



External trade

The EU has a common trade policy whereby the European Commission negotiates trade agreements and represents the EU's interests on behalf of its 27 Member States. The European Commission consults Member States through an advisory committee which 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 153 countries (as of July 2008), 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, and has participated in the latest round of WTO multilateral trade negotiations, known as the Doha Development Agenda (DDA). However, having missed deadlines to conclude the talks in 2005 and again in 2006, the Doha round of talks broke down again at a WTO meeting in July 2008⁽¹⁾ and at the time of writing the future of these multilateral trade negotiations remains uncertain.

(1) <http://ec.europa.eu/trade> and <http://www.wto.org>.



10.1 Share in world trade

Introduction

External trade statistics are used extensively by public body decision makers at an international, EU and national level, as well as by the private sector. In the case of Community authorities, external trade statistics help in the preparation of multilateral and bilateral trade negotiations, in defining and implementing anti-dumping policies, for the purposes of macroeconomic and monetary policies and in evaluating the progress of the Single Market, or the integration of European economies. In the private sector, businesses can use external trade data to carry out market research and define their commercial strategy.

Definitions and data availability

Within the EU, there are two main sources for statistics on external trade. **External trade statistics (ETS)** provide information on trade in goods, collected predominantly on the basis of customs and Intrastat⁽²⁾ declarations. ETS provide information on the value and volumes (quantity) of external trade in goods with great detail concerning the type of commodity. The second 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 external trade in goods (generally the largest category), but also on external 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 relative to 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 external 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 2007 (in terms of the credits and debits relative to GDP) than at any time in the previous five years. The average value of EU-27 trade flows of goods corresponded to 10.7 % of GDP in 2006, a much higher ratio than the relative low of 8.8 % in 2003 (for the EU-25), reflecting a broad upturn in economic activity. Although the volume of external trade in services is less than that for goods, the trade integration of services also rose, reaching the equivalent of 3.7 % of GDP in 2007.

The EU-27 had a trade deficit with the rest of the world in goods that equated to -1.2 % of GDP in 2007, in contrast to

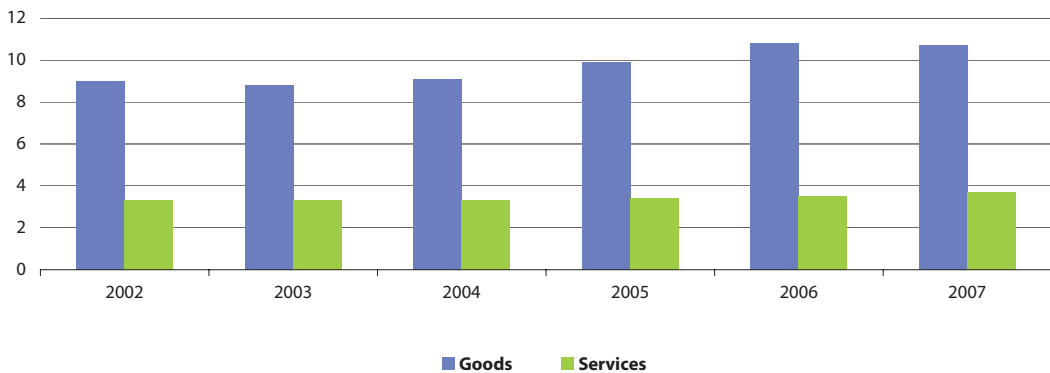
(2) Paper or electronic declarations of intra-EU trade addressed by the traders to the competent national administration.

a surplus in services that corresponded to 0.7 % 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 equivalent to one fifth or more of GDP in Cyprus, Bulgaria and Latvia. In contrast, the trade surpluses

in goods recorded in Ireland, Germany and the Netherlands were equivalent to 12.3 %, 8.4 % and 6.8 % of GDP respectively in 2007, the highest relative levels among the Member States. Relative to GDP, there were large trade surpluses in services recorded in Luxembourg, Cyprus and Malta in 2007.

Figure 10.1: Trade integration, EU-27 (1)

(% of GDP)



(1) 2002 and 2003, EU-25.

Source: Eurostat (tsier120)

**Table 10.1:** Share of goods and services in GDP, 2007 (1)

(% of GDP)

	Goods			Services		
	Exports	Imports	Balance	Exports	Imports	Balance
EU-27	10.1	11.3	-1.2	4.1	3.4	0.7
Euro area (2)	17.0	16.3	-1.4	5.5	5.0	0.5
Belgium	71.2	71.0	0.2	17.1	15.6	1.5
Bulgaria	46.7	72.0	-25.6	15.9	12.1	3.8
Czech Republic	69.9	66.7	3.1	9.6	8.1	1.6
Denmark	32.4	32.7	-0.4	19.8	17.4	2.4
Germany	40.7	32.4	8.4	6.5	7.8	-1.3
Estonia	53.0	70.1	-17.0	21.0	14.4	6.5
Ireland	45.4	33.1	12.3	34.9	37.0	-2.2
Greece	7.1	21.0	-13.8	13.9	6.0	7.9
Spain	17.8	26.4	-8.5	9.0	6.9	2.1
France	21.1	23.2	-2.0	5.3	4.8	0.5
Italy	23.9	23.7	0.1	5.4	5.8	-0.4
Cyprus	7.0	36.5	-29.4	40.9	17.3	23.7
Latvia	30.1	54.7	-24.6	13.5	10.0	3.5
Lithuania	44.6	59.2	-14.6	10.7	8.6	2.1
Luxembourg	37.4	46.8	-9.4	126.5	72.8	53.7
Hungary	68.0	66.5	1.4	12.1	11.0	1.1
Malta	42.5	60.9	-16.6	42.5	27.7	14.8
Netherlands	58.9	52.1	6.8	11.5	11.3	0.3
Austria	45.4	44.9	0.5	15.0	10.5	4.5
Poland	34.1	37.8	-3.7	6.8	5.8	0.9
Portugal	23.1	33.7	-10.7	10.0	6.2	3.8
Romania	24.2	38.8	-14.6	6.3	6.1	0.2
Slovenia	59.0	63.8	-5.1	12.2	9.2	3.0
Slovakia	77.0	78.4	-1.5	9.3	8.8	0.7
Finland	36.5	31.7	4.8	8.4	8.5	-0.1
Sweden	37.4	33.3	4.1	13.7	10.5	3.1
United Kingdom	16.0	22.3	-6.3	10.0	7.2	2.8
Turkey	17.2	24.4	-7.2	4.4	2.2	2.1
Norway	36.0	19.8	16.2	10.5	10.1	0.4
Japan	14.1	12.2	1.9	2.7	3.1	-0.4
United States	7.8	14.1	-6.3	3.2	2.6	0.6

(1) Japan and the United States, 2006; Greece, 2005.

