidate countries throughout the years under review. The surplus was fairly steady between 1996 and 2000. In 2001, however, the figure fell back to the 1995 level, well below the 1996–2000 average of EUR 31 billion. The EU's overall surplus was the result of its considerable surplus in trade in chemical products and machinery and transport equipment. The EU had a deficit in trade in raw materials over the entire period, mainly because of the impact of the growing trade deficit in non-food raw materials (wood, leather, pulp, textile fibres) — this deficit more than doubled between 1995 and 2001. This trend countered that of manufactured goods, which recorded a large and steadily increasing surplus in every year throughout the period, apart from 2001 ([8]) (see Table 40).

Surplus for machinery and transport equipment, but deficit for clothing

The products which produce the biggest surpluses for the European Union come under Section 7 of the Standard International Trade Classification (SITC). Products in this section account for half of the 10 main surpluses in machinery and transport equipment. More specifically, the two biggest surpluses are for general industry machinery and equipment (SITC 74) and machinery specialised for particular industries (SITC 72). At the other extreme, the biggest deficits concern furniture and bedding, primary products (cork and wood, coal, fruit and vegetables) and especially clothing and accessories. Trade in machin-

Table 40 — Main EU surpluses and deficits (billion ECU/EUR)

	1995	1996	1997	1998	1999	2000	2001
Total trade	**15.2**	**27.2**	**35.1**	**34.1**	**25.7**	**33.5**	**18.7**
General-purpose industrial machinery	3.4	4.3	5.1	5.5	4.8	5.2	4.8
Machines specialised for particular industries	3.6	5.1	5.4	5.4	4.1	4.9	4.7
Medicinal and pharmaceutical products	1.3	1.6	2.2	2.7	2.9	3.5	4.4
Made-up textile articles and related products	2.4	2.9	3.2	3.3	3.1	3.5	3.5
Electrical machines and equipment	1.7	2.4	3.1	3.5	3.1	4.5	3.0
Chemical materials and products	1.2	1.5	1.8	2.0	2.0	2.4	2.5
Miscellaneous manufactured goods	1.6	1.9	2.3	2.4	2.3	2.7	2.5
Road vehicles	3.6	4.9	6.9	5.7	2.9	6.4	2.2
Paper, paperboard and articles of paper pulp	1.2	1.6	2.0	2.1	2.0	2.4	2.2
Office machines and equipment	1.2	1.3	1.4	1.7	1.6	2.5	2.1
Telecommunications equipment and apparatus	1.2	1.7	2.2	2.0	2.5	2.2	– 0.8
Non-ferrous metals	– 1.2	– 0.6	– 0.8	– 0.8	– 0.8	– 1.2	– 0.9
Footwear	– 0.5	– 0.5	– 0.6	– 0.6	– 0.8	– 0.9	– 1.2
Cork and wood manufactures (excluding furniture)	– 0.8	– 0.7	– 0.8	– 0.9	– 1.1	– 1.2	– 1.2
Coal, coke and briquettes	– 1.1	– 1.1	– 1.1	– 1.2	– 1.0	– 1.2	– 1.5
Fruit and vegetables	– 1.3	– 1.3	– 1.4	– 1.4	– 1.5	– 1.4	– 1.6
Cork and wood	– 1.1	– 1.1	– 1.5	– 1.6	– 1.8	– 2.0	– 1.9
Generating machinery, engines and their equipment	0.1	0.1	0.2	– 0.2	– 0.8	– 1.6	– 2.5
Furniture and bedding	– 1.4	– 1.5	– 1.7	– 2.0	– 2.6	– 3.3	– 4.0
Articles of apparel and clothing accessories	– 7.5	– 7.8	– 8.7	– 9.8	– 10.2	– 11.6	– 12.9

([8]) The sharp decline in the surplus for 2001 was caused solely by the trade figures with Turkey.

ery and motors, which produced a surplus in 1995, has posted a steadily increasing deficit since 1998 (see Table 40). In 2001, the EU also recorded a deficit in its trade in telecommunications equipment.

Surpluses for almost every Member State

As in most cases, trade between the European Union and the candidate countries is strongly dominated by the big economies among the Member States.

Even if its share is decreasing, Germany clearly dominates trade relations between the EU and the candidate countries. In 2001, it alone accounted for 43 % of EU imports and 40 % of EU exports. The share of the second-ranked Member State, Italy, was only around a third of this: 12 % of imports and 15 % of exports.

