

EU-27 trade with China and Russia in 2007

The EU trade deficit with China has substantially increased in the last few years while the deficit with Russia decreased in 2007.

China was the main partner of the EU in terms of imports (16% of the total value of EU imports) and Russia was third (10%). China and Russia played a lesser role in EU exports but remained nevertheless very important trade partners. The EU trade deficit with China has doubled between 2004 (EUR 80 billion) and 2007 (EUR 160 billion), whereas that with Russia decreased in 2007 compared to 2006 (-20%).

EU exports to both countries mainly consisted of machinery and vehicles (more than half of the total EU exports to both countries).

Noticeable differences were noted for imports: the EU imported mainly telecommunication and office machines from China (share of 28%), whereas petroleum was by far the most imported product from Russia (58%).

More than a quarter of all EU imports originate from China and Russia.

Figures 1 and 2 give an overview of the main EU partners in extra-EU exports and imports in 2007.

Russia and China accounted for 7% and 6% of the total EU exports respectively, far behind the US (21%) and at a similar level to Switzerland (7%).

However, in terms of imports, China was the main partner of the EU by a comfortable margin, accounting for 16% of its total extra-EU imports. Russia ranked third with a share of 10%. The value of EU imports from China and Russia together thus represented more than one quarter of the total value of all EU imports.

While they were the main partner for the export of EU goods, the US dropped to second (13% of the value of total EU imports) in imports behind China.

Figure 1: EU main partners in exports, 2007

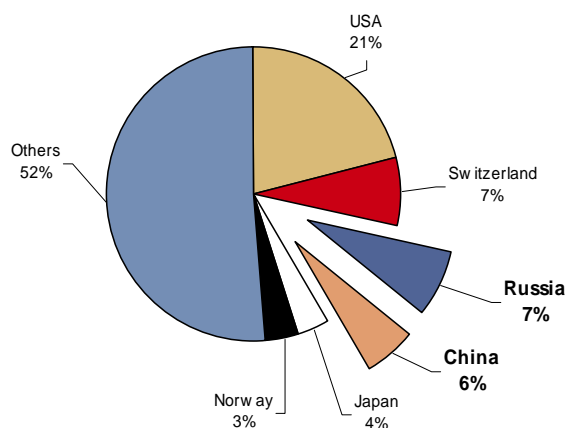
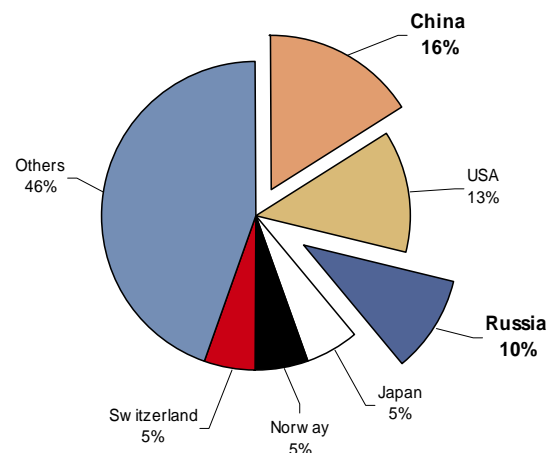


Figure 2: EU main partners in imports, 2007



Source: Eurostat (COMEXT)

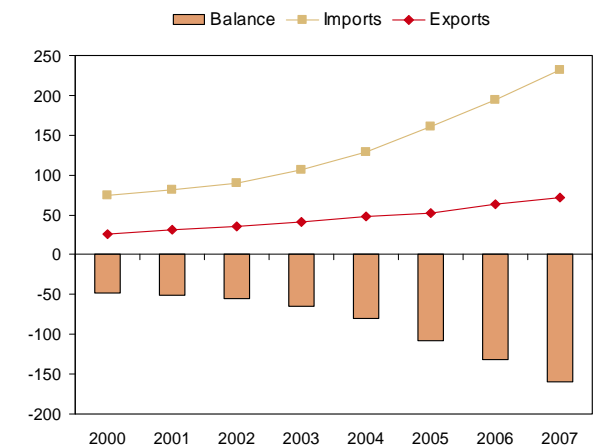
Similarities between EU exports to China and to Russia ...

Not only were the individual shares in the total EU exports to China and Russia fairly similar in 2007 (6% and 7% respectively), their evolution since 2000 followed a comparable trend (see Figures 3 and 4).