(2) EA-13 instead of EA-15.

Source: Eurostat (tec00039, tec00040 and tec00001)

10.2 External trade in services

Introduction

Services cover a heterogeneous range of 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 service provider and consumer – 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 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 external 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 traveling abroad to deliver a service in the consumer's country of residence.

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

Definitions and data availability

The main methodological references for the production of statistics on external 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 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 external 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 (BoP) 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 external 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 the United States or Japan), for economic zones (such as the OECD, ACP or NAFTA countries), and for geographical zones or continents (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 external trade in services following BPM5 is not consistent with the four-type GATS classification of trade in services. BoP statistics presented in this chapter generally refer to services traded externally, 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⁽³⁾.

(3) 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.

Within the BoP the terms credits and debits are used which, to the extent that they concern the trading of goods and services, can roughly be considered to be equivalent to exports and imports.

Main findings

The importance of services within EU economies continues to grow and in 2007 services contributed 71.7 % of the gross value added within the EU-27. However, this importance is scarcely reflected in terms of external trade. Indeed, the share of services in total trade (goods and services) has remained fairly stable at around 25 % to 27 % since 2001.

The EU-27 reported a surplus in service transactions of EUR 88 400 million with the rest of the world in 2007, reflecting credits of EUR 501 400 million and debits of EUR 413 000 million. This represented strong growth when compared with the surplus of EUR 69 500 million that was recorded for 2006, itself a big increase over 2005.

The United Kingdom recorded a net credit (extra and intra-EU combined) of EUR 56 100 million in service transactions in 2007, the highest net credit 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 30 400 million in 2007, the largest deficit by far among the Member States.

North America represented the EU-27's principal external trading partner in service transactions, accounting for 32.8 % of the EU-27's debits and 35.0 % of its credits (when intra-EU trade is not included). It is important to underline that most (59 %) of EU-27 trade in services was between EU Member States (intra-EU transactions).

More than two thirds of the EU-27's credits (68.4 %) and debits (73.5 %) in the external trade of services were accounted for by transportation, travel and the category of other business services in 2007. The surplus of EUR 40 100 million for other business services was the highest among services for the EU-27 in 2007, closely followed by the surplus of EUR 33 100 million for financial services. In contrast, there were large deficits of EUR 10 600 million for royalties and license fees and EUR 17 400 million for travel.

**Table 10.2:** External trade in services (1)

(EUR 1 000 million)

	Credits			Debits			Net	
	2006-07 growth rate			2006-07 growth rate				
	2006	2007	(%)	2006	2007	(%)	2006	2007
EU-27	450.0	501.4	11.4	380.4	413.0	8.6	69.5	88.4
Euro area (2)	433.7	491.1	13.2	395.9	443.9	12.1	37.8	47.3
Belgium	47.4	56.5	19.2	42.3	51.6	22.0	5.1	4.9
Bulgaria	4.2	4.6	9.5	3.3	3.5	6.1	0.9	1.1
Czech Republic	10.9	12.3	12.8	9.4	10.3	9.6	1.5	2.0
Denmark	41.7	45.0	7.9	36.4	39.5	8.5	5.3	5.4
Germany	149.6	158.2	5.7	178.6	188.6	5.6	-29.0	-30.4
Estonia	2.8	3.2	14.3	2.0	2.2	10.0	0.8	1.0
Ireland	55.1	64.8	17.6	62.5	68.7	9.9	-7.4	-4.0
Greece	:	:	:	:	:	:	:	:
Spain	84.7	94.1	11.1	62.4	72.0	15.4	22.3	22.1
France	94.2	100.3	6.5	86.0	91.4	6.3	8.3	8.9
Italy	78.4	83.3	6.2	79.9	89.5	12.0	-1.5	-6.2
Cyprus	5.8	6.4	10.3	2.4	2.7	12.5	3.4	3.7
Latvia	2.1	2.7	28.6	1.6	2.0	25.0	0.5	0.7
Lithuania	2.9	3.0	3.4	2.0	2.4	20.0	0.9	0.6
Luxembourg	40.5	45.7	12.8	24.0	26.3	9.6	16.5	19.4
Hungary	10.5	12.2	16.2	9.3	11.1	19.4	1.3	1.1
Malta	2.1	2.3	9.5	1.3	1.5	15.4	0.8	0.8
Netherlands	65.5	65.4	-0.2	63.3	63.8	0.8	2.2	1.7
Austria	36.8	40.7	10.6	26.6	28.4	6.8	10.2	12.3
Poland	16.3	20.9	28.2	15.8	18.0	13.9	0.6	2.9
Portugal	14.2	16.3	14.8	9.4	10.1	7.4	4.8	6.2
Romania	5.6	7.6	35.7	5.6	7.4	32.1	0.0	0.2
Slovenia	3.5	4.1	17.1	2.6	3.1	19.2	0.9	1.0
Slovakia	4.3	5.1	18.6	3.8	4.8	26.3	0.5	0.4
Finland	13.9	15.1	8.6	14.8	15.2	2.7	-0.9	-0.1
Sweden	39.6	45.4	14.6	31.6	35.0	10.8	7.9	10.4
United Kingdom	186.6	202.3	8.4	141.0	146.2	3.7	45.5	56.1
Turkey	20.0	20.9	4.5	9.1	10.7	17.6	10.9	10.2
Norway	26.2	29.8	13.7	25.1	28.7	14.3	1.2	1.1
Japan	93.5	:	:	107.9	:	:	-14.4	:
United States	333.4	:	:	272.9	:	:	60.5	:

(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.

