

# 8

## International trade







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EU trade policy is a Community competence, implemented through the European Commission. The legal basis for this Community competence resides in Article 133 of the European Community Treaty. Consultation between the Commission and the Member States takes place in the so-called 'Article 133 Committee'. This advisory committee is composed of representatives from the 27 Member States and the European Commission. It discusses the full range of trade policy issues affecting the Community including multilateral, bilateral and unilateral instruments.

Multilateral trade issues are dealt with under the auspices of the World Trade Organisation (WTO). Its membership covers more than 150 countries, with several candidate members in the process of joining. The WTO sets the global rules for trade, provides a forum for trade negotiations and for settling disputes between members. The European Commission negotiates with its WTO partners on behalf of the EU Member States.

The EU is one of the driving forces behind the current round of multilateral trade negotiations in the WTO, the Doha Development Agenda (DDA). The DDA comprises further market-

opening and additional rule-making, underpinned by commitments to take measures necessary to integrate developing countries into the world trading system. The main objective of this latest round is to put development at the heart of the world trade system in a way that it will help combat poverty. However, at its meeting on 27 and 28 July 2006, the General Council, the WTO's highest-level decision-making body, supported a recommendation from its director-general to suspend the Doha negotiations in order to allow participants to reflect seriously on further courses of action. Among the obstructions to a new deal are disagreements in relation to agricultural market access and domestic support for the agriculture sector and the opening of trade in services<sup>(63)</sup>. In November 2006, there was a 'flexible' resumption of work that led through to the circulation of draft modalities texts (negotiating proposals) by the Chairs of the Agriculture and Non-Agricultural Market Access (NAMA) negotiating groups in July 2007. Discussion of these texts as part of the full multilateral process restarted in the autumn of 2007.

(63) For more information: <http://ec.europa.eu/trade> and <http://www.wto.org> for further information.

#### EUROSTAT DATA IN THIS DOMAIN:

##### Economy and finance

Balance of payments – International transactions

##### External trade

External trade aggregated data

External trade detailed data

## 8.1 TRADE INTEGRATION OF GOODS AND SERVICES

### INTRODUCTION

International trade statistics are used extensively by public and private sector decision-makers. For example, businesses can carry out market research and define their commercial strategy. They are also used extensively by public body decision makers at an international, EU and national level. In the case of Community authorities, international trade statistics help in the preparation of multilateral and bilateral trade negotiations, in defining and implementing anti-dumping policies, in evaluating the progress of the Single Market or the integration of European economies.

### DEFINITIONS AND DATA AVAILABILITY

Within the EU, there are two main sources for statistics on international trade. One source is external trade statistics (ETS), which provides information on trade in goods, collected on the basis of customs and VAT declarations. ETS provide information on the value and volumes (quantity) of international trade in goods with great detail concerning the type of commodity. The second main source is the balance of payments statistics (BoP) that register all the transactions of an economy with the rest of the world. The current account of the BoP provides information not only on international trade in goods (generally the largest category), but also on international transactions in services, income (from employment and investment) and current transfers. For all these transactions, the BoP registers the value of exports (credits) and imports (debits), the difference of which is usually referred to as the balance (surplus or deficit).

Trade integration of goods and services is measured as the average value of debits and credits (summed together and divided by two) expressed as a share of GDP. This indicator is calculated for both goods and services, based on BoP data; higher values indicate higher integration within the international economy. It is normal that smaller countries will display a higher recourse to international trade, as they are more likely to import a range of goods and services that are not produced within the domestic market.

### MAIN FINDINGS

The economy of the EU-27 was more integrated with the international economy in 2006 (in terms of the credits and debits as a share of GDP) than at any time in the previous five years. The average value of EU-27 trade flows of goods corresponded to 10.8 % of GDP in 2006, a much higher ratio than the relative low of 8.6 % in 2003, reflecting the broad upturn in economic activity. Although the volume of international trade in services is less than that for goods, the trade integration of services also rose from a relative low in 2003 to 3.6 % of GDP in 2006.

The EU-27 had a trade deficit with the rest of the world in goods that equated to -1.5 % of GDP in 2006, in contrast to a surplus in services that corresponded to 0.6 % of GDP. There were stark contrasts among the Member States, reflecting among other factors, the relative size of the country and differences in respective economic structures. Trade deficits in goods were equal to over one fifth of GDP in Cyprus, Latvia and Bulgaria. In contrast, the trade surpluses in goods recorded in Ireland, Germany and the Netherlands were equal to 14.3 %, 6.8 % and 6.7 % of GDP respectively in 2006, the highest relative levels among the Member States. Relative to GDP, there were strong trade surpluses in services recorded in Luxembourg, Cyprus and Malta in 2006.

**SOURCES****Pocketbooks**

EU economic data pocketbook

**Statistical books**

European Union international transactions – analytical aspects – detailed tables on CD-ROM – data 1991-2001 (PDF)

**Methodologies and working papers**

Differences between balance of payments and foreign trade statistics

International Monetary Fund balance of payments manual (BPM5)

Balance of payments vade-mecum

**Website data****External trade aggregated data**

External trade long-term indicators

Share of EU in the world trade

**Balance of payments – international transactions**

Balance of payments statistics

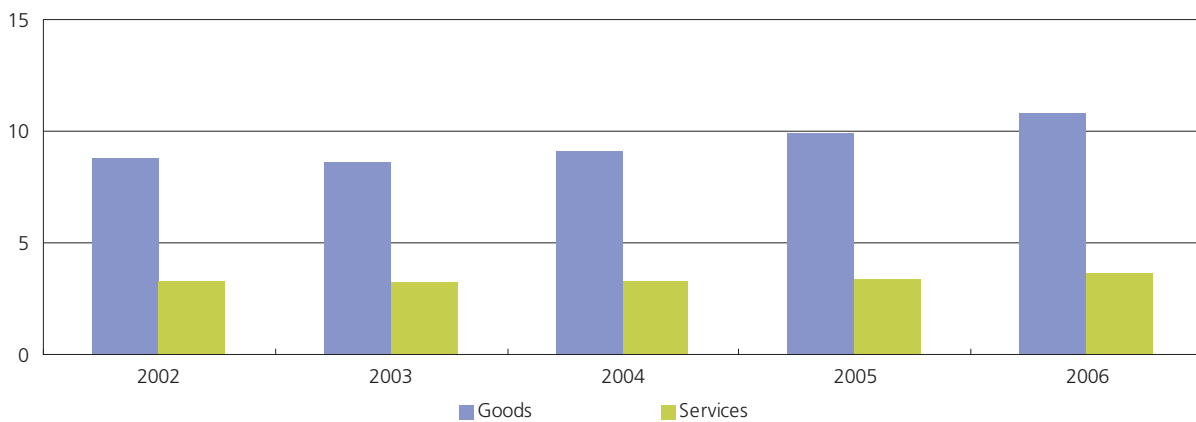
Euro area balance of payments (source ECB)

European Union balance of payments

Balance of payments by country

**Figure 8.1: Trade integration, EU-27**

(% of GDP)



Source: Eurostat (tsier064 and tsier065)

Trade integration of goods as a percentage of GDP (gross domestic product). Average of imports and exports of the item goods of the balance of payments divided by GDP. If the index increases over time it means that the country/zone is becoming more integrated within the international economy.

Trade integration of services as a percentage of GDP (gross domestic product). Average of imports and exports of the item services of the balance of payments divided by GDP. If the index increases over time it means that the country/zone is becoming more integrated within the international economy.

Table 8.1: Share of goods and services in GDP, 2006

(% of GDP)

	Goods			Services		
	Exports	Imports	Balance	Exports	Imports	Balance
<b>EU-27</b>	10.1	11.5	-1.5	3.8	3.3	0.6
<b>Euro area</b>	16.5	16.2	0.3	5.1	4.6	0.4
<b>Belgium</b>	71.3	70.4	1.0	15.0	13.4	1.6
<b>Bulgaria</b>	47.8	71.7	-23.9	15.9	12.0	4.0
<b>Czech Republic</b>	66.7	64.0	1.8	9.6	7.9	0.9
<b>Denmark</b>	32.7	31.8	0.9	19.1	16.8	2.3
<b>Germany</b>	38.8	32.0	6.8	6.0	7.5	-1.6
<b>Estonia</b>	60.5	75.6	-15.1	22.7	15.1	7.6
<b>Ireland</b>	47.5	33.2	14.3	31.5	35.5	-4.0
<b>Greece</b>	:	:	:	:	:	:
<b>Spain</b>	17.5	25.8	-8.2	8.6	6.3	2.2
<b>France</b>	21.5	23.2	-1.7	5.2	4.8	0.4
<b>Italy</b>	22.5	23.1	-0.7	5.3	5.4	-0.1
<b>Cyprus</b>	6.9	34.4	-27.5	41.3	13.8	20.7
<b>Latvia</b>	30.9	55.6	-24.7	12.4	12.4	6.2
<b>Lithuania</b>	46.4	63.2	-12.6	12.6	8.4	4.2
<b>Luxembourg</b>	38.4	50.2	-11.8	121.1	70.9	50.2
<b>Hungary</b>	65.6	66.7	-1.1	12.2	10.0	1.1
<b>Malta</b>	39.8	59.7	-19.9	39.8	19.9	19.9
<b>Netherlands</b>	57.6	50.9	6.7	12.2	11.8	0.4
<b>Austria</b>	43.4	43.0	0.0	14.3	10.1	4.3
<b>Poland</b>	34.3	36.5	-2.2	5.9	5.5	0.7
<b>Portugal</b>	22.6	32.9	-11.0	9.0	5.8	3.2
<b>Romania</b>	26.8	39.1	-12.4	6.2	6.2	0.0
<b>Slovenia</b>	55.8	59.1	-3.3	9.9	9.9	3.3
<b>Slovakia</b>	75.1	81.9	-4.6	9.1	9.1	2.3
<b>Finland</b>	37.1	31.7	5.4	7.8	7.2	0.0
<b>Sweden</b>	38.6	33.0	5.6	13.1	10.5	2.6
<b>United Kingdom</b>	18.8	24.7	-6.0	9.6	7.3	2.3
<b>Croatia</b>	23.4	49.7	-23.4	23.4	8.8	17.5
<b>Turkey</b>	22.9	33.3	-10.4	6.0	2.8	3.5
<b>Norway</b>	36.7	18.7	18.0	9.7	9.3	0.4
<b>Japan</b>	14.1	12.3	1.9	2.7	3.1	-0.4
<b>United States</b>	7.8	14.1	-6.3	3.1	2.6	0.5