EU exports to China and Russia have both steadily increased from 2000 onwards. Furthermore, the absolute difference between both did not exceed

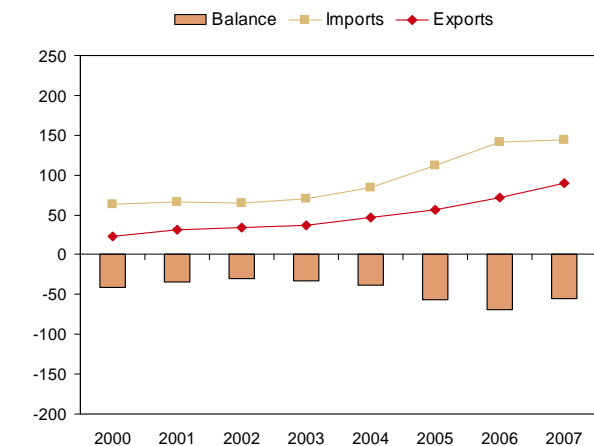
EUR 5 billion between 2000 and 2005. A difference has however emerged recently, as exports to Russia have grown faster than those to China between 2005 and 2007 (+57% for Russia; +38% for China).

Figure 3: Evolution of the EU trade with China, 2000-2007 (EUR billion)



	2000	2001	2002	2003	2004	2005	2006	2007
Imports	74.6	82.0	90.1	106.2	128.7	160.3	194.8	231.5
Exports	25.9	30.7	35.1	41.5	48.4	51.8	63.8	71.8
Balance	-48.8	-51.3	-55.0	-64.7	-80.3	-108.5	-131.1	-159.8

Figure 4: Evolution of the EU trade with Russia, 2000-2007 (EUR billion)



	2000	2001	2002	2003	2004	2005	2006	2007
Imports	63.8	65.9	64.5	70.7	84.0	112.6	140.9	143.9
Exports	22.7	31.6	34.4	37.2	46.0	56.7	72.3	89.1
Balance	-41.0	-34.3	-30.1	-33.5	-37.9	-55.9	-68.6	-54.8

Source: Eurostat (COMEXT)

... but significant differences in terms of EU imports.

Differences between China and Russia appear when looking at the value of EU imports. Consequently, similar differences apply to the EU trade balances since the Chinese and the Russian trends were similar in terms of EU exports.

While the absolute difference between EU imports from China and those from Russia was not so large in 2000, the situation changed substantially over the following years. Indeed, imports from China have increased continuously since 2000 and this rise is getting faster by the year (+80% between 2004 and 2007).

Conversely, the growth of EU imports from Russia is less regular. Between 2000 and 2002, the amount of EU imports from Russia leveled off (+1%) followed by a continuous and relatively fast upward trend until 2006 (from EUR 64.5 billion to EUR 140.9 billion). However, the situation changed in 2007 when EU exports continued to increase (by 23.2% compared to 2006) but imports from Russia stagnated (+2.1%).

Looking at the trade balance, the common situation between China and Russia is that the EU trade balance has been persistently negative.

However, differences appear when looking at their evolution. Whereas the EU trade deficit with China increased steadily, the evolution of the trade balance with Russia was less regular.

The EU trade deficit with China increased more than three-fold; from EUR 48.8 billion in 2000 to EUR 159.8 billion in 2007.

During the same period, the EU trade deficit with Russia saw an increase of only EUR 13.8 billion. Between 2000 and 2002, the EU trade deficit gradually decreased, followed by a rapid increase between 2002 and 2006, essentially fueled by increasing energy prices (see further). In 2007 however, the EU's deficit was reduced by 20% as exports continued to increase much faster than imports.

Germany: the main EU partner for both China and Russia by a large margin

Table 1 details the EU's 2007 trade with China and Russia for the individual EU Member States.

Looking at the breakdown of EU exports, Germany appeared as the main partner for both China and Russia by a large margin. Germany's share in the total EU exports of goods amounted to 41.6% with China and to 31.5% for Russia.

The second main exporter to China was France (12.6%) while Italy and the United Kingdom followed with 8.8% and 7.6% respectively.

The situation differs with Russia. Although the leadership of Germany is obvious, the next main partners were different: Italy ranked second with 10.8% and was followed by the Netherlands and by Finland (7.8% and 7.5% respectively).

Focusing on imports, Germany dominated again for both countries but by a narrower margin than for exports: while 20.7% of EU imports from China were destined to Germany, the Netherlands and the United Kingdom accounted for 16.3% and 14.3% respectively.