(2) EA-13 instead of EA-15.

Source: Eurostat (tec00040)

Table 10.3: Contribution to extra EU-27 trade in services, 2006

	Credits		Debits		Net (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 credits (%)	(EUR 1 000 million)	Share of EU-27 debits (%)	
EU-27	441.6	100.0	373.1	100.0	68.5
Euro area	425.6	96.4	390.5	104.7	35.1
Belgium	11.9	2.7	10.7	2.9	1.2
Bulgaria	1.3	0.3	0.9	0.2	0.5
Czech Republic	3.2	0.7	3.0	0.8	0.2
Denmark	21.4	4.8	17.0	4.6	4.4
Germany	63.9	14.5	71.3	19.1	-7.3
Estonia	0.8	0.2	0.5	0.1	0.3
Ireland	24.6	5.6	32.5	8.7	-7.8
Greece	13.3	3.0	6.0	1.6	7.3
Spain	21.5	4.9	21.1	5.6	0.4
France	44.8	10.1	42.1	11.3	2.6
Italy	30.0	6.8	30.1	8.1	-0.1
Cyprus	1.7	0.4	0.8	0.2	0.9
Latvia	1.0	0.2	0.7	0.2	0.4
Lithuania	1.3	0.3	0.8	0.2	0.5
Luxembourg	10.4	2.4	5.9	1.6	4.5
Hungary	3.3	0.7	3.0	0.8	0.2
Malta	0.5	0.1	0.4	0.1	0.1
Netherlands	32.9	7.4	29.1	7.8	3.7
Austria	8.9	2.0	7.2	1.9	1.7
Poland	4.1	0.9	3.8	1.0	0.4
Portugal	3.1	0.7	2.5	0.7	0.6
Romania	1.6	0.4	1.4	0.4	0.1
Slovenia	0.9	0.2	1.0	0.3	-0.1
Slovakia	1.1	0.2	0.6	0.2	0.4
Finland	7.1	1.6	4.7	1.3	2.4
Sweden	19.2	4.4	10.6	2.8	8.6
United Kingdom	107.7	24.4	64.9	17.4	42.8

Source: Eurostat (bop_its_det)

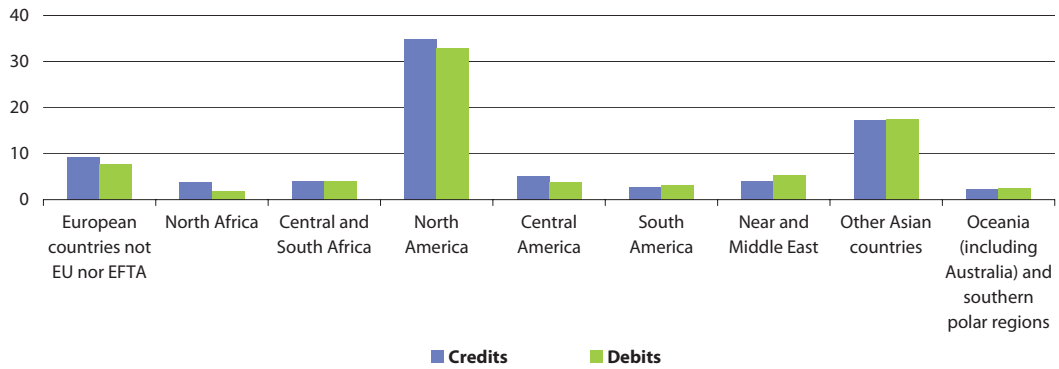
**Table 10.4:** Contribution to intra EU-27 trade in services, 2006

	Credits		Debits		Net (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 credits (%)	(EUR 1 000 million)	Share of EU-27 debits (%)	
EU-27	599.9	100.0	566.6	100.0	33.4
Belgium	35.5	5.9	31.5	5.6	3.9
Bulgaria	2.8	0.5	2.3	0.4	0.5
Czech Republic	7.4	1.2	6.4	1.1	1.0
Denmark	20.5	3.4	19.7	3.5	0.8
Germany	75.1	12.5	103.7	18.3	-28.5
Estonia	2.0	0.3	1.5	0.3	0.5
Ireland	30.4	5.1	30.0	5.3	0.4
Greece	15.1	2.5	7.1	1.2	8.0
Spain	63.0	10.5	41.3	7.3	21.7
France	49.5	8.2	43.8	7.7	5.7
Italy	48.4	8.1	49.8	8.8	-1.4
Cyprus	4.1	0.7	1.6	0.3	2.5
Latvia	1.1	0.2	0.9	0.2	0.2
Lithuania	1.5	0.3	1.2	0.2	0.4
Luxembourg	30.2	5.0	18.1	3.2	12.0
Hungary	7.3	1.2	6.3	1.1	1.1
Malta	1.5	0.3	0.9	0.2	0.6
Netherlands	42.2	7.0	43.3	7.6	-1.2
Austria	28.1	4.7	18.7	3.3	9.4
Poland	12.2	2.0	10.8	1.9	1.4
Portugal	11.0	1.8	6.8	1.2	4.3
Romania	3.9	0.7	4.1	0.7	-0.1
Slovenia	2.5	0.4	1.6	0.3	0.9
Slovakia	3.2	0.5	3.2	0.6	0.1
Finland	5.7	1.0	7.7	1.4	-2.0
Sweden	20.1	3.4	18.4	3.2	1.7
United Kingdom	75.0	12.5	75.1	13.2	0.0

Source: Eurostat (bop_its_det)

Figure 10.2: Trade in services, EU-27, 2006

(% share of extra EU-27 transactions)



Source: Eurostat (tec00082 and bop_its_det)

Table 10.5: EU-27 credits for services

(%)

