

Trade in a 25-member European Union

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On 16 April 2003 the Treaty of Accession to the European Union was signed in Athens by the ten acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia). On 1 May 2003 the European Union, which currently has 15 Member States, will become a grouping of 25 countries. The aim of this article is to provide a better understanding of the trade relations of a 25-member European Union, as if it had already been created. Naturally, the figures that are given here provide only a "static" view. They do not take into account the effects that will follow the opening of markets and they provide only some indications of the volume and structure of trade.

Statistics in focus

EXTERNAL TRADE

THEME 6 – 4/2003

Contents

Position in world trade reaffirmed 1

Growth of intra-Community trade 2

External trade deficit 2

Growth in relative importance of Russia 2

Position in world trade reaffirmed

As a major player in international trade, EU-15 is the source of about a quarter of all international trade flows. As the world's leading exporter, it is ahead of the United States, the dynamic Asian economies (DAEs), Japan and China. As the world's second biggest importer, it ranks behind the United States but is well ahead of the dynamic Asian economies, Japan and China (Figure 1).

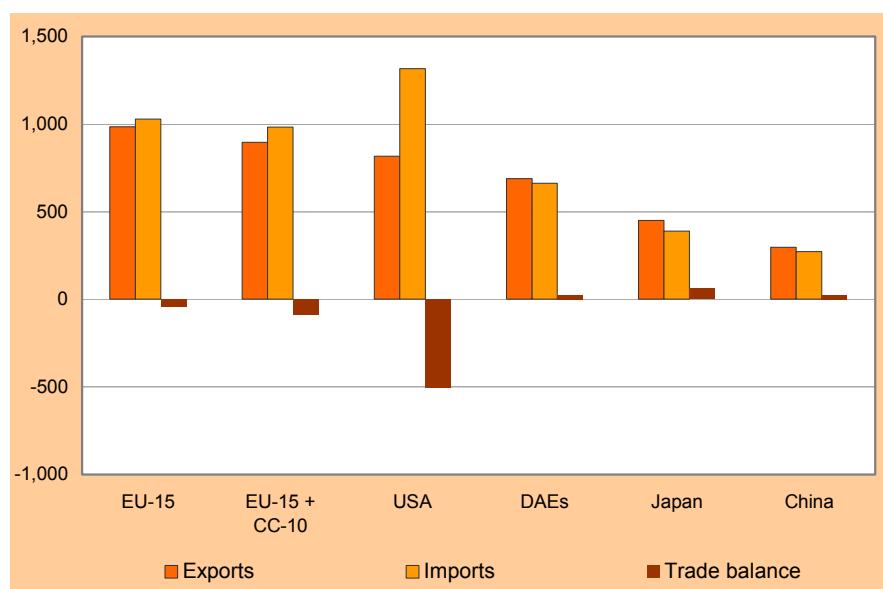


Figure 1: EU-15 and EU-25 compared with other major partners in international trade in 2001 (EUR bn)

Sources: Comext, Comtrade

DAEs: Hong Kong, Malaysia, Singapore, South Korea and Thailand.



Table 1: EU-15 and EU-25 intra- and extra-Community trade

EUR bn

	Exports					Imports				
	1995	1999	2000	2001	2002	1995	1999	2000	2001	2002
EU-15										
Intra-EU trade	1 000.3	1 339.2	1 565.5	1 581.7	1 596.5	954.5	1 273.0	1 489.8	1 489.6	1 493.8
Extra-EU trade	573.3	760.2	942.0	985.8	993.7	545.3	779.8	1 033.4	1 028.2	987.4
Ratio intra/extra	174%	176%	166%	160%	161%	175%	163%	144%	145%	151%
EU-15 + CC-10										
Intra-EU trade	1 099.7	1 510.3	1 780.9	1 820.7	1 851.1	1 050.8	1 438.2	1 695.4	1 718.2	1 734.9
Extra-EU trade	537.5	689.5	857.8	896.0	900.3	527.4	746.3	996.1	983.7	940.7
Ratio intra/extra	205%	219%	208%	203%	206%	199%	193%	170%	175%	184%

Sources : Comext, Comtrade.

Table 2: Trade balance

EUR bn

	1995	1999	2000	2001	2002
EU-15 with rest of the world	28.0	-19.6	-91.4	-42.5	6.3
EU-15 with acceding countries	10.4	19.2	19.8	17.0	17.6
EU-15 + CC-10 with rest of the world	10.1	-56.8	-138.3	-87.8	-40.4

Sources : Comext, Comtrade.