The situation is quite similar for imports from Russia since the share of German imports reached 19.2%, followed by the Netherlands (12.7%) and Italy (10.0%). However, figures

for the Netherlands are biased due to the port of Rotterdam acting as a main EU entry point. This is likely to be especially true for trade with China, from where a fairly large share of goods (especially manufactured articles and machinery – see further) arrive in containers.

The trade balances of the individual Member States with China are all negative. The most significant trade deficits were registered for the Netherlands (EUR 34 billion, but this figure is biased by the Rotterdam effect), the United Kingdom (EUR 28 billion) and Germany (EUR 18 billion).

Six countries registered a trade surplus with Russia, although some of these concerned very low trade volumes (Malta, Ireland, Slovenia and Denmark). Germany, however, because of its large volume of trade, showed a more noticeable surplus, while that of Austria was related in particular to exports of machinery and medicaments.

Leaving Netherlands aside, the most significant trade deficits were registered by Poland, Spain, France and Italy (ranging from EUR 5.7 billion to EUR 4.8 billion).

Table 1: EU trade with Russia and China, by Member State, 2007 (EUR million)

	China					Russia				
	Exports	Imports	Share in Extra-EU exports	Share in Extra-EU imports	Balance	Exports	Imports	Share in Extra-EU exports	Share in Extra-EU imports	Balance
Extra-EU	71 757	231 516	100%	100%	-159 759	89 100	143 880	100%	100%	-54 780
Belgium	3 344	12 526	4.7%	5.4%	-9 182	3 268	4 872	3.7%	3.4%	-1 603
Bulgaria	70	608	0.1%	0.3%	-538	328	2 707	0.4%	1.9%	-2 378
Czech Rep.	504	4 340	0.7%	1.9%	-3 836	2 081	3 835	2.3%	2.7%	-1 754
Denmark	1 282	3 892	1.8%	1.7%	-2 610	1 361	896	1.5%	0.6%	465
Germany	29 874	47 877	41.6%	20.7%	-18 003	28 089	27 587	31.5%	19.2%	501
Estonia	65	299	0.1%	0.1%	-235	710	1 147	0.8%	0.8%	-438
Ireland	1 284	2 013	1.8%	0.9%	-730	311	75	0.3%	0.1%	236
Greece	111	2 795	0.2%	1.2%	-2 684	357	3 130	0.4%	2.2%	-2 774
Spain	1 980	15 737	2.8%	6.8%	-13 758	2 050	7 698	2.3%	5.4%	-5 648
France	9 032	18 000	12.6%	7.8%	-8 968	5 602	10 437	6.3%	7.3%	-4 835
Italy	6 311	21 764	8.8%	9.4%	-15 453	9 579	14 354	10.8%	10.0%	-4 776
Cyprus	8	333	0.0%	0.1%	-325	19	37	0.0%	0.0%	-18
Latvia	17	257	0.0%	0.1%	-240	782	973	0.9%	0.7%	-191
Lithuania	15	498	0.0%	0.2%	-483	1 875	3 210	2.1%	2.2%	-1 335
Luxembourg	194	3 413	0.3%	1.5%	-3 219	148	175	0.2%	0.1%	-27
Hungary	752	5 394	1.0%	2.3%	-4 642	2 229	4 793	2.5%	3.3%	-2 564
Malta	27	92	0.0%	0.0%	-65	2	1	0.0%	0.0%	1
Netherlands	3 724	37 746	5.2%	16.3%	-34 022	6 930	18 274	7.8%	12.7%	-11 344
Austria	1 666	2 928	2.3%	1.3%	-1 262	2 904	1 660	3.3%	1.2%	1 245
Poland	724	5 050	1.0%	2.2%	-4 326	4 727	10 451	5.3%	7.3%	-5 723
Portugal	181	1 063	0.3%	0.5%	-882	143	559	0.2%	0.4%	-416
Romania	157	1 667	0.2%	0.7%	-1 510	427	3 235	0.5%	2.2%	-2 808
Slovenia	69	447	0.1%	0.2%	-378	965	491	1.1%	0.3%	474
Slovakia	321	1 569	0.4%	0.7%	-1 248	959	4 016	1.1%	2.8%	-3 057
Finland	2 161	3 296	3.0%	1.4%	-1 135	6 724	8 308	7.5%	5.8%	-1 583
Sweden	2 396	4 703	3.3%	2.0%	-2 307	2 451	3 386	2.8%	2.4%	-935
United Kingd.	5 489	33 207	7.6%	14.3%	-27 719	4 078	7 574	4.6%	5.3%	-3 496

Source: Eurostat (COMEXT)

Trade with China: EU imports of 'Machinery and vehicles' rising fast

Most of the products traded between the EU and China were manufactured products. The trade balance for 'Other manufactured products' with China has been persistently negative for some years and reached a deficit of close to EUR 96 billion in 2007.

