

EU 27 exports have little impact on trade deficit with Brazil as imports continue their six year climb

Between 2000 and 2008 the value of EU 27 imports from Brazil almost doubled, while export values, after a sharp fall between 2001 and 2003, more than doubled from the 2003 low point. However, in spite of this performance, the EU trade deficit widened consistently until a slight reduction in 2008.

Less than half of the Member States posted a positive trade balance with Brazil in 2008 and, of the eight major trade partners, five posted deficits in excess of EUR 1 billion; only one, Germany, posted a significant positive balance of EUR 1.7 billion. For both imports and exports, only three Member States reported negative growth rates from 2000 - 2008. However, the highest growth rates came from countries with low trade values.

Imports of food and drink, as well as crude materials, posted the highest values for 2008 with more than half of total imports. By far the largest export sector was in machinery and

transport equipment, posting half the total export value for 2008.

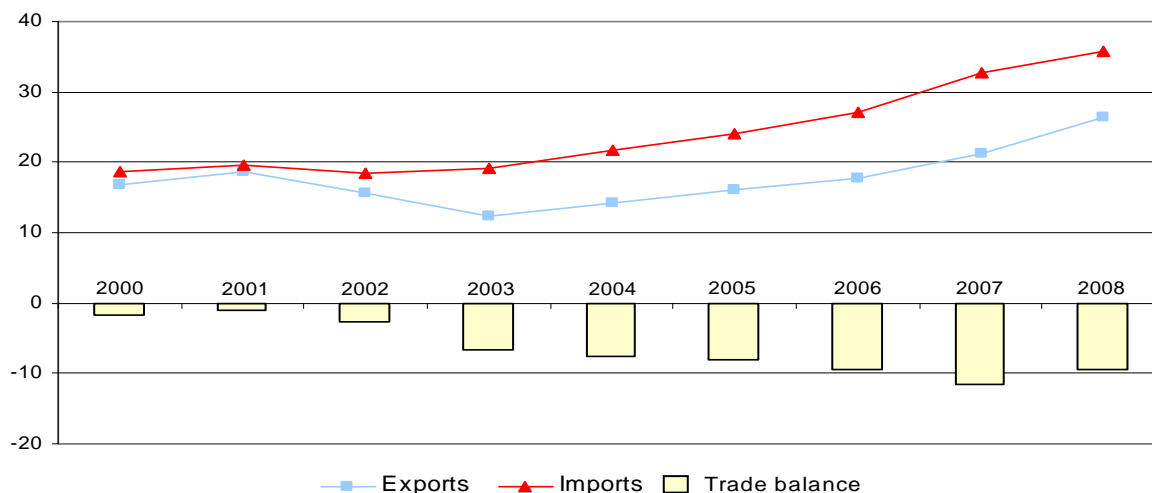
EU-27 trade deficit with Brazil remains wide

Since 2000, the EU's demand for Brazil's raw materials, particularly metalliferous ores, foodstuffs and petroleum products, has driven the trade deficit in goods up to a peak of EUR 11.5 billion in 2007. In 2008, the trade gap narrowed slightly to EUR 9.5 billion, as import growth eased slightly against an increased value of exports.

After relatively small trade deficits from 2000 to 2001, EU exports to Brazil dropped by 33% from 2001 to 2003.

From 2002 to 2003, huge falls were recorded in exports in petroleum products (-46%) and other transport equipment (-64%). Thereafter, from 2003 to 2008, a gradual increase in exports of other transport equipment and a more marked growth in petroleum products reflected overall export performance since the 2003 low point.

Graph 1: Evolution of EU-27 trade with Brazil, 2000-2008 - value in billion euro



Source: Eurostat ([DS_018995](#))

Five Member States responsible for over 70% of imports from and exports to Brazil

Table 1: EU-27 trade with Brazil by EU Member State, 2000-2008 - value in million euro