Austria ranked fourth, behind France but ahead of the United Kingdom. The country's high position can be explained by its geographic proximity to several candidate countries (see Tables 41a and 41b).

Apart from Portugal, which since 1988 has tended to record a deficit, all the Member States posted surpluses in their trade with the candidate countries over the period in question, although Denmark and the United Kingdom failed to do so in 2001. While the surplus for most Member States is growing (Italy, Germany, France, Spain, Netherlands) or fairly steady (Ireland, Greece, Sweden), Austria and Denmark have seen their surplus dwindle in recent years (see Table 42).

Table 41a — Member States' imports from candidate countries (billion ECU/EUR)

	1995	1996	1997	1998	1999	2000	2001	Share 1995	Share 2001	2001/2000	2001/1995
EU-15	**55.5**	**58.7**	**69.9**	**82.7**	**92.8**	**117.8**	**133.2**	**100 %**	**100 %**	**13 %**	**16 %**
Germany	26.0	26.8	31.7	37.7	42.0	50.8	56.7	47 %	43 %	12 %	14 %
Italy	7.0	7.0	8.4	9.5	10.5	13.3	15.9	13 %	12 %	20 %	15 %
France	4.5	5.0	5.2	6.5	7.4	9.7	11.1	8 %	8 %	15 %	16 %
Austria	3.5	4.5	5.4	6.3	7.0	9.4	10.9	6 %	8 %	16 %	21 %
United Kingdom	3.7	4.1	5.3	6.0	6.8	9.0	10.7	7 %	8 %	19 %	19 %
Netherlands	3.0	3.3	3.9	4.6	5.2	6.2	6.2	5 %	5 %	0 %	13 %
Belgium–Luxembourg	1.9	2.0	2.4	3.2	3.7	5.2	5.4	4 %	4 %	5 %	19 %
Spain	1.3	1.3	1.6	1.9	2.3	3.1	4.0	2 %	3 %	29 %	21 %
Sweden	1.4	1.4	1.8	2.3	2.5	3.5	3.5	3 %	3 %	– 2 %	16 %
Denmark	1.1	1.1	1.4	1.6	1.8	2.2	2.6	2 %	2 %	19 %	16 %
Finland	0.8	0.8	1.0	1.2	1.2	2.0	2.2	1 %	2 %	14 %	18 %
Greece	0.9	0.9	1.2	1.3	1.3	1.8	2.0	2 %	2 %	11 %	15 %
Portugal	0.2	0.2	0.2	0.4	0.5	0.8	1.0	0 %	1 %	30 %	28 %
Ireland	0.2	0.2	0.3	0.3	0.6	0.7	0.8	0 %	1 %	8 %	31 %

Table 41b — Member States' exports to candidate countries (billion ECU/EUR)

	1995	1996	1997	1998	1999	2000	2001	Share 1995	Share 2001	2001/2000	2001/1995
EU-15	**70.7**	**86.0**	**105.0**	**116.8**	**118.5**	**151.3**	**151.9**	**100 %**	**100 %**	**0 %**	**14 %**
Germany	28.6	33.4	40.3	46.8	46.5	57.6	60.5	40 %	40 %	5 %	13 %
Italy	10.9	13.4	15.4	16.0	15.5	20.4	22.5	15 %	15 %	10 %	13 %
France	6.1	8.1	9.6	10.9	11.9	14.9	14.8	9 %	10 %	0 %	16 %
Austria	5.2	6.0	7.7	8.2	8.7	10.3	11.0	7 %	7 %	7 %	13 %
United Kingdom	4.8	6.2	8.0	7.8	7.4	10.3	9.2	7 %	6 %	– 10 %	12 %
Netherlands	3.8	4.4	5.4	6.3	6.6	8.7	8.5	5 %	6 %	– 2 %	14 %
Belgium–Luxembourg	2.8	3.6	4.6	5.2	5.3	7.0	5.9	4 %	4 %	– 15 %	13 %
Spain	1.6	2.3	3.1	3.5	3.5	5.5	5.1	2 %	3 %	– 9 %	21 %
Sweden	2.0	2.6	3.6	3.9	4.6	5.3	4.1	3 %	3 %	– 22 %	13 %
Finland	1.8	2.3	3.1	3.5	3.5	4.4	3.6	3 %	2 %	– 19 %	12 %
Greece	1.1	1.3	1.5	1.6	1.6	2.5	2.5	2 %	2 %	2 %	14 %
Denmark	1.3	1.5	1.8	2.1	2.0	2.2	2.4	2 %	2 %	7 %	11 %
Ireland	0.4	0.5	0.7	0.8	1.0	1.7	1.3	1 %	1 %	– 20 %	21 %
Portugal	0.2	0.2	0.3	0.3	0.3	0.5	0.5	0 %	0 %	2 %	20 %