EU imports of 'Machinery & vehicles' have increased particularly fast during the first five years of the decade and this tendency is ongoing. The situation is reflected in the development of

the deficit, passing from EUR 11.2 billion in 2000 to EUR 63.7 billion in 2007.

Although EU exports of 'Machinery & vehicles' to Russia have developed particularly fast, they have been unable to offset the value of energy imports, fuelled by fast raising world prices. In 2007, the 'Energy' deficit amounted to EUR 94 billion, only a fraction over the 2006 deficit but considerably higher than in 2005, when the deficit amounted to EUR 75.5 billion.

Table 2: EU trade with China, by main product groups (EUR million)

	Exports					Imports					Balance			
	2000	2005	2006	2007	Share in total EU exports 2007	2000	2005	2006	2007	Share in total EU imports 2007	2000	2005	2006	2007
TOTAL	25 863	51 825	63 784	71 757	6%	74 632	160 327	194 835	231 516	16%	-48 768	-108 502	-131 051	-159 759
Food products	439	797	884	1 203	2%	1 525	2 267	2 809	3 366	4%	-1 086	-1 470	-1 924	-2 162
Crude materials	1 417	3 297	4 909	5 234	17%	1 571	2 411	2 569	2 796	4%	-154	887	2 340	2 438
Energy	162	64	101	102	0%	402	731	583	673	0%	-239	-667	-481	-571
Chemicals	2 421	5 180	6 098	7 343	4%	2 805	5 178	6 269	7 522	6%	-385	2	-171	-179
Other manufactured articles	4 285	10 268	12 454	13 474	4%	40 066	74 052	88 239	109 437	29%	-35 781	-63 784	-75 785	-95 963
Machinery & vehicles	16 528	31 002	37 818	42 640	8%	27 739	75 082	93 758	106 362	26%	-11 211	-44 079	-55 940	-63 723

Source: Eurostat (COMEXT)

Table 3: EU trade with Russia, by main product groups (EUR million)

	Exports					Imports					Balance			
	2000	2005	2006	2007	Share in total EU exports 2007	2000	2005	2006	2007	Share in total EU imports 2007	2000	2005	2006	2007
TOTAL	22 738	56 696	72 307	89 100	7%	63 777	112 591	140 887	143 880	10%	-41 039	-55 895	-68 580	-54 780
Food products	2 823	4 618	5 918	6 751	11%	727	662	800	894	1%	2 096	3 956	5 119	5 858
Crude materials	708	846	1 059	1 251	4%	3 652	4 362	4 905	4 976	7%	-2 944	-3 516	-3 845	-3 725
Energy	121	316	422	530	1%	35 793	75 798	94 243	94 632	28%	-35 671	-75 481	-93 821	-94 102
Chemicals	3 280	8 222	10 930	12 372	6%	2 519	3 702	4 026	4 491	4%	761	4 521	6 904	7 881
Other manufactured articles	6 822	14 784	18 940	23 033	7%	9 895	12 056	14 972	16 116	4%	-3 072	2 728	3 968	6 917
Machinery & vehicles	8 381	26 707	33 596	43 341	8%	1 074	1 243	1 188	1 457	0%	7 308	25 465	32 408	41 884

Source: Eurostat (COMEXT)

Russia responsible for 28% of all 'Energy' imported

The strategic importance of Russia for European energy supply becomes very obvious when considering that 'Energy' imported from Russia constituted 28% of the world supplies to the EU in 2007. The next highest product share was for 'Crude materials', 7% of worldwide EU imports of this product group.

On the export side, Russia remained a relatively important destination country for EU food producers at 11% of worldwide EU food exports.

