International trade in goods

This article discusses the development of the European Union’s (EU) international trade in goods. It considers the EU’s share in world import and export markets, intra-EU trade (trade between EU Member States), the EU’s main trading partners, and the EU’s most widely traded product categories.

The EU accounts for around 14% of the world’s trade in goods. The value of international trade in goods significantly exceeds that of services (by about three times), reflecting the nature of some services which makes them harder to trade across borders.

This article is part of an online publication providing recent statistics on international trade in goods, covering information on the EU’s main partners, main products traded, specific characteristics of trade as well as background information.

The three largest global players for international trade: EU, China and the USA

The EU, China and the United States have been the three largest global players for international trade (see Figure 1) since 2004 when China passed Japan. In 2020, the total level of trade in goods (exports and imports) recorded for the EU was EUR 3 646 billion (note this does not include intra-EU trade), which was EUR 423 billion lower than the
value for China and EUR 285 billion above the level recorded for the United States. Due to the COVID-19 pandemic, total trade for the EU (-10%) and the United States (-9%) declined sharply, while China's trade increased by 2%. For the EU, imports (-12%) fell more than exports (-9%). The opposite was true for the United States (-13% for exports, -6% for imports). For China, imports declined by 1% while exports increased by 4%.

Figure 1: Main players for international trade in goods, 2020 (billion EUR) Source: Eurostat (ext_it_introe27_2020) and UNCTAD

In 2020, the ratio of exports to imports (the cover ratio) was particularly high in favour of exports for Russia and China (see Figure 2), which in absolute terms also had the largest annual trade surpluses.
In 2020, the United States had the largest deficit (see Figure 3), continuing a pattern that has been apparent over the whole of the last decade for which data are available.
Looking at the flows of exports and imports, the EU had the second largest share of global exports and third largest share of imports of goods (see Figures 4 and 5) in 2020: the EU’s exports of goods were equivalent to 15.1% of the world total. Only China (17.8%) had a higher share while the United States (9.8%) followed at some distance.
The United States had a larger share of world imports (16.2 %) than either the EU (13.1 %) or China (13.8 %) in 2020.
EU trade in 2020 strongly impacted by the COVID-19 pandemic

In 2020, the trade of the European Union with its 27 Member States (EU) was hit hard by the COVID-19 pandemic, with a significant fall observed for both exports (-9.4%) and imports (-11.6%) (see Figure 6). Looking at the last decade, exports growth rates, after recording a significant increase in 2011 and 2012, remained slightly positive until 2019 before sharply decreasing in 2020. The imports growth rates peaked in 2011, followed by small fluctuations between 2012 and 2015, before growing significantly in 2017 and 2018, and closing the decade with a sharp decrease.

In 2020, the trade in goods balance of the EU was in surplus by EUR 217 billion, a significant increase with respect to 2019 (+EUR 191 bn). Looking at the trend over time, after recording a small deficit in 2011, the EU trade balance recorded a continuous surplus that peaked at EUR 264 billion in 2016. The EU surplus decreased in 2017 and 2018 and started to increase again in 2019 and 2020.
A more detailed view of the last year shows that the COVID-19 pandemic hit trade hardest between March and April with exports falling from EUR 176 billion to EUR 125 billion and imports falling from EUR 148 billion to EUR 125 billion. In the following months both exports and imports were consistently lower than in the same months in 2019. In December 2020 exports were 2 % higher than in December 2019, while imports still trailed by 3 %. The relatively high figures in December suggest that businesses were stockpiling goods in anticipation of the end of the Brexit transition period on 31 December 2020 and the uncertainty of the trading relationship between the EU and the United Kingdom.
Development of international trade in goods, EU, 2020. (monthly growth rate compared to same month in previous year) Source: Eurostat (ext_st_eu27_2020sitc)

Among the EU Member States, Germany had by far the highest share of extra EU trade in 2020, contributing 30 % of the EU's exports of goods to non-member countries and accounting for more than one fifth (22 %) of the EU's imports (see Figure 8). The next three largest exporters, Italy (11 %), the Netherlands and France (10 %) were the only other EU Member States to account for a double-digit share of EU exports. The Netherlands (18 %), France (10 %) and Italy (9 %) followed Germany as the largest importers of goods from non-member countries in 2019. The relatively high share for the Netherlands can, at least in part, be explained by the considerable amount of goods that flow into the EU through Rotterdam, which is the EU's leading sea port.