Table 42 — Member States' trade balances (billion ECU/EUR)

	1995	1996	1997	1998	1999	2000	2001
EU-15	**15.2**	**27.2**	**35.1**	**34.1**	**25.7**	**33.5**	**18.7**
Italy	3.9	6.4	7.0	6.5	5.0	7.1	6.6
Germany	2.6	6.6	8.6	9.2	4.5	6.8	3.7
France	1.6	3.1	4.4	4.3	4.5	5.2	3.7
Netherlands	0.8	1.1	1.5	1.7	1.4	2.5	2.3
Finland	1.0	1.5	2.0	2.3	2.3	2.4	1.3
Spain	0.4	1.1	1.5	1.6	1.2	2.4	1.0
Sweden	0.6	1.2	1.7	1.6	2.1	1.7	0.6
Ireland	0.3	0.3	0.4	0.5	0.5	0.9	0.5
Belgium–Luxembourg	0.9	1.6	2.2	2.1	1.6	1.8	0.5
Greece	0.3	0.3	0.3	0.3	0.4	0.7	0.5
Austria	1.7	1.5	2.3	1.9	1.7	0.9	0.1
Denmark	0.2	0.4	0.4	0.5	0.2	0.0	– 0.2
Portugal	– 0.1	0.0	0.0	– 0.1	– 0.2	– 0.3	– 0.5
United Kingdom	1.0	2.0	2.7	1.8	0.6	1.3	– 1.5

Chapter 6
The impact of enlargement on European Union trade

This chapter gives an idea of how the external trade statistics of an enlarged European Union might look. The statistics are based on data for 2001 and do not take into account the dynamic effects that enlargement could, and indeed should, produce.

Only the accession countries with which negotiations have been concluded are considered: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

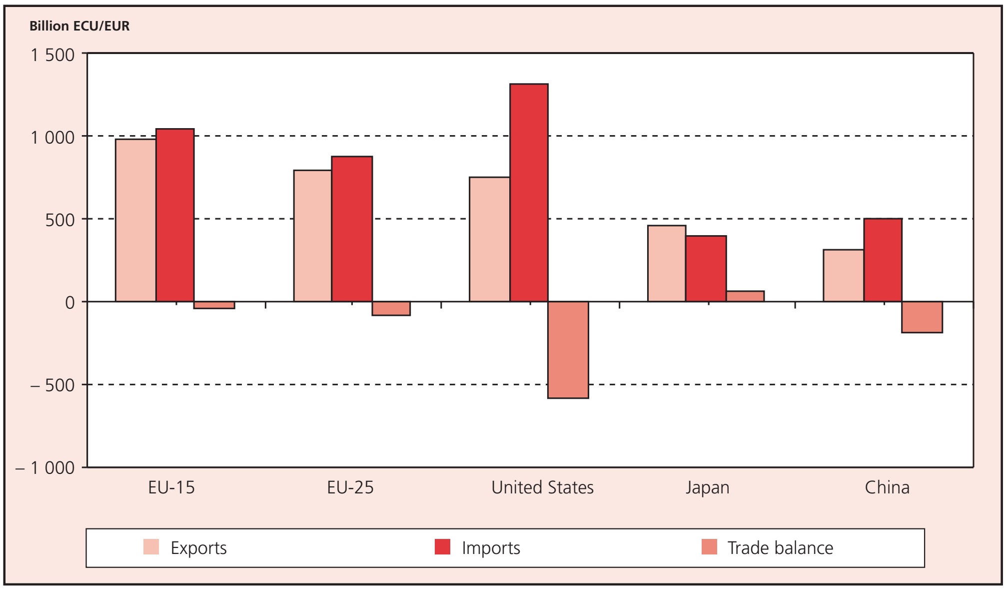
Enlarged EU: still the world's leading exporter …