	EXPORTS					IMPORTS					TRADE BALANCE		
	2000	2007	2008	Average annual growth rate 2000-2008	Share in EU-27 exports 2008	2000	2007	2008	Average annual growth rate 2000-2008	Share in EU-27 imports 2008	2000	2007	2008
EU-27	16 854	21 297	26 354	5.7%	100.0%	18 661	32 776	35 824	8.5%	100.0%	-1 807	-11 479	-9 470
Belgium	863	1 514	1 870	10.1%	7.1%	1 627	2 963	2 898	7.5%	8.1%	-764	-1 449	-1 028
Bulgaria	6	25	37	26.0%	0.1%	71	187	187	12.8%	0.5%	-66	-163	-150
Czech Republic	51	165	218	19.8%	0.8%	115	86	123	0.8%	0.3%	-64	79	95
Denmark	258	262	352	3.9%	1.3%	163	285	295	7.7%	0.8%	95	-23	56
Germany	5 029	6 819	8 641	7.0%	32.8%	3 041	6 193	6 906	10.8%	19.3%	1 987	626	1 735
Estonia	1	20	25	62.2%	0.1%	2	14	20	31.4%	0.1%	-2	6	5
Ireland	197	162	183	-0.9%	0.7%	101	178	150	5.1%	0.4%	96	-16	33
Greece	22	36	38	6.9%	0.1%	114	239	250	10.2%	0.7%	-92	-203	-212
Spain	1 257	1 294	1 614	3.2%	6.1%	1 267	3 005	3 049	11.6%	8.5%	-10	-1 712	-1 436
France	2 870	3 087	3 517	2.6%	13.3%	2 748	3 056	3 494	3.0%	9.8%	122	32	23
Italy	2 462	2 561	3 354	3.9%	12.7%	2 575	3 783	3 843	5.1%	10.7%	-113	-1 223	-489
Cyprus	0	0	0	-11.5%	0.0%	10	170	70	27.1%	0.2%	-10	-170	-69
Latvia	0	1	2	19.9%	0.0%	2	9	9	20.5%	0.0%	-2	-8	-8
Lithuania	0	2	26	71.2%	0.1%	11	21	33	14.9%	0.1%	-11	-19	-8
Luxembourg	30	35	23	-3.0%	0.1%	44	20	14	-12.9%	0.0%	-14	15	9
Hungary	76	66	87	1.7%	0.3%	229	101	91	-10.9%	0.3%	-153	-35	-4
Malta	2	6	5	11.1%	0.0%	5	16	21	19.6%	0.1%	-3	-10	-16
Netherlands	755	1 253	1 275	6.8%	4.8%	2 932	6 023	7 597	12.6%	21.2%	-2 177	-4 770	-6 322
Austria	319	506	705	10.4%	2.7%	160	166	182	1.7%	0.5%	160	340	523
Poland	82	200	310	18.0%	1.2%	323	258	290	-1.3%	0.8%	-241	-59	20
Portugal	197	258	320	6.2%	1.2%	479	1 381	1 363	14.0%	3.8%	-283	-1 123	-1 044
Romania	4	50	71	41.3%	0.3%	197	386	434	10.4%	1.2%	-193	-335	-363
Slovenia	24	22	29	2.3%	0.1%	46	144	147	15.6%	0.4%	-22	-122	-118
Slovakia	3	47	56	42.8%	0.2%	19	30	49	12.3%	0.1%	-16	17	7
Finland	352	482	606	7.0%	2.3%	191	409	383	9.0%	1.1%	161	72	223
Sweden	734	858	980	3.7%	3.7%	328	523	545	6.6%	1.5%	406	335	435
United Kingdom	1 258	1 568	2 015	6.1%	7.6%	1 858	3 130	3 381	7.8%	9.4%	-600	-1 562	-1 366

Source: Eurostat ([DS_018995](#))

Of the 12 EU Member States that showed positive trade balances with Brazil in 2008, Germany recorded by far the largest with EUR 1.7 billion. Austria (EUR 523 million) and Sweden (EUR 435 million) posted the only other significant positive balances. The Netherlands¹ recorded the largest deficit (EUR 6.3 billion) by some margin.

On the export side, the highest average annual growth was attributable to the newer Member States, although the actual values were low. Three Member States posted negative growth rates, but their combined share of EU-27 exports to Brazil amounted to less than 1% of the total.

Germany was by far (33%) the largest EU exporter to Brazil in 2008, with principal exports of general industrial machinery, road vehicles, specialised and electrical machinery, and organic chemicals. France and Italy (13% each) were the other two leading exporters, with France particularly strong in exports of transport equipment and Italy in road vehicles and industrial machinery.