Figure 8: Extra EU trade in goods, 2020 (% share of EU exports/imports) Source: Eurostat (ext_st_eu27_2020sitc)

The largest extra EU trade surplus in goods, valued at EUR 195.0 billion in 2020, was recorded by Germany, followed by Italy (EUR 57.2 billion), Ireland (EUR 39.8 billion) and France (EUR 25.1 billion). The largest trade deficits for extra-EU trade in goods were EUR 102.6 billion for the Netherlands and EUR 18.2 billion for Spain (see table B in the excel file attached below).
Highest share for intra-EU trade in goods in Luxembourg and Slovakia

Trade in goods between EU Member States (intra-EU trade) was valued — in terms of exports — at EUR 2 843 billion in 2020. This was 47 % higher than the level recorded for exports leaving the EU to non-member countries of EUR 1 932 billion (extra-EU trade).

Intra EU trade — again measured by exports — decreased by 7 % across the EU between 2019 and 2020. Considering exports, double digit decreases between 2019 and 2020 were registered for Cyprus (-27 %), Malta (-19 %), Luxembourg (-17 %), Finland and France (both -13 %). Intra EU imports decreased by 8 %, the largest decreases were registered for Malta (-21 %), Portugal, (-14 %), Slovenia (-12 %), Spain and Italy (both - 11 %).

As with extra EU trade, Germany was also the EU Member State with the highest level of intra EU trade in 2020, contributing 22 % of the EU’s exports of goods to other Member States and 23 % of the EU’s imports of goods from other Member States (see Figure 9). The Netherlands (14 %) was the only other Member State to contribute more than one tenth of intra-EU exports, again a consequence of the Rotterdam effect, while France (12 %) was the only other Member State to account for more than one tenth of intra-EU imports.

The significance of the EU’s internal market is underlined by the fact that intra-EU trade in goods (exports and imports combined) was higher than extra-EU trade (exports and imports combined) for all EU Member State, except Ireland (see Figure 10). The proportion of total trade in goods that was accounted for by intra-EU and extra-EU flows varied considerably across the Member States, reflecting to some degree historical ties and geographical location. The highest shares of intra-EU trade (above 75 % of total trade) were recorded for Luxembourg (85.5 %), Slovakia (79.6 %) and Czechia (76.5 %) with this ratio falling to 52.0 % for Cyprus and 39.7 % for Ireland.

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Figure 9: Intra EU trade in goods, 2019 (% share of EU exports/imports) Source: Eurostat (ext_st_eu27_2020sitc)
Strong increase in trade in goods with China in 2010-2020

Between 2010 and 2020, the development of the EU's imports of goods by major trading partner varied considerably. Among the main trading partners, the highest average annual growth rate was recorded for imports from Turkey (5.2 %) and China (4.6 %), see Figure 11. The largest decreases were seen for imports from Russia (- 4.8 %) and Norway (- 2.9 %) who were both large partners for imports of oil and gas.

On the export side, between 2010 and 2020 imports of goods from China (6.8 %), South Korea (5.9 %) and the United States (5.7 %) had the highest average annual growth rate. Among the top partners, decreases for imports were only seen for Russia and Brazil (both - 0.5 %).
The United States remained the most common destination for goods exported from the EU in 2020 (see Figure 12) with a share of 18.3%. The United Kingdom was the second largest destination for EU exports (14.4% of the EU total), followed by China (10.5%). The seven largest destination markets for EU exports of goods — the United States, the United Kingdom, China, Switzerland, Russia, Turkey and Japan — accounted for more than three fifths (61.0%) of all EU exports of goods.
The seven largest suppliers of EU imports of goods were the same countries as the seven largest destination markets for EU exports, although their order was slightly different (compare Figures 12 and 13). These seven countries accounted for a larger share of the EU's imports of goods than their share of EU exports of goods: just over three fifths (62.7 %) of all imports of goods into the EU came from these seven countries. With over one fifth (22.4 %) of all imports, China was the largest supplier of goods into the EU in 2020. The United States (11.8 %) and the United Kingdom (9.8 %) followed at some distance.
Large trade surplus for machinery & vehicles and chemicals

Between 2015 and 2020, the value of extra-EU exports increased for most product groups shown in Figure 14, with the exception of exports of energy (-27.7%) and machinery and vehicles (-5.2%). The highest growth rate for exports was reported for chemicals with an increase of 25.2%. Increases of more than 10% were also recorded for food & drink (18.4%) and raw materials (17.5%).

On the import side, there was a similar pattern observed, with a large overall reduction in the level of extra-EU imports of energy (-29.2%) between 2015 and 2020 (note that some of the losses may be attributed to price changes and/or exchange rate fluctuations, with oil being priced on global markets in US dollars). By contrast, extra-EU imports of machinery & vehicles and chemicals both rose by 15.3%, followed closely by raw materials (15.0%).