The 25-member European Union (the 15 current Member States, plus the 10 new countries) would trade less than the current EU with the rest of the world, in terms of both exports and imports, and its balance of trade would show a small deficit, which would be slightly larger than the current EU-15 deficit (see Figure 43). The decrease in the absolute value of an enlarged EU's trade can be explained by the fact that the accession of 10 new Member States does not involve simply combining their external trade with that of EU-15. In order to calculate EU-25 external trade figures on the basis of EU-15 data, it is necessary first of all to remove goods being shipped to/from the 10 new countries from EU-15 imports/exports, and then to add the imports/exports of these 10 countries to/from trading partners outside the EU-25.

If the enlarged EU's trading partners are ranked by the total value of their trade with the EU, the United States would come first, with Switzerland second, followed by Japan, China and Russia. These results were similar for the current EU in 2001, although Russia did not rank so highly. Table 44 shows that, with regard to the trade carried out by a 25-member EU, Russia will overtake China to become the EU's fourth-placed partner for exports. The United States would still be the EU's main trading partner, and in fact all the current EU's main trading partners would reinforce their position.

An enlarged European Union would account for about a fifth of world trade in 2001. With about 20 % of world exports, an enlarged EU would still be the world's leading exporter, ahead of the United States, and far ahead of Japan, as, it would in fact export nearly twice as much as the latter (see Table 46). As for imports, an enlarged EU would account for just over a fifth of worldwide trade flows, though still be far behind the United States. Japan's imports in 2001 were less than a third of the figures calculated for EU-25. When the current EU is compared with the 25-member EU, it becomes apparent that both are fairly similarly placed in the world trade rankings: it is the

Figure 43 — EU-15 and EU-25 compared with the other three main operators in international trade in 2001



eurostat

Table 44 — Geographical structure of EU-15 and EU-25 trade in 2001

Exports	Billion EUR	%		Billion EUR	%
EU-15	**986.0**	**100.0**	**EU-25**	**791.4**	**100.0**
United States	237.6	24.1	United States	241.6	30.5
Switzerland	74.3	7.5	Switzerland	75.4	9.5
Japan	44.7	4.5	Japan	45.2	5.7
China	29.8	3.0	Russia	30.7	3.9
Russia	27.7	2.8	China	30.2	3.3
Norway	26.0	2.6	Norway	26.5	3.4
Canada	21.7	2.2	Canada	21.9	2.8
Total main partners	**461.8**	**46.8**	**Total main partners**	**471.5**	**59.6**

Imports	Billion EUR	%		Billion EUR	%
EU-15	**1 037.9**	**100.0**	**EU-25**	**879.1**	**100.0**
United States	193.8	18.7	United States	199.7	22.7
China	75.5	7.3	China	80.3	9.1
Japan	75.3	7.3	Japan	79.0	9.0
Switzerland	60.3	5.8	Switzerland	62.5	7.1
Russia	47.2	4.5	Russia	61.9	7.0
Norway	45.1	4.3	Norway	46.0	5.2
Canada	17.9	1.7	Canada	18.3	2.1
Total main partners	**515.0**	**49.6**	**Total main partners**	**547.7**	**62.3**

leading exporter ahead of the United States and Japan, and is ranked second for imports behind the USA, but ahead of Japan (see Figure 43).

... but external trade dropping

As mentioned in the previous paragraph, an enlarged European Union would import and export slightly less in value terms than the current EU. The reason for this is that the substantial trade flows between the EU-15 and the accession countries would become intra-Community trade. On the other hand, there would be increased trade with countries outside the enlarged EU. This would apply, in particular, to imports from Russia, the United States and China, which on

Figure 45 — Evolution of trade with the expansion of the EU from 15 to 25 Member States in 2001