Although the extra-Community trade of EU-25 will turn out to be less than the figures recorded by EU-15, the 25-member Union will still be the world's leading exporter and second biggest importer.

That drop in external trade is explained by the simple fact that after enlargement some EU-15 extra-Community flows will become intra-Community flows in EU-25.

In view of the fact that a substantial part (more than 60%) of the 10 acceding countries' trade is with EU-15 and, to a lesser extent, between each other, this will bring about an equivalent reduction in the amount of extra-Community flows in EU-25.

Growth of intra-Community trade

If the external trade figures for 2002 are used as a basis, the changeover from 15 to 25 Member States will increase intra-Community trade by about 16%.

In the 25-member Union, therefore, the proportion of internal trade flows in relation to external flows will be even greater than in EU-15.

The intra/extra ratios will reach 206% for exports and 184% for imports, whereas for EU-15 the figures are 161% and 151% respectively (Table 1).

External trade deficit

In 2002 the trade balance recorded by EU-15 resulted in a slight surplus of EUR 6.3 billion. For the same year, the balance for a 25-member Union would have posted a deficit of EUR 40.4 billion (Table 2).

This negative trade balance for EU-25 stems from a combination of two effects. First of all, the surplus of EUR 17.6 billion recorded by EU-15 in its trade with the acceding countries would no longer appear in the EU-25 trade balance because this trade would henceforth be recorded as intra-Community trade. Secondly, the deficit of the ten

acceding countries in their trade with other non-Community partners would have a negative impact on the EU-25 trade balance.

Growth in relative importance of Russia

In 2002 the ten acceding countries recorded total trade figures (imports plus exports) of about EUR 355 billion, including EUR 41 billion between each other and EUR 223 billion with EU-15.

Next came Russia (EUR 18 billion), the United States (EUR 11.2 billion) and China (EUR 8.4 billion).

Given the structure of trade of these countries, the geographic breakdown of EU-25 external trade will be very similar to the breakdown in the case of EU-15.

Indeed, the changeover from EU-15 to EU-25 will consolidate trade relations with EU-15's main trading partners, and especially with the

Table 3: Geographic structure of EU-15 and EU-25 trade in 2002

EU-15 exports	EUR bn	%	EU-25 exports	EUR bn	%
Total	993.7	100.0	Total	900.3	100.0
USA	239.9	24.1	USA	244.7	27.2
Switzerland	70.6	7.1	Switzerland	72.6	8.1
Japan	42.3	4.3	Japan	43.0	4.8
China	34.1	3.4	China	34.8	3.9
Russia	30.4	3.1	Russia	34.2	3.8
Norway	26.5	2.7	Norway	27.9	3.1
Total for main partners	443.9	44.7	Total for main partners	457.2	50.8

EU-15 imports	EUR bn	%	EU-25 imports	EUR bn	%
Total	987.5	100.0	Total	940.7	100.0
USA	174.6	17.7	USA	181.0	19.2
China	81.8	8.3	China	89.6	9.5
Japan	68.5	6.9	Japan	73.3	7.8
Switzerland	58.8	6.0	Russia	61.9	6.6
Russia	47.7	4.8	Switzerland	61.5	6.5
Norway	45.8	4.6	Norway	47.3	5.0
Total for main partners	477.3	48.3	Total for main partners	514.5	54.7

Source : Comext.

United States, Switzerland and Russia (Table 3).

As the main partner of the acceding countries, ranked just behind EU-15, Russia will see its importance

increase in the 25-member Union. With regard to imports, Russia will overtake Switzerland to become the fourth-ranked partner in the world, while in the case of exports it will be virtually level with China, currently

ranked fourth in trade with the European Union.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Member States of EU-15:

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

Ten acceding countries:

Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Aggregate EU-15 + AC-10: The figures for EU-25 trade based on the data for the 15-member European Union (EU-15) and the ten acceding countries (AC-10) are calculated as follows:

- The **intra-Community** trade figures for EU-25 are obtained by aggregating the data recorded by each of the 25 countries (15 current Member States plus 10 acceding countries) for trade with the 24 other partners.

- Similarly, the **extra-Community** trade figures are obtained by aggregating the trade of each of the 25 countries with the rest of the world, apart from EU-25 intra-Community trade.

Statistical sources:

Comext: EU-15, domain «EEC Special Trade» (1995, 1999-2002), acceding countries, domain «EU Enlargement» (1999-2002).

Comtrade: Acceding countries (1995), USA (2001), DAEs (2001), Japan (2001), China (2001).

Further information:

➤ Databases

COMEXT, domains: EEC Special Trade, EU enlargement and Comtrade.

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