Source: Eurostat (tec00039, tec00040 and tec00001)

The balance of payments is a record of a country's international transactions with the rest of the world. The balance of payments is composed of two broad sub-balances: the current account and the capital and financial account. The current account is itself subdivided into four basic components: goods, services, income and current transfers. For each of these items, the current account registers the value of exports (credits) and imports (debits).

GDP (gross domestic product) is an indicator for a nation's economic situation. It reflects the total value of all goods and services produced less the value of goods and services used for intermediate consumption in their production. Expressing GDP in PPS (purchasing power standards) eliminates differences in price levels between countries, and calculations on a per head basis allows for the comparison of economies significantly different in absolute size.

## 8.2 INTERNATIONAL TRADE IN SERVICES

### INTRODUCTION

Services cover a heterogeneous range of intangible products and activities that are difficult to encapsulate within a simple definition. Services are also often difficult to separate from goods with which they may be associated or bundled in varying degrees, and trade in goods may indistinguishably include service charges such as insurance, maintenance contracts, transport charges, or royalty/licence payments).

Services differ from goods in a number of ways, most commonly in the immediacy of the relationship between supplier and consumer. Many services are non-transportable, in other words, they require the physical proximity of supplier and customer — for example, the provision of a hotel service requires that the hotel is where the customer wishes to stay, a cleaning service for a business must be provided at the site of the business, and a haircut requires that both hairstylist and client to be present. This proximity requirement implies that many services transactions involve factor mobility. Thus, an important feature of services is that they are provided via various modes of supply.

Following the General Agreement on Trade in Services (GATS) the four-part typology of international services transactions that constitutes the generally accepted framework for services analysis encompasses:

- cross border supply (mode 1) of a service from one jurisdiction to another;
- consumption abroad (mode 2) requires the presence of consumers in the supplier's country of residence;
- commercial presence (mode 3), in which a service supplier establishes a foreign based corporation, joint venture, partnership, or other establishment in the consumer's country of residence to supply services to persons in the host country; and,
- presence of natural persons (mode 4), which involves an individual, functioning alone or as an employee of a service provider, temporarily travelling abroad to deliver a service in the consumer's country of residence.

Individuals who are seeking access to the employment market of another country on a permanent basis or for citizenship or residency purposes are not included in this category.

Services tend not to be homogenous or mass produced, many being tailored according to client and business needs and tastes. For international trade in such non-transportable services to take place, either the consumer must go to the supplier or the supplier must go to the consumer.

### DEFINITIONS AND DATA AVAILABILITY

The main methodological references for the production of statistics on international trade in services are the International Monetary Fund's fifth balance of payments manual (BPM5) and the United Nations' manual on statistics of international trade in services. The breakdown of Eurostat statistics on international trade in services includes three main sub-items — transportation, travel, and other services.

- Transportation covers services provided by all modes of transportation — sea, air, and other, which includes space, rail, road, inland waterway and pipeline. The different types of services offered include the transport of passengers, the transport of freight, and other supporting and auxiliary services (such as storage and warehousing).
- The debit side of travel consists of goods and services which are acquired by residents who stay abroad for less than one year. The credit side includes purchases of the same type made by foreign travellers on the national territory. The travel item contains two main categories, namely business travel and personal travel (leisure, study, health-related purposes, etc.). Note that international transportation costs of the traveller to a destination are recorded under the heading transportation, but all movements within the country, including cruises, are entered under travel.
- Other services comprise those international transactions not covered under transportation or travel (such as communication services, construction services, insurance services, financial services, computer and information services, royalties and licence fees, other business services, personal, cultural and recreational services, and government services).

In the balance of payments statistics, the EU current account is geographically allocated according to the residence of the trading partner. Eurostat provides detailed information on the geographical breakdown of the international trade in services of the EU, distinguishing between:

- intra-EU transactions, corresponding to the sum of the transactions declared by EU Member States with other EU Member States, and;
- extra-EU transactions, corresponding to the transactions declared by EU Member States with countries outside the EU. Extra-EU transactions are further broken down into detailed partner zones, for example, for individual countries (such as Bulgaria, the United States, or Japan), for economic zones (such as the OECD, ACP or NAFTA countries), and for geographical zones (such as Africa, Asia or North America);
- world transactions are equal to the sum of intra-EU transactions and extra-EU transactions.

Finally, it is worth noting that the classification of international trade in services following BPM5 is not consistent with the four-type GATS classification of trade in services. The balance of payments (BOP) statistics presented in this chapter generally refer to services traded internationally mainly by the first and second mode, and, to a limited extent, to trade via the movement of natural persons (part of computer and information services, of other business services, and of personal, cultural and recreational services) and via commercial presence (part of construction services). Therefore, given the limited modal coverage of BOP statistics, additional sources of information need to be consulted with respect to the other modes of supply in order to give a more complete picture of trade in services <sup>(64)</sup>.

### MAIN FINDINGS

The importance of services within EU economies continues to grow and in 2006 services contributed 71.7 % of the gross value added within the EU-27. However, this importance is scarcely reflected in terms of international trade; according to the European Commission (Quarterly Report on the Euro Area, vol.5, No. 2) service sectors exported less than 6 % of their output on average compared with nearly 40 % for manufacturing. Indeed, contrary to popular perception, services share of total trade has remained fairly stable at around 20 % in the last couple of decades, as the services' share of output and employment has steadily expanded.

(64) See the *Manual on Statistics of International Trade in Services*, developed jointly by the IMF, the OECD, Eurostat, WTO, UN and UNCTAD for more details on additional sources.

The EU-25 does however remain the biggest global trader in international services <sup>(65)</sup> and there is increasing tradability in several parts of the service economy. The EU-27 reported a surplus in service transactions of EUR 68 500 million with the rest of the world in 2006, reflecting credits of EUR 441 600 million and debits of EUR 373 100 million. This represented strong growth when compared with the surplus of EUR 52 900 million that was recorded for 2005. North America, comprising the United States, Canada and Greenland, represented the EU-27's principal external trading partner in service transactions, accounting for 32.8 % of the EU-27's credits and 35.0 % of its debits (when intra-EU trade is not included). It is important to underline that almost 60 % of EU trade in services was between EU Member States (intra-EU transactions).

The United Kingdom recorded a net credit (extra and intra-EU combined) of EUR 42 800 million in service transactions in 2006, the highest amount among the Member States and considerably more than the next highest that was recorded by Spain (EUR 22 100 million). In contrast, Germany recorded a net deficit in service transactions of EUR 35 900 million in 2006, the largest deficit among the Member States.

A little less than three quarters of the EU-27's credits (69.6 %) and debits (74.2 %) in the international trade of services were accounted for by transportation, travel and the category of other business services in 2006. The surplus of EUR 31 200 million for other business services was the highest among services for the EU-27 in 2006, closely followed by the surplus of EUR 24 500 million for financial services. In contrast, there were large deficits of EUR 9 200 million for royalties and license fees and EUR 14 000 million for travel.

(65) International trade in services refers mainly to modes 1 and 2, and to a limited extent to other modes of services supply; data do not include sales of foreign affiliates – mode 3.