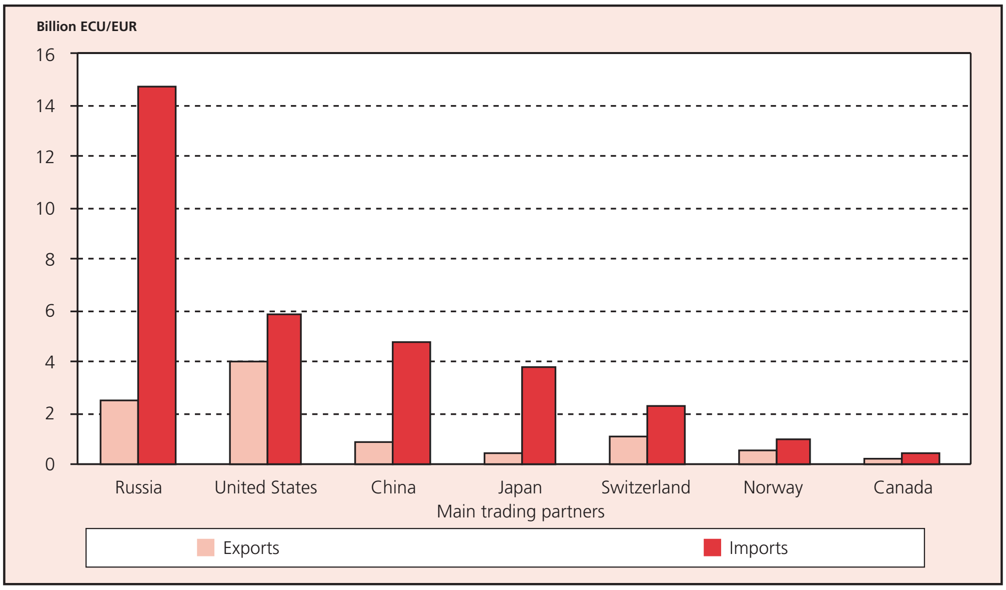


Table 46 — Trade of main operators in the world market in 2001

	Imports	Exports	Trade balance	Imports	Exports	GDP	Openness
	Billion EUR			% of GDP		Billion EUR	%
EU-15	1 037.9	986.0	– 51.9	11.7 %	11.2 %	8 839.8	11.4
Enlarged EU	879.1	791.4	– 87.7	9.5 %	8.6 %	9 251.5	9.0
United States	1 318.0	744.0	– 574.0	11.7 %	6.6 %	11 257.0	9.2
Japan	389.0	450.0	61.0	8.3 %	9.6 %	4 669.6	9.0
China	500.1	322.0	– 178.1	38.9 %	25.1 %	1 284.1	32.0

the basis of the 2001 data would show an increase of about EUR 15 billion in the case of Russia and just under EUR 6 billion and EUR 5 billion for the two other countries (see Figure 45). Similarly, exports to the United States and Russia would show an increase.

The ratio of imports and exports to GDP in an enlarged EU would be approximately 9 %, slightly below the figures for the current EU (see Table 46). There would be a similar figure for Japan, but, with regard to the United States, the figure would be higher for imports and lower for exports. When the average of these ratios is calculated (to indicate an economy's 'degree of openness', i.e. by dividing the import–export average by GDP), Japan and the United States (9.2 %) turn out to have the lowest percentages of all the countries considered. The EU's degree of openness would drop from 11 % for EU-15 to 9 % for EU-25. Lastly, mention should be made of China's high rates of about 40 % for imports and 25 % for exports, giving a 'degree of openness' of 32 %.

In 2001, a 25-member EU would have recorded a trade deficit of around EUR 88 billion, as compared to EUR 52 billion for the EU-15. This change can be explained by the fact that the 10 new countries have a deficit with the countries outside the EU-25, and that the current EU enjoys a surplus in its trading relations with the accession countries.

Increasing share of intra-Community trade

After enlargement, intra-Community trade will increase as a share of the EU's total trade. In 2001, intra-Community exports and imports accounted for 62 % and 59 % of the EU-15's total trade, respectively. For a 25-member EU, these figures would have risen to 67 % and 64 % respectively (see Table 47).

Table 47 — Relative size of intra-Community trade (%)

	Exports			Imports		
	1999	2000	2001	1999	2000	2001
EU-15						
Intra-EU-15 / Extra-EU-15	176.0	166.1	161.9	163.0	143.9	146.6
Intra-UE-15 / (Intra- + extra-EU-15)	63.8	62.4	61.8	62.0	59.0	59.4
EU-25						
Intra-EU-25 / Extra-EU-25	219.0	207.6	203.2	192.7	170.2	174.7
Intra-EU-25 / (Intra- + extra-EU-25)	68.7	67.5	67.0	65.8	63.0	63.6