	2003	2004	2005	2006	2007
All countries of the world	100.0	100.0	100.0	100.0	100.0
Extra-EU	42.6	41.4	41.8	42.4	43.2
European Free Trade Association	7.1	6.9	6.8	6.8	:
Switzerland	5.5	5.3	5.1	5.1	5.2
European countries not EU nor EFTA	5.2	2.5	3.0	3.2	:
Central and Eastern Europe	2.9	0.4	0.4	0.4	:
Community of Independent States	1.4	1.6	1.8	2.0	:
Russian Federation	1.0	1.1	1.3	1.4	1.6
Africa	2.6	2.5	2.5	2.5	:
America	17.3	16.8	16.7	16.9	:
Canada	0.9	0.9	0.9	1.0	1.0
United States	14.0	13.3	12.8	12.9	12.0
Brazil	0.4	0.4	0.5	0.5	0.6
Asia	8.7	9.3	9.7	9.7	:
China (excl. Hong Kong)	0.9	1.0	1.3	1.2	1.5
Hong Kong	0.8	0.8	0.9	0.7	0.7
India	0.4	0.4	0.6	0.7	0.8
Japan	2.1	2.1	2.0	1.8	1.7
Oceania (including Australia) and southern polar regions	0.9	1.1	1.1	1.1	:
	2003	2004	2005	2006	2007
OECD countries	82.8	83.0	81.9	81.2	:
North American Free Trade Association member countries	15.3	14.7	14.1	14.3	:
Petroleum Exporting Countries (OPEC)	2.3	2.2	2.3	2.6	:
African, Caribbean and Pacific countries, signatories of the Partnership Agreement (Cotonou agreement)	1.9	1.9	1.9	2.0	:
Association of South-East Asian Nations	1.6	1.6	1.6	1.7	:
Southern Common Market	0.5	0.6	0.7	0.8	:

Source: Eurostat (tec00080)

**Table 10.6:** EU-27 debits for services

(%)

	2003	2004	2005	2006	2007
All countries of the world	100.0	100.0	100.0	100.0	100.0
Extra-EU	39.8	39.6	39.6	39.7	40.0
European Free Trade Association	5.6	5.5	5.6	5.3	:
Switzerland	4.3	4.2	4.3	4.0	4.0
European countries not EU nor EFTA	7.0	3.4	3.6	3.7	:
Central and Eastern Europe	3.9	0.7	0.7	0.7	:
Community of Independent States	1.2	1.5	1.7	1.9	:
Russian Federation	0.8	0.9	1.0	1.1	1.1
Africa	2.9	3.1	3.1	3.1	:
America	17.7	17.4	17.3	17.0	:
Canada	0.9	0.9	0.9	0.9	0.9
United States	13.7	13.5	13.4	13.0	12.4
Brazil	0.5	0.4	0.5	0.5	0.5
Asia	7.1	7.8	7.9	8.4	:
China (excl. Hong Kong)	0.6	0.9	1.1	1.2	1.3
Hong Kong	0.6	0.6	0.6	0.7	0.8
India	0.4	0.5	0.5	0.6	0.6
Japan	1.3	1.4	1.4	1.4	1.3
Oceania (including Australia) and southern polar regions	0.8	0.8	0.9	0.9	:
	2003	2004	2005	2006	2007
OECD countries	83.1	82.6	82.4	81.4	:
North American Free Trade Association member countries	15.0	14.7	14.6	14.1	:
Petroleum Exporting Countries (OPEC)	1.5	1.5	1.5	1.6	:
African, Caribbean and Pacific countries, signatories of the Partnership Agreement (Cotonou agreement)	2.1	2.1	2.2	2.0	:
Association of South-East Asian Nations	1.6	1.6	1.6	1.7	:
Southern Common Market	0.7	0.6	0.6	0.7	:

Source: Eurostat (tec00081)

Table 10.7: Development of trade in services, by selected partner, EU-27

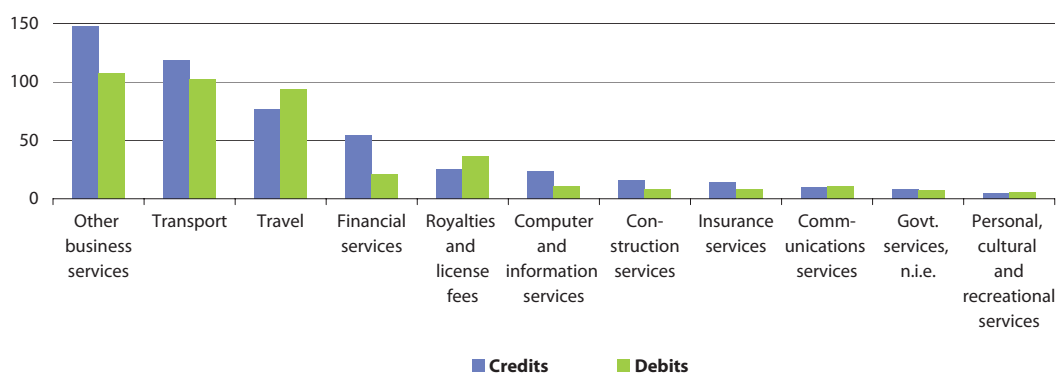
(EUR 1 000 million)

	2005			2006			2007		
	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net
Total	402.9	350.0	52.9	441.6	373.1	68.5	501.4	413.0	88.4
United States	123.2	118.2	4.9	134.7	122.1	12.6	139.0	127.9	11.2
EFTA	65.4	49.0	16.4	70.4	49.4	21.1	:	:	:
Japan	19.6	12.3	7.3	18.9	12.9	6.0	19.4	13.4	6.0
Russia	12.3	9.1	3.2	14.2	10.8	3.4	18.2	11.5	6.6
China	12.3	9.6	2.7	12.8	11.3	1.4	17.7	13.1	4.6
Canada	9.0	7.6	1.3	10.2	8.2	2.0	11.2	9.5	1.8
India	5.4	4.8	0.6	7.0	5.5	1.4	9.0	6.6	2.4
Hong Kong	8.3	5.6	2.6	6.9	6.7	0.2	8.4	7.8	0.6
Brazil	4.6	4.0	0.6	5.2	4.6	0.5	6.6	4.8	1.8
Other countries	142.8	129.6	13.2	161.3	141.5	19.8	:	:	:

Source: Eurostat (bop_its_det)

Figure 10.3: Trade by main service categories, EU-27, 2007 (1)

(EUR 1 000 million)



(1) Provisional.