An annual average growth of 7% in Germany's exports 2000-2008 was dwarfed by export growth of over 26% from 2007 to 2008. France and Italy followed with export growth rates for 2007-2008

of 14% and 31%, respectively. However, their average annual export growth rate from 2000 to 2008 showed only small rises.

Average import growth rate 2000-2008 was led by six of the newer Member States. However, as a percentage of the total share of EU-27 imports from Brazil, their shares amounted to less than 1%. Only three Member States posted negative average growth rates over the period.

The Netherlands¹ had the largest reported share of EU-27 imports and the most significant growth from 2007 to 2008 (26%). Their largest import growth sectors were metalliferous ores and scrap, animal feedstuff, fruit and vegetables, organic chemicals and petroleum products. Germany also had a large import share, but its growth rate of 11.5% from 2007 to 2008 was less than half of the Dutch. Germany's imports were dominated by road vehicles and metalliferous ores and scrap.

France (metal ores, animal feedstuffs), Italy (metal ores), the United Kingdom (metal ores), Spain (oil-seeds) and Belgium (metal ores, fruit and vegetables) all had similar import shares. With the exception of Spain, all recorded average import growth for the period 2000-2008 below the EU-27 average.

¹ Figures for Dutch trade are biased by the so called 'Rotterdam effect' (see the Methodological notes for more details).

Vigorous EU import growth contrasts starkly with sluggish export performance

In 2008, import trade with Brazil reflected the EU's increasingly strong requirement for foodstuffs and raw materials, particularly for the metal and paper production industries. This produced large deficits in the food and drink and raw materials sectors.

In the food and drink category, imports were dominated by animal feedstuffs, which comprised around 8% of the value of EU imports from Brazil. This contrasted with exports of EUR 0.6 billion, where beverages were marginally the largest product group, followed by cereals. In the raw materials sector (excluding fuel) the deficit was even more pronounced. Imports were dominated by metalliferous ores and scrap, which more than tripled from 2000 to 2008.

Based on lower overall values, the EU also showed a deficit in energy products, where the value of imports of petroleum products was almost four times that of exports.

Brazil's share of extra-EU imports of pulp and waste paper showed the largest increase (almost 17%) from 2000 to 2008. This compares with a drop in import share for iron and steel and vegetables and fruit of 2% and 1% respectively.

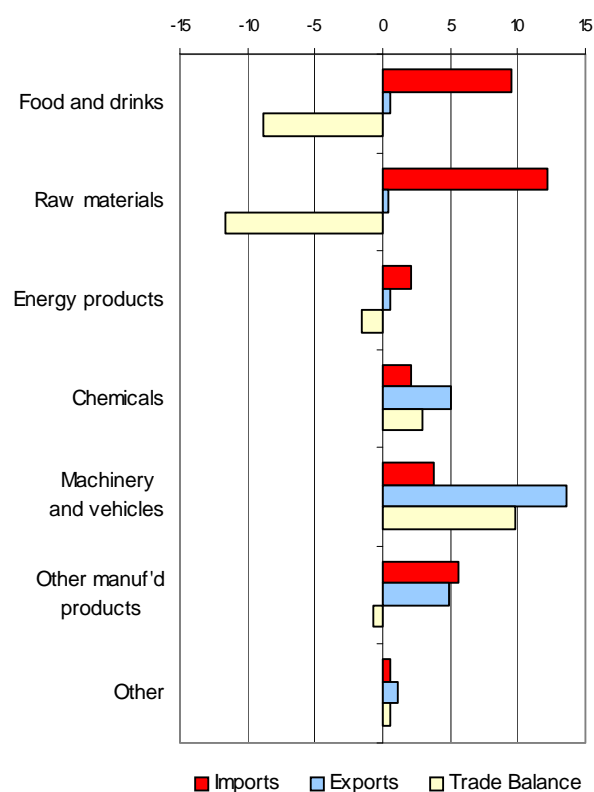
The dominant export performance came from machinery and vehicles. Exports in this sector included road vehicles with a total value of EUR 2.9 billion, out of which Germany led with an increase of 67% from 2000 to 2008 and a share of 31% of the total EU exports in 2008. Still on the export side, the other main products were general and specialised industrial machinery with more than EUR 2 billion each. Three other groups in the machinery and vehicle sector also recorded values of more than EUR 1 billion.