### SOURCES

#### Statistical books

European Union international trade in services – analytical aspects – data 1997-2005

#### Methodologies and working papers

Manual on statistics of international trade in services (PDF)

Methodological soundness questionnaire – report on responses to the Eurostat-OECD questionnaire on the measurement of trade in services in the balance of payments

#### Website data

##### Balance of payments – International transactions

International trade in services, geographical breakdown

International trade in services (since 1985)

International trade in services – structural indicators

Total services, detailed geographical breakdown by EU Member States (since 2002)



Table 8.2: International trade in services (1)

(EUR 1 000 million)

	Credits			Debits			Net	
	2005	2006	2005-06 growth rate (%)	2005	2006	2005-06 growth rate (%)	2005	2006
<b>EU-27</b>	402.9	441.6	9.6	350.0	373.1	6.6	52.9	68.5
<b>Euro area</b>	399.8	425.6	6.5	367.9	390.5	6.1	31.8	35.0
<b>Belgium</b>	45.2	47.4	4.9	41.2	42.2	2.6	4.0	5.1
<b>Bulgaria</b>	3.5	4.1	18.9	2.8	3.2	13.0	0.7	1.0
<b>Czech Republic</b>	9.5	10.6	11.9	8.2	9.4	13.8	1.2	1.2
<b>Denmark</b>	35.4	41.8	18.1	30.3	36.6	21.0	5.1	5.2
<b>Germany</b>	126.9	139.1	9.6	166.9	175.0	4.8	-40.0	-35.9
<b>Estonia</b>	2.6	2.8	7.9	1.7	2.0	12.7	0.8	0.8
<b>Ireland</b>	48.2	55.1	14.2	57.5	62.5	8.6	-9.3	-7.4
<b>Greece</b>	27.6	28.4	2.9	11.9	13.0	9.8	15.7	15.3
<b>Spain</b>	76.2	84.5	10.8	54.0	62.3	15.4	22.2	22.1
<b>France</b>	95.6	94.2	-1.4	85.0	86.0	1.2	10.6	8.3
<b>Italy</b>	71.9	78.4	9.1	72.4	79.9	10.4	-0.5	-1.5
<b>Cyprus</b>	5.2	5.8	10.3	2.2	2.4	9.0	3.1	3.4
<b>Latvia</b>	1.8	2.1	20.6	1.3	1.6	25.2	0.5	0.5
<b>Lithuania</b>	2.5	2.9	15.0	1.7	2.0	21.9	0.8	0.9
<b>Luxembourg</b>	32.9	40.6	23.5	19.8	24.0	21.4	13.1	16.6
<b>Hungary</b>	10.3	10.6	2.8	9.2	9.3	0.5	1.1	1.3
<b>Malta</b>	1.6	2.1	28.0	1.0	1.3	34.5	0.6	0.8
<b>Netherlands</b>	74.0	75.0	1.4	67.9	72.4	6.6	6.1	2.6
<b>Austria</b>	40.6	37.0	-8.8	36.4	25.9	-28.8	4.1	11.1
<b>Poland</b>	13.1	16.3	24.8	11.5	14.6	26.6	1.6	1.7
<b>Portugal</b>	12.3	14.1	15.4	8.4	9.2	9.9	3.8	4.9
<b>Romania</b>	4.1	5.5	34.6	4.4	5.5	23.9	-0.3	0.0
<b>Slovenia</b>	3.1	3.5	9.7	2.3	2.6	12.6	0.8	0.9
<b>Slovakia</b>	3.5	4.3	21.8	3.3	3.8	15.2	0.3	0.5
<b>Finland</b>	13.7	12.8	-6.2	12.2	12.4	1.5	1.4	0.4
<b>Sweden</b>	34.5	39.4	14.0	26.2	29.0	10.7	8.4	10.4
<b>United Kingdom</b>	168.4	182.8	8.5	132.5	139.9	5.6	36.0	42.8
<b>Croatia</b>	8.0	8.4	4.3	2.7	2.8	1.0	5.3	5.6
<b>Turkey</b>	21.4	19.6	-8.7	9.1	8.9	-2.5	12.3	10.6
<b>Norway</b>	23.6	26.2	11.2	23.8	25.1	5.3	-0.2	1.2
<b>Japan</b>	88.6	93.4	5.5	107.9	108.0	0.0	-19.3	-14.5
<b>United States</b>	309.1	333.6	7.9	253.7	273.0	7.6	55.4	60.6

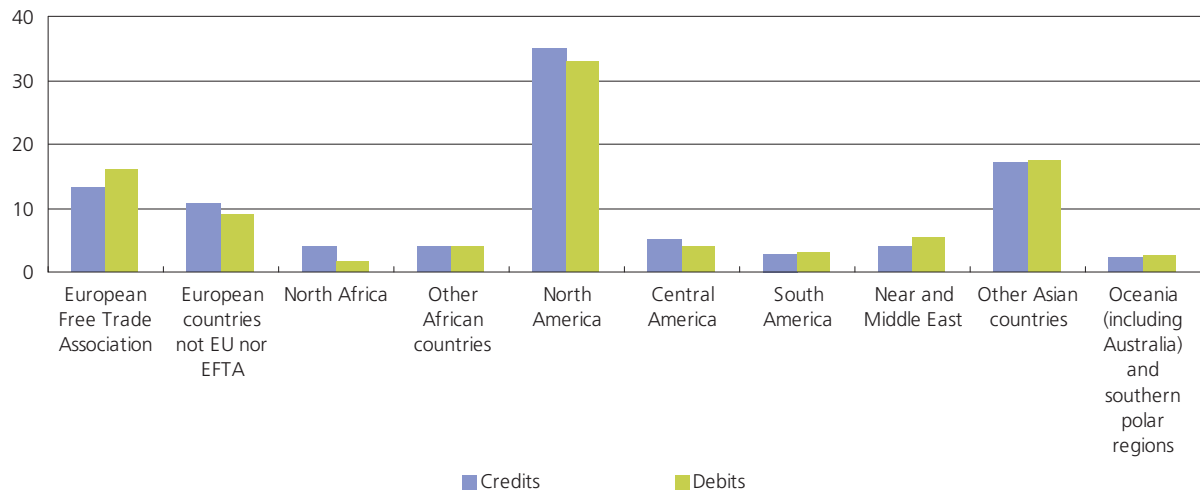
(1) Transactions are registered vis-à-vis the rest of the world; EU-27 partner is extra EU-27, euro area partner is extra euro area, Member States partner is the rest of the world.

Source: Eurostat (tec00040)

The balance of payments is a record of a country's international transactions with the rest of the world. It is composed of the current account and the capital and financial account. The current account is itself subdivided into goods, services, income and current transfers; it registers the value of exports (credits) and imports (debits). The difference between these two values is the balance.

**Figure 8.2: International trade in services, EU-27, 2006**

(% share of extra EU-27 credits and debits)



Source: Eurostat (tec00080 and tec00081)

**Table 8.3: Evolution of trade in services, by selected partner, EU-27**

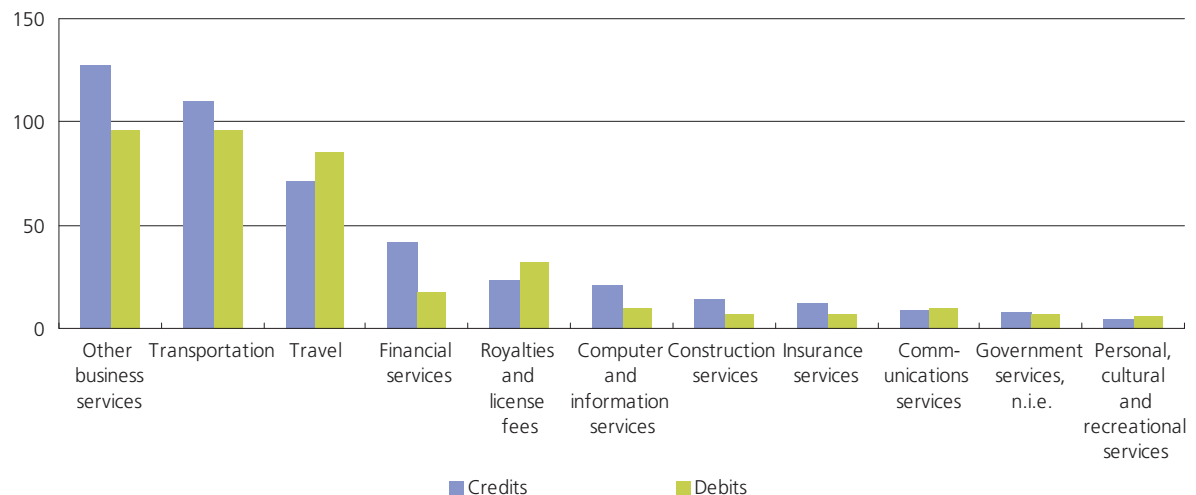
(EUR 1 000 million)

	2004			2005			2006		
	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net
<b>Total</b>	368.1	321.7	46.4	402.9	350.0	52.9	441.6	373.1	68.5
<b>United States</b>	117.9	109.3	8.6	123.2	118.2	4.9	134.7	122.1	12.6
<b>EFTA</b>	61.3	44.9	16.4	65.4	49.0	16.4	70.4	49.4	21.1
<b>Japan</b>	18.4	11.1	7.3	19.6	12.3	7.3	18.9	12.9	6.0
<b>Russia</b>	9.4	7.4	2.0	12.3	9.1	3.2	14.2	10.8	3.4
<b>China</b>	9.3	7.7	1.7	12.3	9.6	2.7	12.8	11.3	1.4
<b>Canada</b>	8.3	7.1	1.2	9.0	7.6	1.3	10.2	8.2	2.0
<b>India</b>	3.9	3.9	-0.1	5.4	4.8	0.6	7.0	5.5	1.4
<b>Hong Kong</b>	7.1	5.2	1.9	8.3	5.6	2.6	6.9	6.7	0.2
<b>Brazil</b>	3.7	3.5	0.3	4.6	4.0	0.6	5.2	4.6	0.5
<b>Other countries</b>	128.7	121.7	7.0	142.8	129.7	13.2	161.3	141.5	19.8

Source: Eurostat (bop\_its\_det)

**Figure 8.3: International trade by main service categories, EU-27, 2006**

(EUR 1 000 million)



Source: Eurostat (tec00063, tec00058, tec00062, tec00069, tec00071, tec00070, tec00067, tec00068, tec00066, tec00065 and tec00064)

## 8.3 INTERNATIONAL TRADE IN GOODS

### INTRODUCTION

The value of international trade in goods currently dwarfs that of services, reflecting among other things the characteristics of being highly transportable and in some ways increasingly homogenous within product groups (especially in view of the need to meet various international standards). However, the international trade in goods is under increasing scrutiny concerning pollution (particularly from air and sea freight transport), and other environmental consequences, workers rights, health and safety standards, resource procurement and impacts on cultural diversity. It can be argued that the challenge is to integrate these largely social and environmental concerns (which are rarely priced into the value of goods) into trade developments in a way that enhances worldwide sustainable economic prospects.