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



10.3 External trade in goods

Introduction

The value of external trade in goods significantly exceeds that of services. This reflects, among other things, that in most cases goods are by their nature commodities which can be traded and transported across borders, whereas many services are non-transportable items for which it is not possible to separate the place of consumption from the place of production.

Definitions and data availability

In broad terms, the aim of **external trade statistics on goods (ETS)** is to record all flows of goods that add to or subtract from the stock of material resources of a country by entering or leaving its territory. The most important component of external trade statistics is related to transactions involving actual or intended transfer of ownership against compensation. Nevertheless, external 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).

The nomenclature of countries and territories for ETS of the Community and statistics of trade between Member States is an essential element in compiling statistics – this nomenclature is called the **geonomenclature**. In particular, it makes it possible to identify those involved in trade, in other words, the reporting country and the partner country. If necessary the geonomenclature is subject to annual revision in order to incorporate the

adjustments needed for statistical purposes and to take into account any geopolitical change that may have occurred.

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 (see the previous subchapter), import values for external trade statistics 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. In contrast, 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 external 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, external 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). For **intra-EU trade**, the terms *dispatches* and *arrivals* are used; these are equivalent to the terms *exports* and *imports* used for **extra-EU trade** flows.

External trade statistics report export and import values and volumes (quantities) 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. 4); this classification allows a comparison to be made on a worldwide basis. The commodity groupings of SITC reflect: a) the materials used in production; b) the processing stage; c) market practices and uses of the products; d) the importance of the commodities in terms of world trade, and; e) technological changes. 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. The statistics presented are based on the fourth revision of the classification; an abbreviated list of the SITC is provided in an annex at the end of the publication. SITC Revision 4 was accepted by the United Nations Statistical Commission at its 37th session in 2006 and its implementation is underway.

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 1 240 000 million in 2007 and imported goods from them to the value of

EUR 1 426 000 million. The EU-27 exported EUR 392 000 million more goods than the United States in 2007, but imported EUR 46 000 million less. Note that the EU-27 imports and exports less goods than does the EU-15, reflecting the fact that part of the EU-15's trade came from the countries that joined the EU in 2004 and 2007, and these transactions are not included in the external trade of the EU-27.

Since 1999 (the period since when 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 2007 was EUR 186 000 million, a slight reduction compared with 2006, but higher than any other year for which data are available.

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 dispatches of goods were worth EUR 2 646 000 million in 2007, 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 2007 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 among 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 external trade in goods of the United Kingdom, Italy, Bulgaria, Greece and Finland were accounted for by intra-EU trade.

In a reverse of the situation for trade in services, in 2007 Germany recorded the highest trade surplus (extra and intra-EU combined) for goods, valued at EUR 195 000 million, with the United Kingdom recording the largest trade deficit in goods of EUR 135 000 million. Italy, Hungary and Slovakia recorded a narrowing of their trade deficits for goods between 2006 and 2007, while Austria moved from a deficit to a surplus.

The United States was by far most the important market for EU-27 exports of goods in 2007, accounting for 21.1 % of all exports to non-member countries, a

much higher proportion than that for Switzerland (7.5 %), which was the next most important market. However, as in 2006, China was the principal source of imports of goods in 2007, its share of extra-EU-27 imports reaching 16.2 % in 2007 compared with 12.7 % for the United States and 10.1 % for Russia.

Machinery and transport equipment was the largest category of exports of goods from the EU-27 to non-member countries in 2007 with a share of 43.8 %, and this category also accounted for the largest share of imports (29.1 %). Compared with five years earlier, the most notable change in the structure of EU-27 extra-EU exports and imports was the increased shares accounted for by mineral fuels, lubricants and related materials in both trade flows. It should be noted that these shares are calculated on the basis of the value of transactions, and as such comparisons over time reflect changes in quantity and price levels. Alongside this change, the other main difference was the reduced share of machinery and transport equipment, particularly concerning imports.

Table 10.8: Main players for external trade

(EUR 1 000 million)

	Exports			Imports			Trade balance		
	1997	2002	2007	1997	2002	2007	1997	2002	2007
EU-27 (1)	:	892	1 240	:	937	1 426	:	-45	-186
EU-15 (2)	721	997	1 414	673	989	1 516	49	8	-102
Norway	42	64	99	31	37	58	11	27	41
Switzerland	67	93	126	67	89	118	0	4	8
Canada	191	267	306	174	235	277	17	32	29
China (excluding Hong Kong)	161	344	889	126	312	698	36	32	191
Japan	371	441	521	299	357	454	72	84	67
United States	606	733	848	792	1 271	1 472	-186	-538	-624

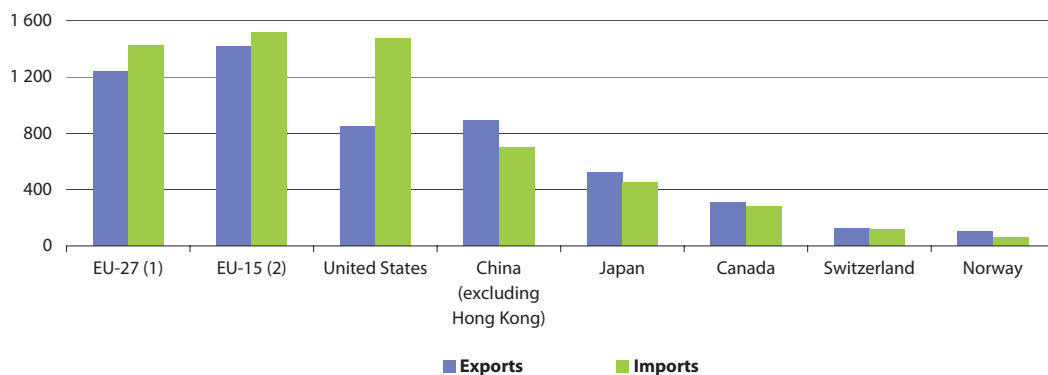
(1) External trade flows with extra EU-27.