In chemicals, the export value was more than double the import value, with exports of medicinal

and pharmaceutical products leading the values and organic chemicals featuring strongly in both import and export.

The shares of total extra-EU exports by main exported products in 2000 and 2008 were static, with individual products showing only small rises or falls. Organic chemicals (0.9%) and iron and steel (0.6%) recorded the largest increases, while all other groups showed rises or falls of 0.5% or less.

Graph 2: EU-27 trade with Brazil by SITC product group, 2008 - value in EUR bn



Source: Eurostat ([DS_018995](#))

Table 2: EU-27 trade with Brazil by main products (SITC division), 2000-2008 - value in million euro

SITC divisions	Exports			Share in total extra-EU exports of product group		SITC divisions	Imports			Share in total extra-EU imports of product group	
	2000	2007	2008	2000	2008		2000	2007	2008	2000	2008
Total	16 854	21 297	26 354	2.0%	2.0%	Total	18 661	32 776	35 824	1.9%	2.3%
78 Road vehicles	1 634	2 238	2 920	2.2%	2.4%	28 Metalliferous ores and scrap	1 910	4 566	6 230	13.0%	19.1%
74 General industrial machinery	1 235	2 105	2 708	2.7%	2.9%	22 Oil-seeds & oleaginous fruits	1 431	2 400	3 054	31.6%	40.8%
72 Machinery for partic. industries	1 502	1 781	2 182	3.4%	2.9%	08 Feeding stuff for animals	1 694	1 936	2 751	30.4%	31.4%
79 Other transport equipment	1 640	1 565	1 551	3.3%	3.0%	33 Petroleum & petro. products	83	1 436	2 105	0.1%	0.6%
77 Electr. machinery & apparatus	1 171	1 320	1 506	1.8%	1.8%	01 Meat and meat preparations	886	2 191	1 825	28.6%	34.6%
54 Medicinal & pharma. products	789	1 177	1 311	2.3%	1.8%	07 Coffee, tea, cocoa & spices	1 199	1 540	1 730	15.1%	15.6%
71 Power-generating machinery	602	1 051	1 287	1.7%	2.2%	05 Vegetables and fruit	1 134	1 330	1 525	8.2%	7.2%
51 Organic chemicals	777	994	1 280	2.5%	3.4%	67 Iron and steel	712	1 713	1 503	5.7%	3.5%
69 Manufactures of metals, n.e.s.	386	573	864	2.1%	2.5%	25 Pulp and waste paper	855	1 498	1 449	13.4%	30.3%
67 Iron and steel	226	614	811	1.3%	1.9%	78 Road vehicles	658	1 070	1 378	1.7%	2.4%

Source: Eurostat ([DS_018995](#))

METHODOLOGICAL NOTES

Data source: Eurostat's free dissemination database.

A code (such as 'DS_018995') is inserted as part of the source. This hyperlinked code allows the reader to easily access the most recent data on the Eurostat website. The data on the website is frequently updated and may also be more detailed or have a different measurement unit.

Reporting countries:

EU-27: Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

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

External trade statistics - Metadata in in Euro SDMX Metadata Structure (ESMS):

http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/ext_esms

[.htm](#)

Statistics on the trading of goods - User guide:

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-BM-06-001/EN/KS-BM-06-001-EN.PDF

The "Rotterdam effect": Dutch extra-EU imports are over-estimated due to the 'Rotterdam effect': Goods destined for the EU arrive in Dutch ports and are declared as imports by the Netherlands. This reduces the extra-EU imports to the Member States to which the goods are re-exported, as these are recorded as arrivals from the Netherlands, rather than from an extra-EU partner. To a lesser extent, Belgian extra-EU imports are similarly over-estimated.

Commodities classification:

4th revision of the Standard International Trade Classification (SITC): Food and drinks = sections 0+1; Raw materials = sections 2+4; Energy products = section 3; Chemicals = section 5; Machinery and vehicles = section 7; Other manufactured products = sections 6+8; Products not classified elsewhere = section 9.

Further information

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

Data on "External Trade Statistics"

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

More information about "External Trade Statistics"

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

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