In this way, trade statistics in goods are very important, not only for assessing the effectiveness of current policies and market shares but also for helping define new policies or new commercial strategies.

### DEFINITIONS AND DATA AVAILABILITY

In broad terms, the aim of international trade statistics on goods is to record all goods that add to or subtract from the stock of material resources of a country by entering or leaving its territory. By their nature, international trade statistics are concerned with transportable goods.

The most important component of international trade statistics is related to transactions involving actual or intended transfer of ownership against compensation. Nevertheless, international trade statistics also cover movements of goods without a transfer of ownership, such as operations following, or with a view to, processing under contract (for example, processing textiles).

Exports are recorded at their 'free on board' (fob) value and imports at their 'cost, insurance and freight' (cif) value. Therefore, and contrary to balance of payments statistics, import values include charges, such as transport and insurance, relating to that part of the journey which takes place outside the statistical territory of the importing country. Export values correspond to the value of goods at the place and time where they leave the statistical territory of the exporting country.

Information on international trade for the European Union and the euro area are calculated as the sum of trade with countries outside these areas. In other words, each of these geographical areas is considered as a single trading entity and trade flows are measured into and out of the area, but not within it. On the other hand, international trade flows for individual Member States and other countries are generally presented with the rest of the world as the trading partner, including trade with other Member States (intra-EU trade).

External trade statistics report export and import values and volumes for goods using a product classification. One of the most common classifications for studying aggregate product statistics is the Standard International Trade Classification of the United Nations (SITC Rev. 3); this classification allows a comparison to be made on a worldwide basis. Agrifood products are food products obtained from agriculture. They are classified according to Sections 0 and 1 of the SITC. Trade in raw materials refers to Sections 2 and 4 of the SITC. Trade in fuel products refers to products classified according to Section 3 of the SITC. Trade in chemicals refers to products classified according to Section 5 of the SITC. Trade in machinery and transport equipment refers to products classified according to Section 7 of the SITC and trade in other manufactured goods to products classified according to Sections 6 and 8.

### MAIN FINDINGS

The EU-27 accounts for a little less than one fifth of the world's imports and exports of goods. The EU-27 exported goods to non-member countries to the value of EUR 1 157 000 million in 2006 and imported goods from them to the value of EUR 1 350 000 million. The EU-27 exported EUR 331 000 million more goods than the United States in 2006, but imported EUR 178 000 million less. Note that the EU-27 imports less goods than does the EU-15, reflecting the fact that part of the imports into the EU-15 came from the countries that joined the EU in 2004 and 2007, and these imports are not included in the external trade of the EU-27.

Since 1999 (the period since which trade data for the EU-27 are available), the EU-27 has recorded consecutive annual trade deficits for goods as a whole, although the level of these deficits has fluctuated strongly. The EU-27 trade deficits for goods have tended to reduce strongly during periods of stagnant or falling economic activity, whilst growing during periods of economic expansion. The EU-27's trade deficit for goods in 2006 was EUR 193 000 million, the highest level over the seven years since 1999 and considerably more than the narrowest trade deficit of EUR 45 000 million in 2002.

A little over two fifths (43.5 %) of the value of exports of goods from the EU-27 to non-member countries in 2006 concerned machinery and transport equipment, with a further quarter (25.4 %) concerning the category of other manufactured goods. Although these two groups of products also accounted for a small majority (a combined 55.0 %) of goods imported into the EU-27 from non-member countries in 2006, this proportion has been progressively falling, down from a combined 61.8 % share five years earlier (in 2001). This change in the relative make-up of imports largely reflects the strong increase in the value of mineral fuels, lubricants and related materials; these goods now account for about one quarter (25.1 %) of the value of the imports of total goods having accounted for 16.1 % back in 2001. Part of the rapid increase in the relative importance of mineral fuel imports may be attributed to rising prices for these products. Nevertheless, with natural resources of energy becoming depleted and shifts in the EU's energy mix, the EU has become increasingly dependent on fuel and energy imports — see chapter 11 on energy for more details.

The United States was by far most the important market for EU-27 exports of goods in 2006, accounting for 23.2 % of all exports to non-member countries, a much higher proportion than that (7.5 %) for Switzerland, which was the next most important market. However, the United States was overtaken by China as the principal source of imports of goods in 2006; the share of extra-EU-27 imports of goods coming from China rose sharply to 14.4 % in 2006, with the share for the United States falling to 13.2 %.

Nevertheless, the trade in goods between Member States (the EU's internal market) was by far the most important market for goods produced within the EU-27; intra-EU exports of goods were worth EUR 2 489 000 million in 2006, a little more than double the value of exports to non-member countries. Indeed, in each of the Member States the majority of the trade in goods in 2006 was with other Member States (intra-EU trade) as opposed to with

non-member countries (extra-EU trade). The proportion of the total trade in goods accounted for by these two flows varied considerably between the Member States, reflecting to some degree historical ties and geographical location. The highest levels of trade integration within the EU were recorded for the Czech Republic, Slovakia and Luxembourg; each of these countries reported that intra-EU trade in goods accounted for about 80 % or more of their total trade in goods. In contrast, about 60 % or less of the trade in goods in Italy, Greece, Bulgaria, the United Kingdom, Finland and Malta were accounted for by intra-EU trade.

In a reverse of the situation for trade in services, in 2006 Germany recorded the highest trade surplus (extra and intra-EU combined) for goods, valued at EUR 162 000 million, with the United Kingdom recording the largest trade deficit in goods of EUR 128 000 million.

## SOURCES

### Statistical books

External and intra-European Union trade – statistical yearbook – data 1958-2006

External and intra-European Union trade – monthly bulletin

Intra- and extra-EU trade – monthly data – combined nomenclature (DVD)

### Pocketbooks

External and intra-European Union trade – pocketbook – data 1999-2004

### Methodologies and working papers

Statistics on the trading of goods – user guide

Quality report on international trade statistics – 2007 edition

External trade by enterprise characteristics

### Dedicated sections on the Eurostat website

External trade

### Website data

#### External trade – aggregated data

External trade long-term indicators

Share of EU in the world trade

International trade values and indicators of EU and main third countries by SITC 1-digit products

Trade with EU

Extra-EU trade by main partner countries

Extra-EU trade of agri-food products (SITC 0+1) by main partner countries

Extra EU trade of raw materials (SITC 2+4) by main partner countries

Extra-EU trade of mineral fuels, lubricants and related products (SITC 3) by main partner countries

Extra-EU trade of chemicals and related products (SITC 5) by main partner countries

Extra-EU trade of manufactured goods (SITC 6+8) by main partner countries

Extra-EU trade of machinery and transport equipment (SITC 7) by main partner countries

Extra-euro area trade by main partner countries

International trade of candidate countries

External trade short-term indicators

**Table 8.4: Main players in world trade for goods**

(EUR 1 000 million)

	Exports				Imports				Balance			
	1991	1996	2001	2006	1991	1996	2001	2006	1991	1996	2001	2006
<b>EU-27 (1)</b>	:	:	885	1 157	:	:	979	1 350	:	:	-94	-193
<b>EU-15 (2)</b>	403	626	986	1 310	472	581	1 028	1 430	-68	45	-43	-120
<b>Norway</b>	27	39	66	97	21	27	37	51	7	12	29	46
<b>Switzerland</b>	50	63	92	118	54	62	94	113	-4	1	-2	5
<b>Canada</b>	102	159	291	309	95	134	247	279	7	25	44	30
<b>China (excluding Hong Kong)</b>	:	119	297	772	:	109	272	630	:	10	25	141
<b>Japan</b>	254	324	450	515	191	275	390	461	63	49	60	54
<b>United States</b>	340	490	816	826	411	644	1 318	1 528	-71	-153	-501	-702