(2) External trade flows with extra EU-15.

Source: Eurostat (ext_lt_intertrd)

Figure 10.4: Main players for external trade, 2007

(EUR 1 000 million)



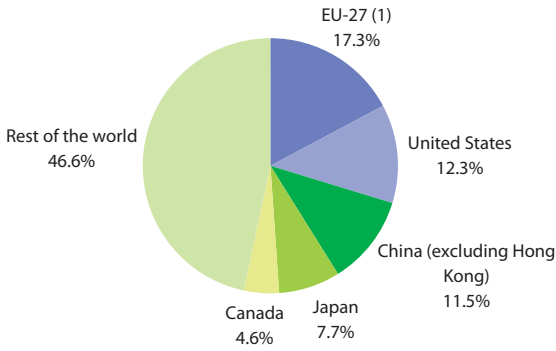
(1) External trade flows with extra EU-27.

(2) External trade flows with extra EU-15.

Source: Eurostat (ext_lt_intertrd)

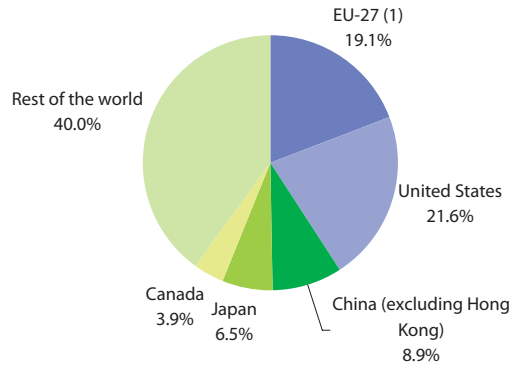


Figure 10.5: Shares in the world market for exports, 2006
(% share of world exports)



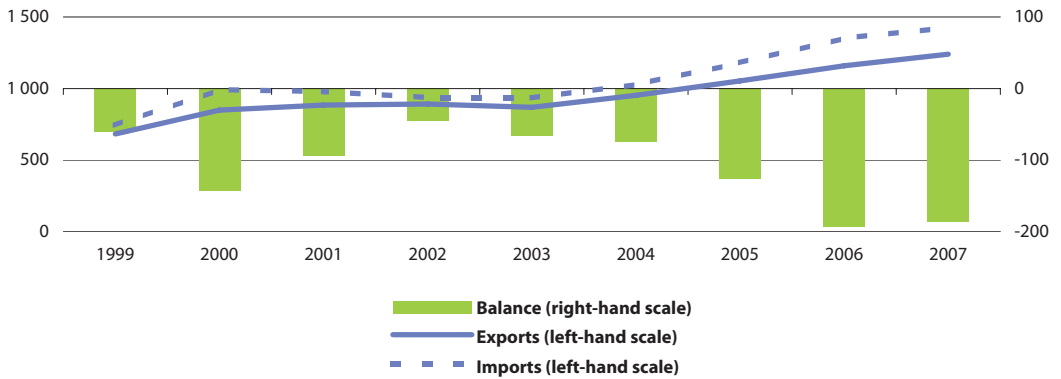
(1) External trade flows with extra EU-27.
Source: Eurostat (tet00018)

Figure 10.6: Shares in the world market for imports, 2006
(% share of world imports)



(1) External trade flows with extra EU-27.
Source: Eurostat (tet00018)

Figure 10.7: Development of external trade, EU-27 (1)
(EUR 1 000 million)



(1) External trade flows with extra EU-27.
Source: Eurostat (ext_It_intertrd)

Table 10.9: External trade

(EUR 1 000 million)

	Exports			Imports			Balance	
			2006-07 growth rate			2006-07 growth rate		
	2006	2007	(%)	2006	2007	(%)	2006	2007
EU-27 (1)	1 159.3	1 239.9	7.0	1 351.7	1 426.0	5.5	-192.5	-186.1
Euro area (2)	1 383.6	1 500.0	8.4	1 392.2	1 471.8	5.7	-8.6	28.2
Belgium	292.2	315.3	7.9	280.3	301.7	7.6	11.9	13.6
Bulgaria	11.8	13.5	14.6	15.4	21.9	41.9	-3.7	-8.4
Czech Republic	75.6	89.3	18.2	74.2	86.0	15.9	1.4	3.3
Denmark	73.7	75.5	2.4	68.1	72.9	7.0	5.6	2.6
Germany	882.5	967.8	9.7	722.1	772.4	7.0	160.4	195.4
Estonia	7.7	8.0	3.9	10.7	11.3	5.8	-3.0	-3.3
Ireland	86.6	88.5	2.2	58.2	60.5	3.9	28.4	28.0
Greece	16.5	17.2	4.1	50.7	55.6	9.8	-34.1	-38.4
Spain	170.2	175.9	3.3	261.8	271.9	3.8	-91.6	-96.0
France	394.9	403.8	2.2	431.6	448.9	4.0	-36.7	-45.1
Italy	332.0	358.6	8.0	352.5	368.1	4.4	-20.5	-9.5
Cyprus	1.1	1.0	-3.8	5.5	6.3	13.9	-4.5	-5.3
Latvia	4.9	6.1	23.7	9.2	11.2	21.7	-4.3	-5.1
Lithuania	11.3	12.5	11.1	15.4	17.8	15.4	-4.2	-5.3
Luxembourg	18.2	16.4	-10.3	21.2	20.0	-5.4	-2.9	-3.7
Hungary	59.9	69.6	16.1	62.3	69.7	11.9	-2.4	-0.1
Malta	2.1	2.1	0.5	3.2	3.2	0.3	-1.0	-1.1
Netherlands	369.3	401.9	8.8	332.0	359.4	8.3	37.3	42.5
Austria	108.9	119.4	9.6	109.3	119.0	8.9	-0.4	0.4
Poland	88.2	102.3	15.9	101.1	120.9	19.5	-12.9	-18.7
Portugal	34.5	37.5	8.8	53.1	57.0	7.4	-18.6	-19.5
Romania	25.9	29.4	13.7	40.8	51.0	25.1	-14.9	-21.6
Slovenia	18.5	22.0	18.7	19.2	23.0	19.8	-0.7	-1.1
Slovakia	33.3	42.5	27.4	35.7	43.9	23.1	-2.4	-1.5
Finland	61.5	65.7	6.8	55.3	59.6	7.9	6.2	6.1
Sweden	117.7	123.4	4.8	101.6	110.4	8.7	16.1	13.0
United Kingdom	357.3	320.3	-10.4	479.0	454.8	-5.0	-121.7	-134.6
Iceland	2.8	3.5	26.1	4.8	4.9	1.9	-2.0	-1.4
Norway	96.9	99.3	2.5	51.1	58.5	14.5	45.8	40.8
Switzerland	117.5	125.5	6.8	112.7	117.6	4.4	4.9	7.9
Canada	309.0	306.4	-0.8	278.7	277.4	-0.5	30.4	29.1
China	771.7	888.6	15.1	630.3	697.5	10.7	141.4	191.0
Japan	515.1	521.2	1.2	461.2	454.0	-1.6	53.9	67.2
United States	825.9	848.3	2.7	1 528.4	1 471.8	-3.7	-702.4	-623.6