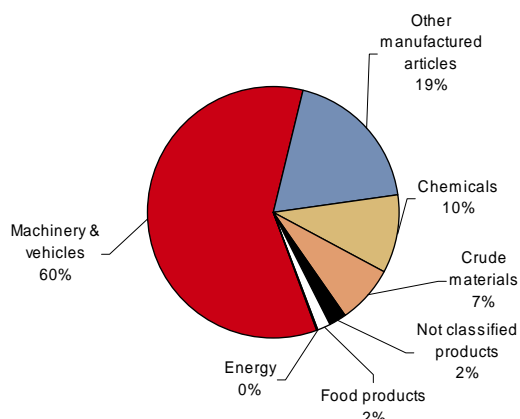
'Machinery and vehicles' exports to Russia took a share of 8% in the worldwide extra-EU exports.

In 2007, 29% of the worldwide EU imports of 'Other manufactured articles' and 26% of the 'Machinery & vehicles' originated from China. Conversely, China absorbed only 8% of the EU's 'Machinery & vehicles' exports and 4% of its 'Other manufactured articles'. China was a far more important partner for 'Crude materials', taking a 17% share in all extra-EU exports of this product group.

The EU exports of road vehicles grew fastest, both to China and Russia

It was noted above that the volumes of EU exports to China and to Russia, as well as their evolution over the last couple of years, were fairly similar. The products traded also featured similarities (see Figures 5 and 6): within the broad category of manufactured products (79% of all EU exports to China in 2007, 74% for Russia), the majority concerned 'Machinery and vehicles' (60%

Figure 5: EU exports to China by product groups, 2007



Going deeper into product detail (according to the second level of the SITC product classification), certain differences can be observed between China and Russia (see Tables 4 and 5).

Although the four most traded products were the same for both countries in 2007 (SITC product groups 72, 74, 77 and 78), their order was different: whereas exports to China mainly concerned electrical (SITC 77) and general industrial machinery (SITC 74), with a combined share of 21%, road vehicles (SITC 78) were of prime interest for Russia (13% of total EU exports to Russia). Between 2006 and 2007, the

Table 4: EU exports to China by main products (SITC-2 level)

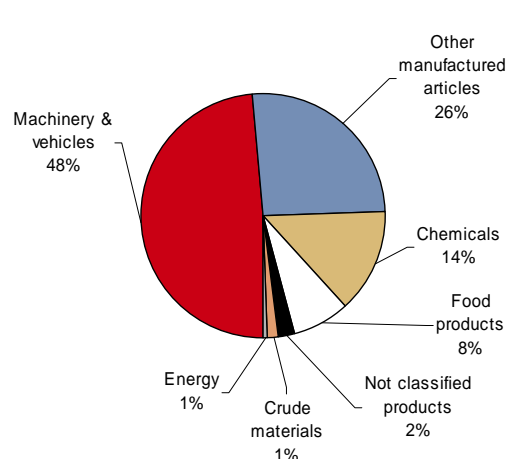
	2006	2007	2006-2007 evolution	Share in total exports 2007
Total	63 784	71 757	12.5%	100%
77 Electrical machinery, apparatus & appliances	6 655	7 756	16.5%	10.8%
74 General industrial machinery & equipment	6 584	7 468	13.4%	10.4%
72 Machinery specialized for particular industries	5 772	6 706	16.2%	9.3%
78 Road vehicles	4 812	6 015	25.0%	8.4%
79 Other transport equipment	4 790	4 976	3.9%	6.9%
71 Power-generating machinery & equipment	3 236	3 806	17.6%	5.3%
28 Metalliferous ores and metal scrap	2 884	2 961	2.7%	4.1%
87 Professional, scientific & controlling instruments	2 080	2 511	20.7%	3.5%
67 Iron & steel	2 659	2 483	-6.6%	3.5%
73 Metalworking machinery	2 297	2 327	1.3%	3.2%

Source: Eurostat (COMEXT)

for China, 48% for Russia). At a far lower level in terms of value, chemical products accounted for 10% of the EU exports to China and 14% of those to Russia.

The remainder of exports to China was mainly composed of crude materials, while to Russia food products prevailed.

Figure 6: EU exports to Russia by product groups, 2007



Source: Eurostat (COMEXT)

value of 'Road vehicles' exports developed particularly fast for Russia (+55.8%) but also for China (+25.0%): Industrial machinery, be it general (SITC 74) or more specialized (SITC 72) featured double-digit growth rates for both countries and represented important export shares for the EU industries active in this domain. More country specific is the 20.7% increase between 2006 and 2007 of the exports of "Professional, scientific & controlling instruments" to China and the +24.8% growth in 'Articles of apparel & clothing accessories' to Russia, both reaching a 3.5% share in total EU exports to those countries in 2007.