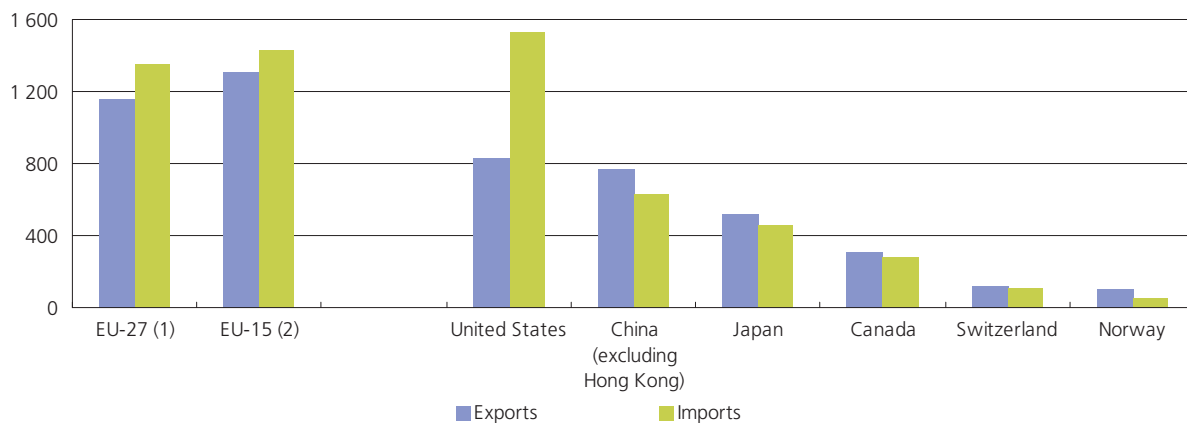
(1) Extra EU-27.

(2) Extra EU-15.

Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.4: Main players in world trade for goods, 2006**

(EUR 1 000 million)



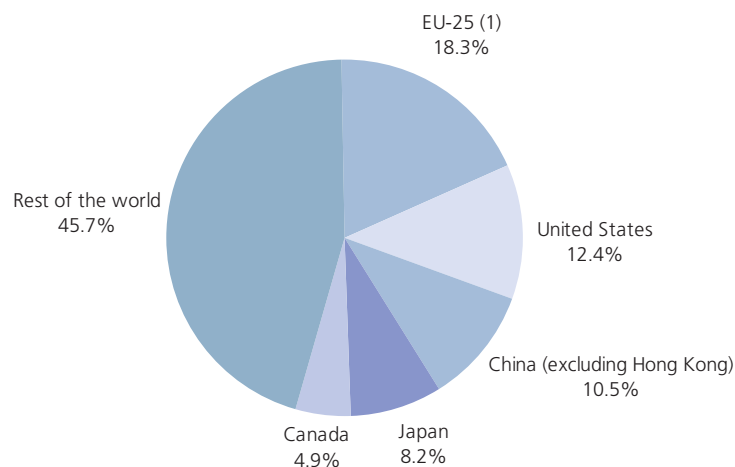
(1) Extra EU-27.

(2) Extra EU-15.

Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.5: Shares in the world market for exports of goods, 2005**

(% share of world exports)



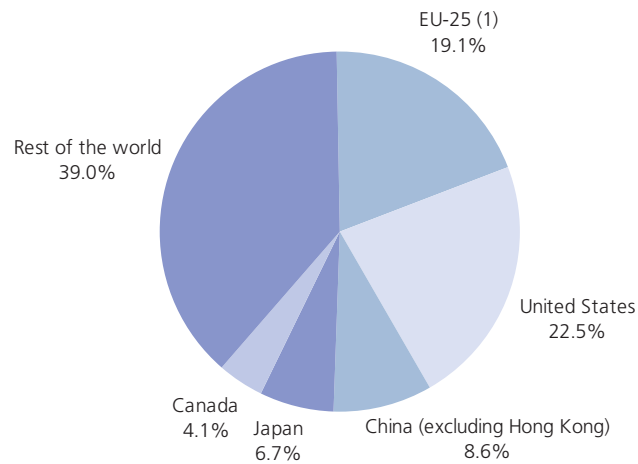
(1) Extra EU-25.

Source: Eurostat (tet00018)

The calculation of the percentages is based on a world trade excluding EU-25 intra-Community trade.

**Figure 8.6: Shares in the world market for imports of goods, 2005**

(% share of world imports)

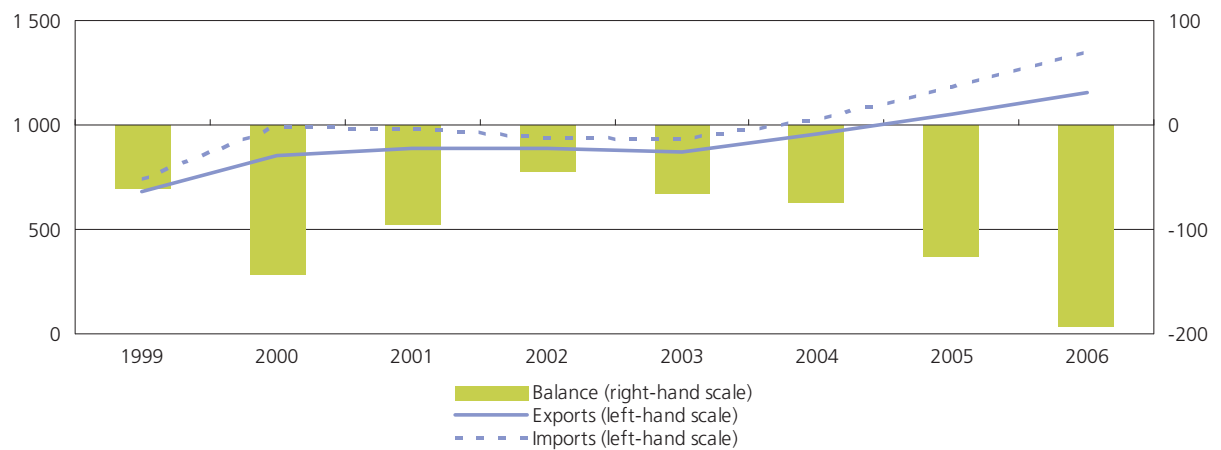


(1) Extra EU-25.

Source: Eurostat (tet00018)

**Figure 8.7: Evolution of international trade in goods, EU-27 (1)**

(EUR 1 000 million)



(1) Extra EU-27.

Source: Eurostat (ext\_lt\_intertrd )

Table 8.5: International trade in goods

(EUR 1 000 million)

	Exports			Imports			Balance	
	2005	2006	2005-06 growth rate (%)	2005	2006	2005-06 growth rate (%)	2005	2006
<b>EU-27 (1)</b>	1 053.2	1 157.2	9.9	1 179.9	1 350.2	14.4	-126.7	-193.0
<b>Belgium</b>	268.8	292.2	8.7	256.2	280.3	9.4	12.6	11.9
<b>Bulgaria</b>	9.2	11.7	26.9	12.5	15.3	22.5	-3.3	-3.6
<b>Czech Republic</b>	62.8	75.7	20.6	61.5	74.2	20.7	1.3	1.5
<b>Denmark</b>	68.4	73.9	8.0	60.8	68.7	13.1	7.7	5.2
<b>Germany</b>	780.4	885.6	13.5	624.6	723.7	15.9	155.8	161.9
<b>Estonia</b>	6.2	7.5	21.8	8.2	10.6	29.0	-2.0	-3.0
<b>Ireland</b>	88.1	88.4	0.3	55.1	58.0	5.2	33.0	30.4
<b>Greece</b>	13.8	16.6	20.3	43.5	50.3	15.8	-29.6	-33.7
<b>Spain</b>	154.9	163.6	5.7	232.1	252.0	8.6	-77.3	-88.4
<b>France</b>	372.5	390.6	4.8	405.2	426.0	5.1	-32.7	-35.5
<b>Italy</b>	299.9	327.0	9.0	309.3	348.3	12.6	-9.4	-21.3
<b>Cyprus</b>	1.2	1.1	-9.3	5.1	5.5	8.7	-3.9	-4.5
<b>Latvia</b>	4.2	4.9	18.1	7.0	9.2	31.2	-2.8	-4.3
<b>Lithuania</b>	9.5	11.2	18.4	12.5	15.4	23.1	-3.0	-4.1
<b>Luxembourg</b>	15.1	18.2	20.5	17.6	21.2	20.6	-2.5	-3.0
<b>Hungary</b>	50.6	59.3	17.3	53.5	61.3	14.6	-2.9	-2.0
<b>Malta</b>	1.8	2.1	15.8	2.9	3.2	9.7	-1.1	-1.1
<b>Netherlands</b>	326.6	368.3	12.7	292.4	331.7	13.4	34.2	36.6
<b>Austria</b>	100.6	111.8	11.1	102.3	111.7	9.2	-1.7	0.1
<b>Poland</b>	71.9	87.9	22.2	81.7	100.3	22.8	-9.8	-12.5
<b>Portugal</b>	30.7	34.5	12.5	49.2	53.1	7.9	-18.5	-18.6
<b>Romania</b>	22.3	25.9	16.1	32.6	40.7	25.1	-10.3	-14.9
<b>Slovenia</b>	15.5	18.5	19.7	16.4	19.2	17.4	-0.9	-0.7
<b>Slovakia</b>	25.8	33.2	29.0	28.5	36.5	28.4	-2.7	-3.3
<b>Finland</b>	53.1	61.4	15.6	47.4	54.9	15.7	5.7	6.5
<b>Sweden</b>	104.7	117.4	12.1	89.6	100.9	12.7	15.2	16.4
<b>United Kingdom</b>	309.0	357.8	15.8	412.9	485.3	17.5	-103.9	-127.5

(1) Extra EU-27.