(1) External trade flows with extra EU-27.

(2) EA-13 instead of EA-15; external trade flows with extra EA-13.

Source: Eurostat (tet00002)

**Table 10.10:** Contribution to extra EU-27 external trade, 2007

	Imports		Exports		Trade balance (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 imports (%)	(EUR 1 000 million)	Share of EU-27 exports (%)	
EU-27	1 426.0	100.0	1 239.9	100.0	-186.1
Euro area	1 052.5	73.8	958.5	77.3	-93.9
Belgium	87.7	6.2	74.7	6.0	-13.1
Bulgaria	9.1	0.6	5.3	0.4	-3.8
Czech Republic	16.9	1.2	13.2	1.1	-3.7
Denmark	19.4	1.4	22.5	1.8	3.1
Germany	267.7	18.8	340.3	27.4	72.6
Estonia	2.4	0.2	2.4	0.2	-0.1
Ireland	18.3	1.3	32.4	2.6	14.1
Greece	23.5	1.6	6.0	0.5	-17.4
Spain	105.3	7.4	52.9	4.3	-52.5
France	138.0	9.7	141.1	11.4	3.1
Italy	158.4	11.1	143.2	11.6	-15.2
Cyprus	2.0	0.1	0.3	0.0	-1.7
Latvia	2.5	0.2	1.7	0.1	-0.9
Lithuania	5.6	0.4	4.4	0.4	-1.2
Luxembourg	5.3	0.4	1.9	0.2	-3.4
Hungary	21.3	1.5	14.7	1.2	-6.6
Malta	0.9	0.1	1.1	0.1	0.2
Netherlands	179.3	12.6	88.1	7.1	-91.2
Austria	24.6	1.7	32.7	2.6	8.1
Poland	32.3	2.3	21.6	1.7	-10.7
Portugal	14.0	1.0	8.7	0.7	-5.3
Romania	14.7	1.0	8.3	0.7	-6.5
Slovenia	6.1	0.4	6.7	0.5	0.7
Slovakia	11.3	0.8	5.6	0.5	-5.7
Finland	21.4	1.5	28.4	2.3	6.9
Sweden	32.2	2.3	47.8	3.9	15.5
United Kingdom	205.7	14.4	134.0	10.8	-71.7

Source: Eurostat (ext_lt_intratrd)

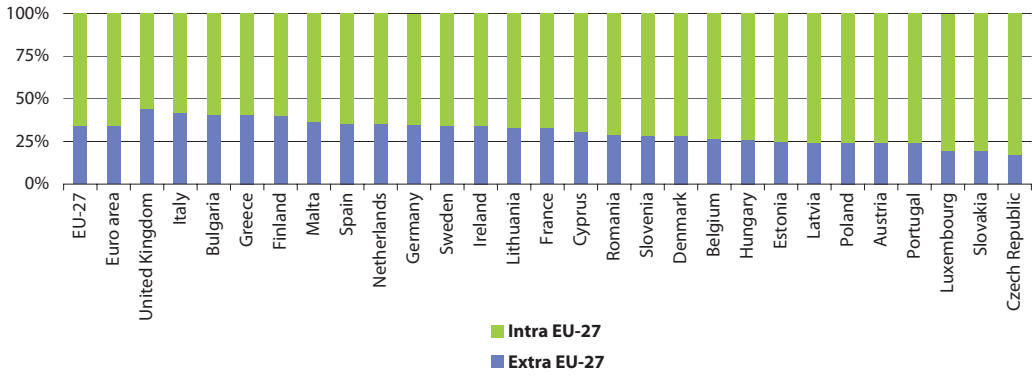
Table 10.11: Contribution to intra EU-27 external trade, 2007