The extra-EU trade surplus for goods of EUR 217.5 billion in 2020 was driven by large trade surpluses in chemicals (EUR 178.4 billion) and machinery & vehicles (EUR 174.0 billion) and a smaller surplus in food & drink. These could not be offset by the large trade deficit for energy (EUR -158.8 billion) and the smaller deficits for raw materials and other manufactured goods.
The structure of the EU’s exports of goods did not change much between 2015 and 2020 (see Figure 15) apart from an increase of 3.8 percentage points (p.p.) for chemicals, rising from 17.5 % in 2015 to 21.3 % in 2020, and a decrease for machinery & vehicles of 3.4 p.p. falling from 42.6 % in 2015 to 39.3 % in 2020.
For the structure of the EU's imports between 2015 and 2020, there was a large decrease for the share of energy, which fell by 6.1 p.p. from 19.1 % to 13.0 % (see Figure 16). This decrease was partly due to falling prices of energy products. By contrast, over the same period the share of machinery & vehicles rose by 3.3 p.p., from 30.8 % to 34.1 %. The shares of the other products changed only slightly.

Figure 15: Main imports by product, EU, 2015 and 2020 (% share of extra EU imports) Source: Eurostat (ext_st_eu27_2020sitc)

Figure 17 contrasts the structure of the EU's imports and exports in 2020: it should be noted that the overall level of exports was 13 % higher than the level of imports. The most notable difference is in the share of energy which was almost four times as high for imports as for exports. This was balanced by lower import shares for machinery & vehicles and chemicals compared to exports.
Statistics on the international trade of goods measure the value and quantity of goods traded between EU Member States (known as intra-EU trade) and goods traded by Member States with non-member countries (known as extra-EU trade). These statistics are the official source of information on imports, exports and the trade balance in the EU, its Member States and the euro area.

In extra-EU trade statistics, the data shown for the EU treat this entity as a single trading block. In other words, the data for exports relate only to those exports from the EU that leave the trading block and are destined for the rest of the world, while extra-EU imports relate to imports from the rest of the world (non-member countries) coming into the EU. By contrast, when reporting data for individual EU Member States, international trade flows are generally presented in terms of world trade flows (including both intra-EU and extra-EU partners). Statistics on trade between the EU Member States (intra-EU trade) cover imports and exports of goods recorded by each Member State.

The statistical values of extra- and intra-EU trade are recorded at their free-on-board (FOB) value for exports and their cost, insurance and freight (CIF) value for imports. The values reported comprise only those subsidiary costs (freight and insurance) which relate, for exports, to the journey within the territory of the EU Member State from which the goods are exported and, for imports, to the journey outside the territory of the Member State into which the goods are imported.

EU data come from Eurostat’s COMEXT database, the reference database for international trade in goods. It provides access not only to both recent and historical data from the EU Member States, but also to statistics for a significant number of non-member countries. Aggregated and detailed statistics for international trade in goods as disseminated through Eurostat’s website are compiled from COMEXT each month. As COMEXT is updated on a
daily basis, data published on the website may differ from the data found in COMEXT (in case of recent revisions).

The United Kingdom is considered as an extra-EU partner country for the EU for the whole period covered by this article. However, the United Kingdom was still part of the internal market until the end of the transitory period (31 December 2020), meaning that data on trade with the United Kingdom are still based on statistical concepts applicable to trade between the EU Member States. Consequently, while imports from any other extra-EU trade partner are grouped by country of origin, the United Kingdom data reflect the country of consignment. In practice this means that the goods imported by the EU from the United Kingdom were physically transported from the United Kingdom but part of these goods could have been of other origin than the United Kingdom. For this reason, data on trade with the United Kingdom are not fully comparable with data on trade with other extra-EU trade partners.

Data for the non-EU major traders used in Figures 1 to 5 are taken from the UNCTAD database of the United Nations. For the calculation of shares the world trade is defined as the sum of EU trade with non-EU countries (source: Eurostat) plus the international trade of non-EU countries (source: UNCTAD).

**Context**

Statistics on the international trade of goods are used extensively by decision makers at an international, EU and national level. Businesses may use international trade data to carry out market research and define their commercial strategy. Statistics for international trade in goods are also used by EU institutions in their preparation of multilateral and bilateral trade negotiations, for 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.

The development of trade can be an opportunity for economic growth. 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 EU Member States through an advisory committee which discusses the full range of trade policy issues affecting the EU including multilateral, bilateral and unilateral instruments. As such, trade policy is an exclusive power of the EU — so only the EU, and not individual Member States, can legislate on trade matters and conclude international trade agreements. More recently, this scope has been extended beyond trade in goods, to cover trade in services, intellectual property and foreign direct investment (in chapter 4).

Globally, multilateral trade issues are dealt with under the auspices of the World Trade Organisation (WTO). The WTO has 164 members (in March 2020), 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 and participated in the latest round of WTO multilateral trade negotiations, known as the Doha Development Agenda (DDA).

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