Source: Eurostat (tet00002)

Table 8.6: Contribution to extra EU-27 trade in goods, 2006

	Exports		Imports		Trade balance (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 exports (%)	(EUR 1 000 million)	Share of EU-27 imports (%)	
<b>EU-27</b>	1 157.2	100.0	1 350.2	100.0	-193.0
<b>Belgium</b>	68.2	5.9	79.0	5.8	-10.8
<b>Bulgaria</b>	4.8	0.4	6.0	0.4	-1.2
<b>Czech Republic</b>	10.9	0.9	14.5	1.1	-3.6
<b>Denmark</b>	21.4	1.9	19.3	1.4	2.2
<b>Germany</b>	321.1	27.8	262.3	19.4	58.9
<b>Estonia</b>	2.6	0.2	2.7	0.2	-0.2
<b>Ireland</b>	32.1	2.8	18.4	1.4	13.7
<b>Greece</b>	6.1	0.5	21.5	1.6	-15.3
<b>Spain</b>	47.3	4.1	98.3	7.3	-51.0
<b>France</b>	135.8	11.7	132.6	9.8	3.2
<b>Italy</b>	129.6	11.2	150.2	11.1	-20.6
<b>Cyprus</b>	0.3	0.0	1.7	0.1	-1.4
<b>Latvia</b>	1.4	0.1	2.2	0.2	-0.8
<b>Lithuania</b>	4.1	0.4	5.8	0.4	-1.7
<b>Luxembourg</b>	1.9	0.2	6.3	0.5	-4.4
<b>Hungary</b>	12.5	1.1	18.6	1.4	-6.1
<b>Malta</b>	1.1	0.1	1.0	0.1	0.0
<b>Netherlands</b>	76.0	6.6	166.8	12.4	-90.7
<b>Austria</b>	30.6	2.6	22.2	1.6	8.5
<b>Poland</b>	18.6	1.6	27.4	2.0	-8.9
<b>Portugal</b>	7.8	0.7	12.9	1.0	-5.1
<b>Romania</b>	7.7	0.7	14.9	1.1	-7.3
<b>Slovenia</b>	5.8	0.5	4.3	0.3	1.6
<b>Slovakia</b>	4.4	0.4	8.9	0.7	-4.5
<b>Finland</b>	26.2	2.3	19.8	1.5	6.4
<b>Sweden</b>	46.8	4.0	30.5	2.3	16.2
<b>United Kingdom</b>	132.3	11.4	202.3	15.0	-70.0

Source: Eurostat (ext\_lt\_intratrd)



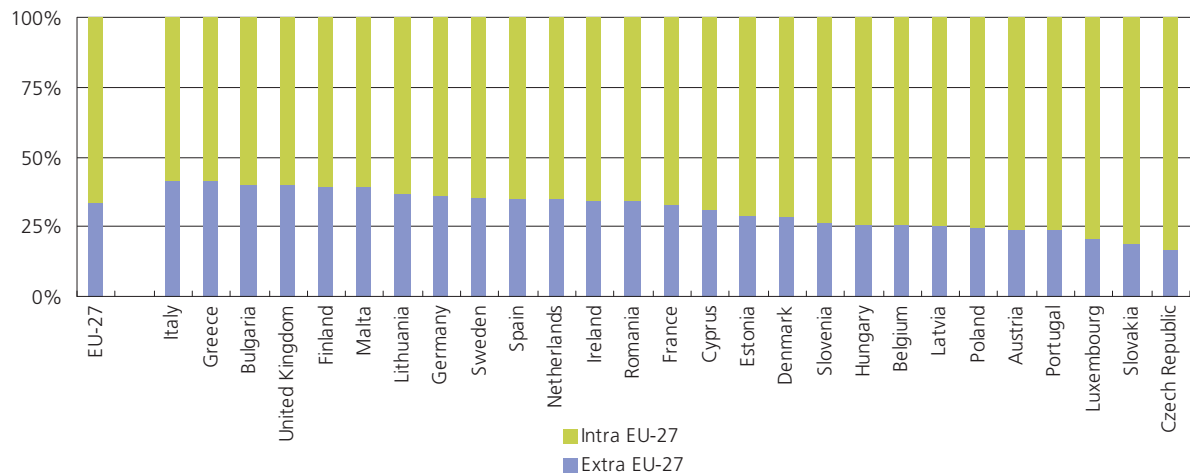
Table 8.7: Contribution to intra EU-27 trade in goods, 2006

	Exports		Imports		Trade balance (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 exports (%)	(EUR 1 000 million)	Share of EU-27 imports (%)	
<b>EU-27</b>	2 489.1	100.0	2 407.4	100.0	81.7
<b>Belgium</b>	224.1	9.0	201.4	8.4	22.7
<b>Bulgaria</b>	6.9	0.3	9.3	0.4	-2.4
<b>Czech Republic</b>	64.8	2.6	59.8	2.5	5.0
<b>Denmark</b>	52.4	2.1	49.5	2.1	3.0
<b>Germany</b>	564.5	22.7	461.4	19.2	103.1
<b>Estonia</b>	5.0	0.2	7.8	0.3	-2.9
<b>Ireland</b>	56.3	2.3	39.6	1.6	16.7
<b>Greece</b>	10.5	0.4	28.9	1.2	-18.4
<b>Spain</b>	116.3	4.7	153.8	6.4	-37.4
<b>France</b>	254.7	10.2	293.4	12.2	-38.7
<b>Italy</b>	197.4	7.9	198.2	8.2	-0.7
<b>Cyprus</b>	0.8	0.0	3.8	0.2	-3.0
<b>Latvia</b>	3.6	0.1	7.0	0.3	-3.5
<b>Lithuania</b>	7.1	0.3	9.6	0.4	-2.5
<b>Luxembourg</b>	16.3	0.7	14.9	0.6	1.4
<b>Hungary</b>	46.9	1.9	42.8	1.8	4.1
<b>Malta</b>	1.1	0.0	2.2	0.1	-1.1
<b>Netherlands</b>	292.2	11.7	164.9	6.8	127.3
<b>Austria</b>	81.2	3.3	89.6	3.7	-8.4
<b>Poland</b>	69.3	2.8	72.9	3.0	-3.6
<b>Portugal</b>	26.7	1.1	40.2	1.7	-13.4
<b>Romania</b>	18.2	0.7	25.8	1.1	-7.7
<b>Slovenia</b>	12.7	0.5	14.9	0.6	-2.3
<b>Slovakia</b>	28.9	1.2	27.7	1.1	1.2
<b>Finland</b>	35.2	1.4	35.0	1.5	0.1
<b>Sweden</b>	70.6	2.8	70.4	2.9	0.2
<b>United Kingdom</b>	225.5	9.1	283.0	11.8	-57.5

Source: Eurostat (ext\_lt\_intratrd)

**Figure 8.8: Intra and extra EU-27 trade in goods, 2006**

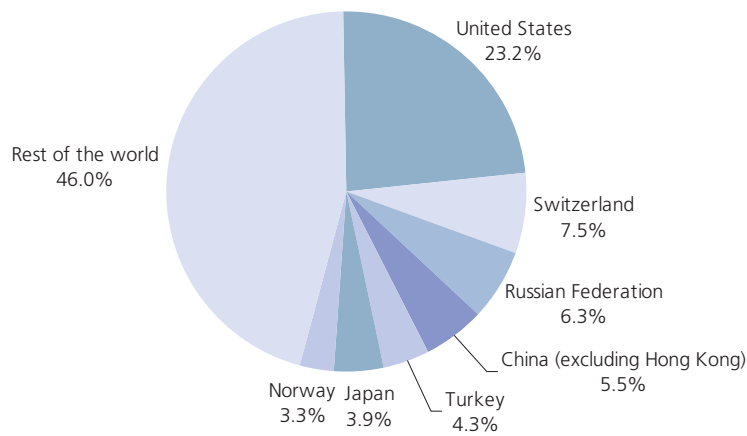
(% share of total trade)



Source: Eurostat (ext\_lt\_intratrd)

**Figure 8.9: Main trading partners for exports of goods, EU-27, 2006**

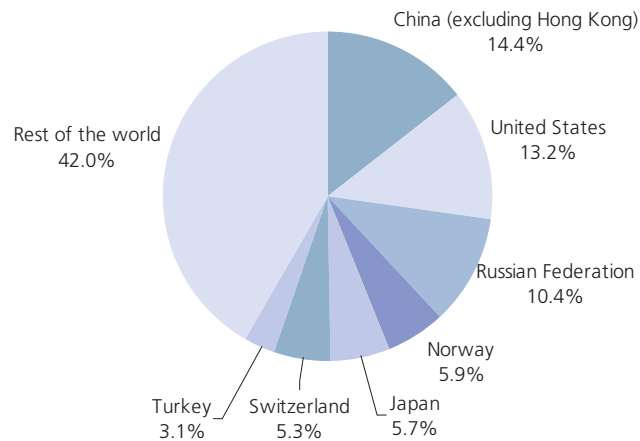
(% share of extra EU-27 exports)