	Arrivals		Dispatches		Trade balance (EUR 1 000 million)
	(EUR 1 000 million)	Share of EU-27 arrivals (%)	(EUR 1 000 million)	Share of EU-27 dispatches (%)	
EU-27	2 572.5	100.0	2 645.5	100.0	-
Euro area	1 874.2	72.9	2 034.6	76.9	160.5
Belgium	214.0	8.3	240.7	9.1	26.7
Bulgaria	12.8	0.5	8.2	0.3	-4.6
Czech Republic	69.1	2.7	76.2	2.9	7.1
Denmark	53.5	2.1	53.0	2.0	-0.5
Germany	504.7	19.6	627.5	23.7	122.8
Estonia	8.9	0.3	5.6	0.2	-3.3
Ireland	42.2	1.6	56.1	2.1	13.9
Greece	32.2	1.3	11.2	0.4	-21.0
Spain	166.5	6.5	123.0	4.6	-43.5
France	310.9	12.1	262.7	9.9	-48.2
Italy	209.7	8.1	215.4	8.1	5.8
Cyprus	4.3	0.2	0.7	0.0	-3.6
Latvia	8.7	0.3	4.4	0.2	-4.3
Lithuania	12.2	0.5	8.1	0.3	-4.1
Luxembourg	14.7	0.6	14.5	0.5	-0.2
Hungary	48.5	1.9	55.0	2.1	6.5
Malta	2.3	0.1	1.1	0.0	-1.3
Netherlands	180.2	7.0	313.8	11.9	133.6
Austria	94.4	3.7	86.7	3.3	-7.7
Poland	88.6	3.4	80.7	3.0	-8.0
Portugal	43.0	1.7	28.8	1.1	-14.2
Romania	36.3	1.4	21.1	0.8	-15.1
Slovenia	17.0	0.7	15.2	0.6	-1.8
Slovakia	32.6	1.3	36.8	1.4	4.2
Finland	38.2	1.5	37.3	1.4	-0.9
Sweden	78.2	3.0	75.6	2.9	-2.6
United Kingdom	249.2	9.7	186.3	7.0	-62.9

Source: Eurostat (ext_lt_intratrd)

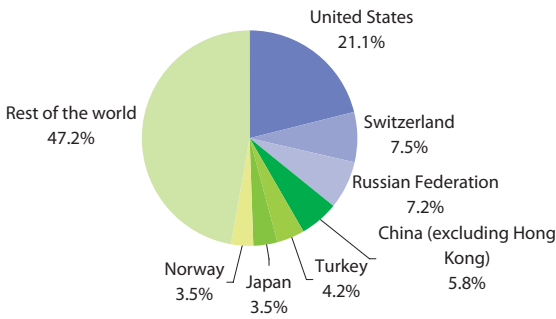


Figure 10.8: Intra and extra EU-27 external trade, 2007
(% share of total trade)



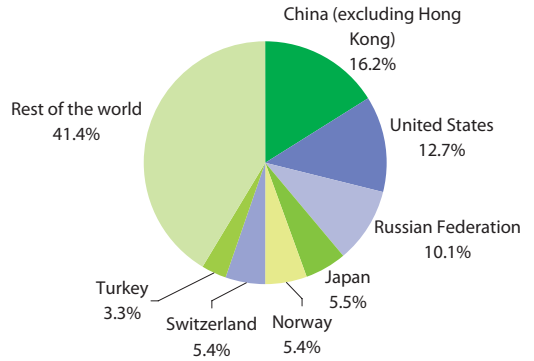
Source: Eurostat (ext_lt_intratrd)

Figure 10.9: Main trading partners for exports, EU-27, 2007
(% share of extra EU-27 exports)



Source: Eurostat (ext_lt_maineu)

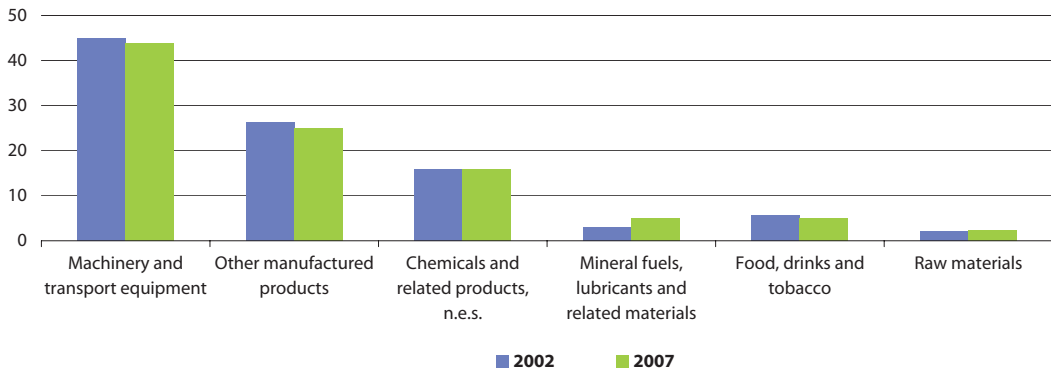
Figure 10.10: Main trading partners for imports, EU-27, 2007
(% share of extra EU-27 imports)



Source: Eurostat (ext_lt_maineu)

Figure 10.11: Main exports, EU-27

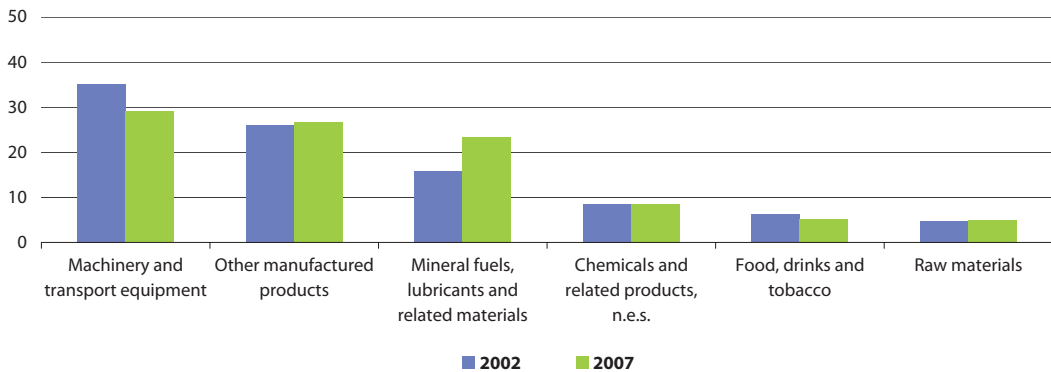
(% share of extra EU-27 exports)



Source: Eurostat (ext_lt_intertrd)

Figure 10.12: Main imports, EU-27

(% share of extra EU-27 imports)



Source: Eurostat (ext_lt_intertrd)