Table 5: EU exports to Russia by main products (SITC-2 level)

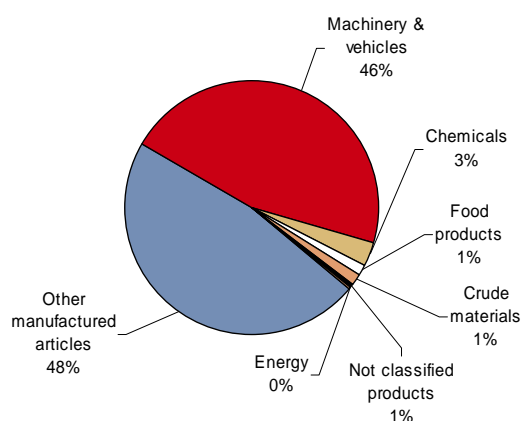
	2006	2007	2006-2007 evolution	Share in total exports 2007
Total	72 307	89 100	23.2%	100%
78 Road vehicles	7 476	11 648	55.8%	13.1%
74 General industrial machinery & equipment	5 928	7 384	24.6%	8.3%
72 Machinery specialized for particular industries	5 180	6 917	33.5%	7.8%
77 Electrical machinery, apparatus & appliances	4 611	5 554	20.4%	6.2%
76 Telecommunications & sound-recording apparatus	4 292	4 649	8.3%	5.2%
54 Medicinal & pharmaceutical products	3 626	3 678	1.4%	4.1%
84 Articles of apparel & clothing accessories	2 522	3 147	24.8%	3.5%
75 Office & automatic data-processing machines	3 104	3 139	1.1%	3.5%
89 Miscellaneous manufactured articles	2 609	3 056	17.1%	3.4%
69 Manufactures of metals	2 304	2 814	22.1%	3.2%

Source: Eurostat (COMEXT)

EU imports: Russian gas far less important than Russian petroleum

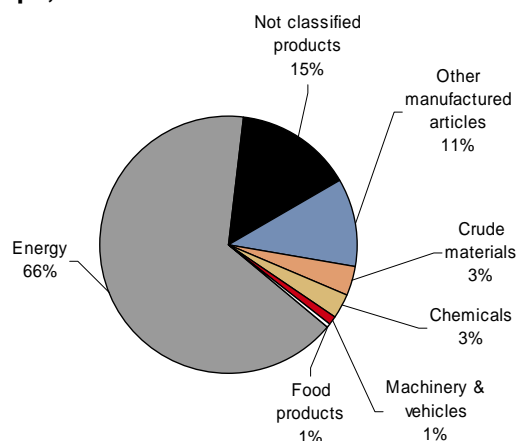
Striking differences between China and Russia are noted for EU imports by product. This is mainly explained by the large differences in terms of availability of natural resources and of industrial output. Indeed, 94% of EU imports from China consisted of manufactured products in 2007, half of which was 'Machinery and vehicles'.

Figure 7: EU imports from China by product groups, 2007



Conversely, two thirds (66%) of EU imports from Russia in 2007 concerned 'Energy', while manufactured products accounted for a relatively small share (12%), in which 'Machinery and vehicles' was very small (1%). Chemicals, crude materials and food products together represented 7% of EU imports while 'Not classified products' (representing mainly confidential trade) accounted for 15% of them.

Figure 8: EU imports from Russia by product groups, 2007



Source: Eurostat (COMEXT)

Tables 6 and 7 further detail the broad product groups shown in figures 7 and 8 on the basis of the SITC Level 2 classification.

In 2007, 28% of EU imports from China consisted of telecommunication and office machines (SITC 76 + 75). Noticeable is the significant growth of iron and steel imports between 2006 and 2007 (+112%) although its share was less than 4%.

The main Russian product imported by the EU in 2006 and 2007 was petroleum and its related products (58%). In second place, natural gas

represented only 5% of the total EU imports from Russia. In 2007, 33% of the total value of all 'Petroleum, petroleum products and related material' imported by the EU-27 came from Russia (up from 22% in 2000). For 'Gas, natural and manufactured', the equivalent share stood at 16%, while it represented 27% in 2000. 'Non-ferrous metals' and 'Iron and steel', the main manufactured products imported, together accounted for a 9% share of EU imports from Russia.