Source: Eurostat (ext\_lt\_maineu )

**Figure 8.10: Main trading partners for imports of goods, EU-27, 2006**

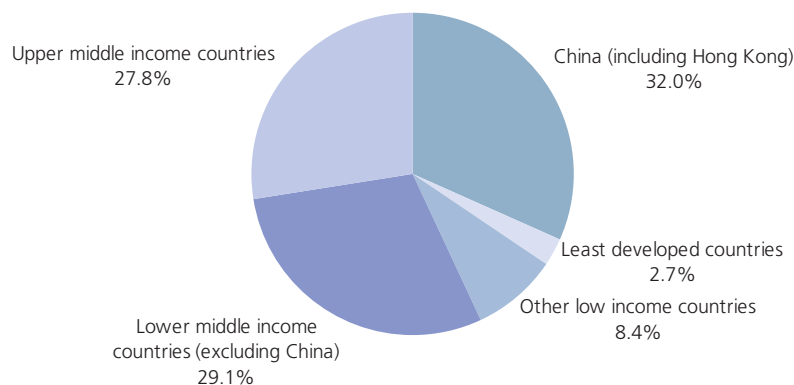
(% share of extra EU-27 imports)



Source: Eurostat (ext\_lt\_maineu)

**Figure 8.11: Imports of goods from developing countries by income group, EU-27, 2006 (1)**

(%)



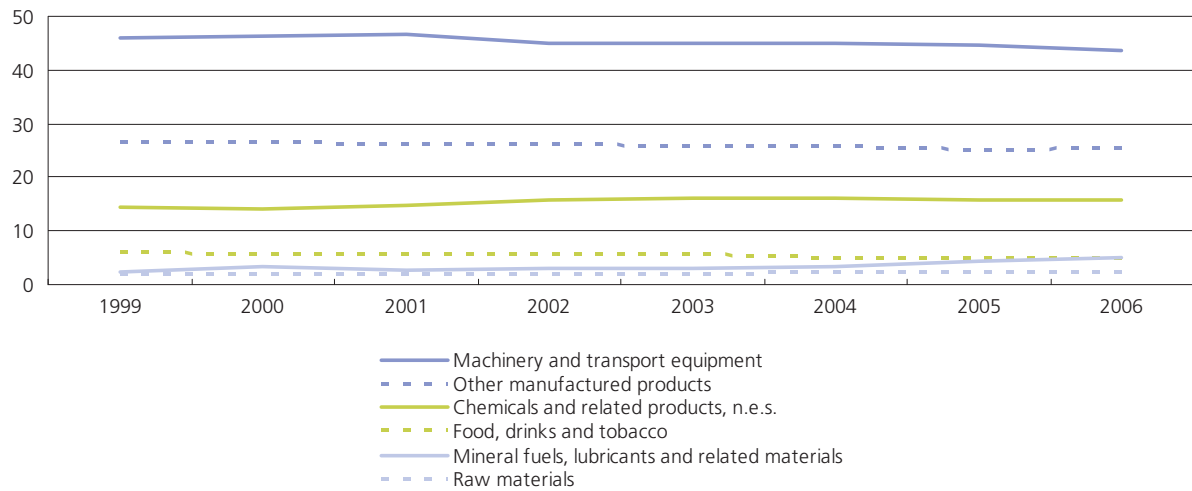
(1) EU-27 imports from developing countries were valued at EUR 646 000 million in 2006.

Source: Eurostat (tsdgp210)

Imports from a non-EU country include goods which enter the statistical territory of the Member State from a non-EU country and are: 1) placed under the customs procedure for release into free circulation (goods that will be consumed in the importing Member State or dispatched to another Member State), either immediately or after a period in a customs warehouse; or 2) placed under the customs procedure for inward processing or processing under customs control (usually goods destined to be processed, transformed or repaired for subsequent re-export) either immediately or after a period in a customs warehouse. DAC (Development Assistance Committee) countries refer to developing countries and territories on Part I of the OECD DAC List of Aid Recipients for which there is a long-standing United Nations target of 0.7 % of donors' gross national product.

**Figure 8.12: Main exported goods, EU-27**

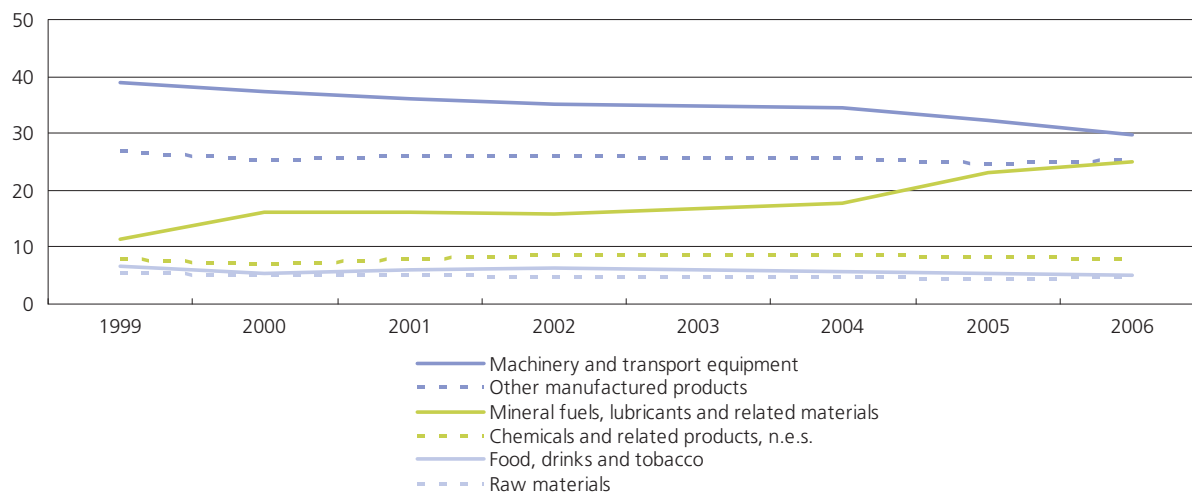
(% share of extra EU-27 exports)



Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.13: Main imported goods, EU-27**

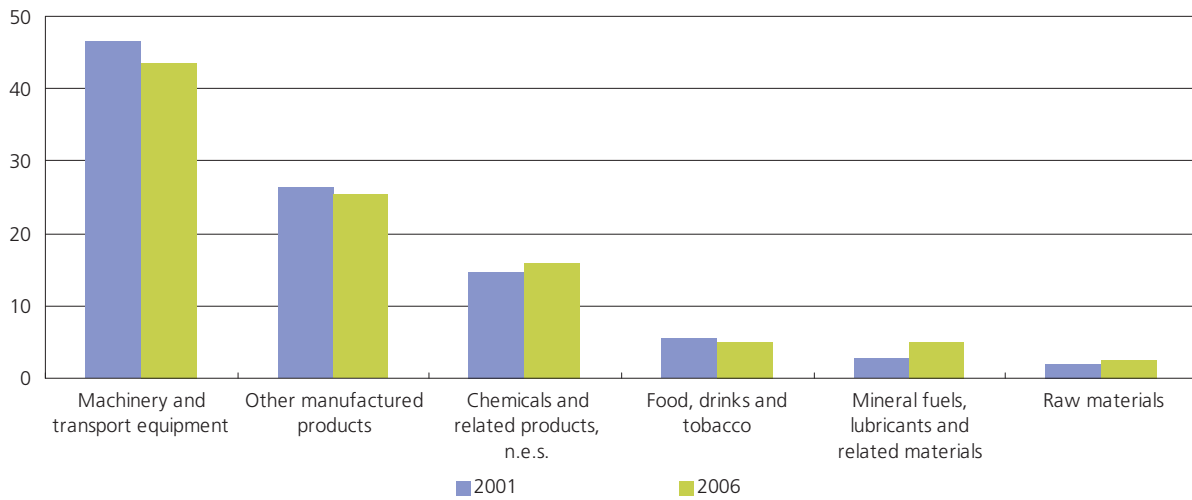
(% share of extra EU-27 imports)



Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.14: Main exported goods, EU-27**

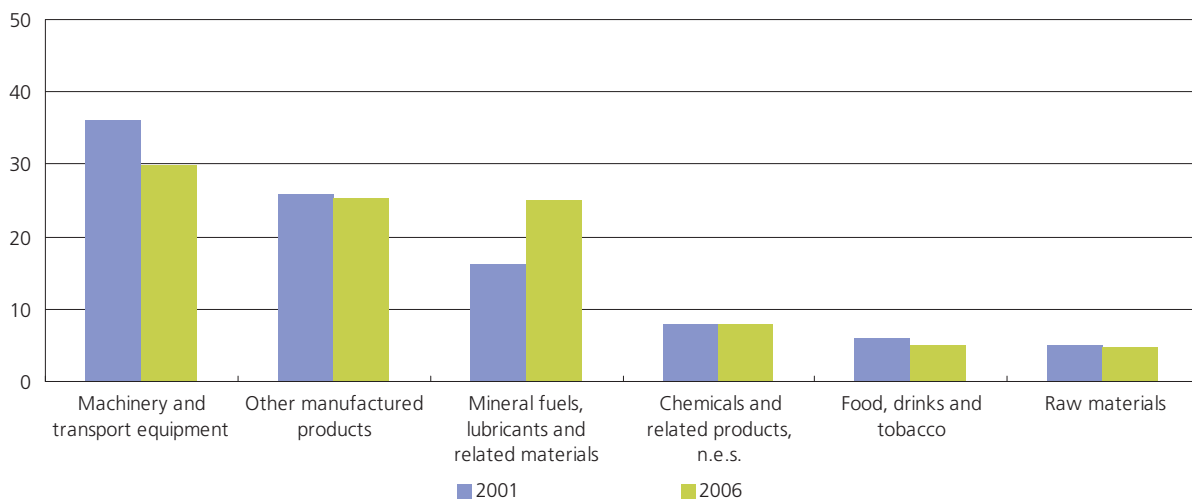
(% share of extra EU-27 exports)



Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.15: Main imported goods, EU-27**

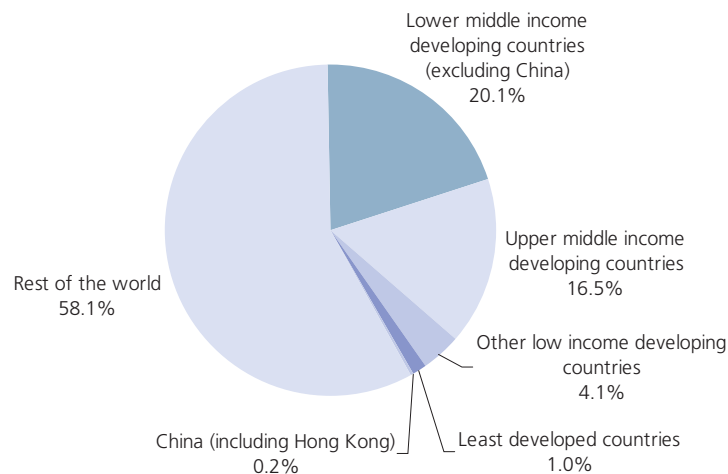
(% share of extra EU-27 imports)



Source: Eurostat (ext\_lt\_intertrd)

**Figure 8.16: Imports of mineral fuels, lubricants and related materials, EU-27, 2006 (1)**

(% share by income group of partner)

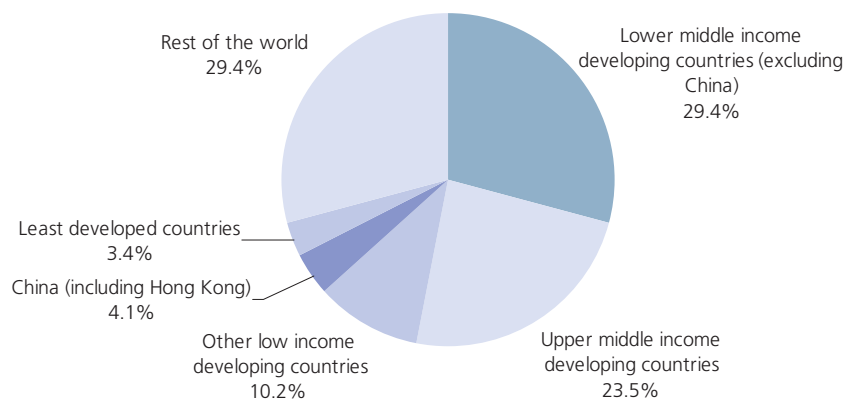


(1) Imports from countries of the Development Assistance Committee (DAC) were valued at EUR 142 000 million in 2006.

Source: Eurostat (Comext)

**Figure 8.17: Imports of agricultural products, food, drinks and tobacco, EU-27, 2006 (1)**

(% share by income group of partner)

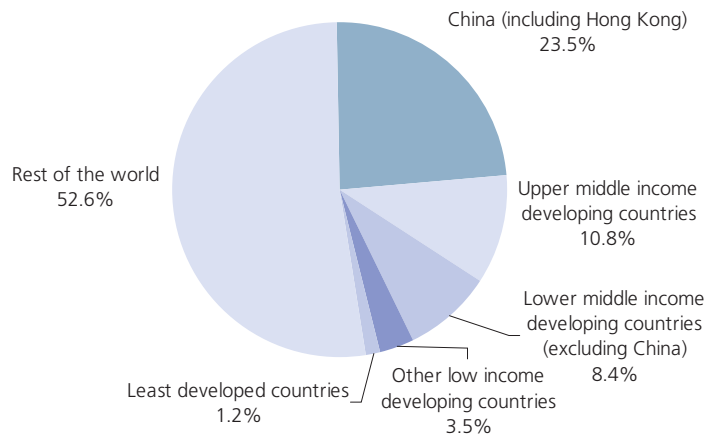


(1) Imports from countries of the Development Assistance Committee (DAC) were valued at EUR 48 000 million in 2006.

Source: Eurostat (Comext)

**Figure 8.18: Imports of manufactured products, EU-27, 2006 (1)**

(% share by income group of partner)



(1) Manufactured products exclude processed food, beverages and tobacco, as well as processed mineral fuels, lubricants and related materials; imports from countries of the Development Assistance Committee (DAC) were valued at EUR 403 000 million in 2006.

Source: Eurostat (Comext)

**Table 8.8: Imports of selected materials from developing countries, EU-27**

(million tonnes)

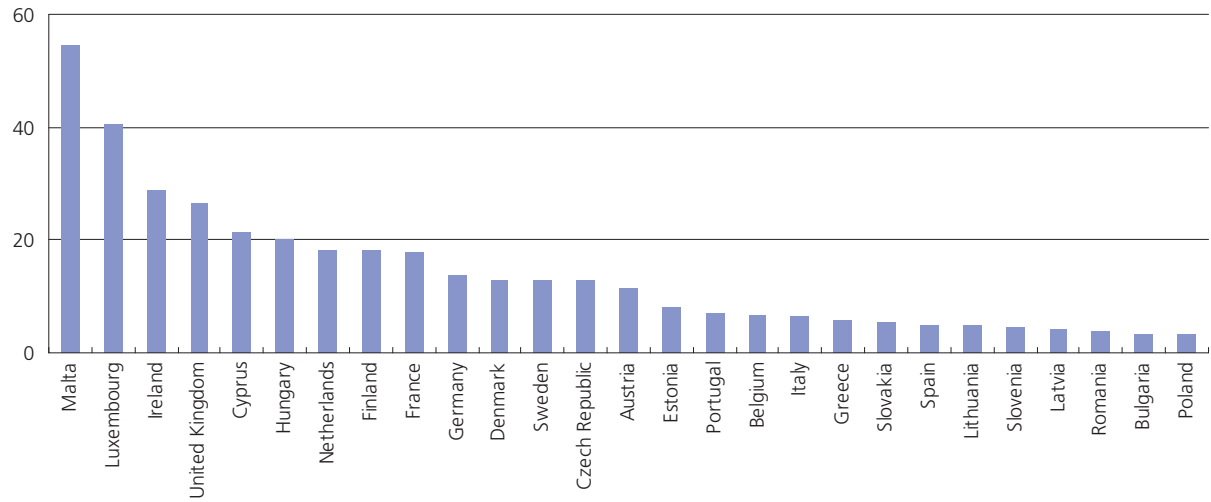
	2001	2002	2003	2004	2005	2006
<b>Total materials</b>	717.9	714.1	742.4	775.9	799.6	831.8
<b>Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes</b>	435.7	425.1	438.4	445.7	467.6	479.4
<b>Ores, slag and ash</b>	115.0	116.7	121.5	134.6	132.5	131.7
<b>Salt; sulphur; earths and stone; plastering materials, lime and cement</b>	36.2	38.0	42.7	47.0	48.3	50.5
<b>Iron and steel</b>	18.2	16.4	18.6	22.3	22.9	34.3
<b>Residues and waste from the food industries; prepared animal feed</b>	24.7	25.8	27.6	28.0	28.7	29.0
<b>Wood and articles of wood; wood charcoal</b>	11.6	11.4	12.0	13.5	13.9	14.5
<b>Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder</b>	13.4	12.6	13.1	11.8	12.4	12.2
<b>Edible fruit and nuts; peel of citrus fruit or melons</b>	8.7	8.9	9.7	9.8	10.5	11.0
<b>Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes</b>	5.0	5.6	5.6	6.0	7.2	8.3
<b>Cereals</b>	6.1	10.0	6.6	7.0	6.2	6.7
<b>Others</b>	43.3	43.6	46.6	50.2	49.4	54.2

Source: Eurostat (Comext)

Data refers to trade statistics concerning the following chapters of the Combined Nomenclature: 01 to 18, 23 to 27, 31 to 36, 39 to 41, 44 to 47, 50 to 53, 70 to 81.

**Figure 8.19: High-tech exports, 2006**

(% share of exports of high technology products in total exports)



Source: Eurostat (tsiir140)

This indicator is calculated as share of exports of all high technology products of total exports. High-tech products are defined as the sum of the following products: aerospace, computers, office machinery, electronics, instruments, pharmaceuticals, electrical machinery and armament. The total exports for the EU do not include the intra-EU trade.