Table 6: EU imports from China by main products (SITC-2 level)

	2006	2007	2006-2007 evolution	Share in total imports 2007
Total	194 835	231 516	18.8%	100%
76 Telecommunications & sound-recording app.	28 721	33 177	15.5%	14.3%
75 Office & automatic data-processing machines	31 921	32 745	2.6%	14.1%
89 Miscellaneous manufactured articles	19 546	24 155	23.6%	10.4%
84 Articles of apparel & clothing accessories	20 752	23 636	13.9%	10.2%
77 Electrical machinery, apparatus & appliances	19 596	22 876	16.7%	9.9%
69 Manufactures of metals	8 021	10 363	29.2%	4.5%
67 Iron & steel	4 009	8 506	112.1%	3.7%
74 General industrial machinery & equipment	6 327	8 444	33.5%	3.6%
82 Furniture & parts thereof	5 290	6 832	29.2%	3.0%
85 Footwear	5 513	5 781	4.9%	2.5%

Source: Eurostat (COMEXT)

Table 7: EU imports from Russia by main products (SITC-2 level)

	2006	2007	2006-2007 evolution	Share in total imports 2007
Total	140 887	143 880	2.1%	100%
33 Petroleum, petrol. prod. & related materials	82 566	83 470	1.1%	58.0%
34 Gas, natural & manufactured	6 761	7 408	9.6%	5.1%
68 Non-ferrous metals	6 797	6 916	1.8%	4.8%
67 Iron & steel	4 733	5 556	17.4%	3.9%
32 Coal, coke & briquettes	3 039	3 389	11.5%	2.4%
28 Metalliferous ores & metal crops	2 352	2 148	-8.6%	1.5%
24 Cork & wood	1 737	2 004	15.4%	1.4%
52 Inorganic chemicals	1 694	1 992	17.6%	1.4%
66 Non-metallic mineral manufactures	1 526	1 542	1.1%	1.1%
51 Organic chemicals	1 265	1 248	-1.3%	0.9%

Source: Eurostat (COMEXT)

➤ ESSENTIAL INFORMATION — METHODOLOGICAL NOTES

Statistical sources (data extracted on 25/08/2008)

➤ Eurostat (Comext)

The **EU-27** includes:

- Belgium (BE)
- Bulgaria (BG)
- Czech Republic (CZ)
- Denmark (DK)
- Germany (DE)
- Estonia (EE)
- Ireland (IE)
- Greece (EL)
- Spain (ES)
- France (FR)
- Italy (IT)
- Cyprus (CY)
- Latvia (LV)
- Lithuania (LT)
- Luxembourg (LU)
- Hungary (HU)
- Malta (MT)
- Netherlands (NL)
- Austria (AT)
- Poland (PL)
- Portugal (PT)
- Romania (RO)
- Slovenia (SI)
- Slovakia (SK)
- Finland (FI)
- Sweden (SE)
- United Kingdom (UK).

Classification of products (Tables 2 and 3; Figures 5, 6, 7 and 8)

Fourth revision of the Standard International Trade Classification (SITC):

- Food products = sections 0+1
- Crude materials = sections 2+4
- Energy = section 3
- Chemicals = section 5
- Machinery and transport equipment = section 7
- Other manufactured articles = sections 6+8.

Concepts and definitions

EU data are compiled according to Community guidelines and may therefore differ from the national data published by the Member States. For further information, please refer to the following documents:

- [Statistics on the trading of goods – User guide](#)
- [Metadata available for the theme "External trade"](#)



Further information

Data: [Eurostat Website](#):

http://epp.eurostat.ec.europa.eu/portal/page/portal/external_trade/data/database

Data : [Eurostat Website/External trade](#)

External Trade

-  External trade aggregated data
-  External trade detailed data

Journalists can contact the media support service:

Bech Building Office A4/125 L - 2920 Luxembourg

Tel. (352) 4301 33408 Fax (352) 4301 35349

E-mail: eurostat-mediasupport@ec.europa.eu

European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

Contact details for this support network can be found on our Internet site:

<http://ec.europa.eu/eurostat/>

A list of worldwide sales outlets is available at the:

Office for Official Publications of the European Communities.

2, rue Mercier

L - 2985 Luxembourg

URL: <http://publications.europa.eu>

E-mail: info@publications.europa.eu

Manuscript completed on: 02.02.2009

Data extracted on: 25.08.2008

ISSN 1977-0316

Catalogue number: KS-SF-09-009-EN-N

© European Communities, 2009