

At a glance

- Between 1999 and 2012, the EU27 stepped up their trading links with non-EU Member States (third countries), but trade with each other (intra-Community trade) still makes up by far the largest proportion of their foreign trade – around 60 %.
- Over the past few years, the EU has benefitted from the ‘catch-up’ process undergone by the booming emerging economies – especially China and Russia – and the boost this process has given to demand for capital goods and production plant.
- China and Russia have, as a result, become more important as EU trading partners, while the USA and Japan have become less important.
- Unlike trade with third countries, intra-Community trade has not yet recovered from the downturn triggered by the crisis. The key reason is that domestic demand is being severely hampered by austerity policies across Europe.

Foreign trade of the EU27

A regional and sectoral analysis

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Europe is languishing in recession. Domestic demand in the European Union is in urgent need of stimulus, but Member State governments currently see no leeway for fiscal policy because of high levels of public debt. They are, in fact, pursuing austerity policies that are increasingly hampering recovery in aggregate demand. Against this backdrop, great store is being set by the initiative for a transatlantic trade agreement between the European Union and the United States of America, which appears to offer hope in a wretched situation. Both sides hope that a trade agreement of this kind will provide substantial impetus for growth in their own economy. The negotiations surrounding the proposed agreement are, therefore, freighted with considerable expectations (BMW 2013, Emmott and Rinke 2013, Palmer 2013).

Whether this hope is well-founded or misplaced will depend largely on how each side – the EU and the USA – views the other as a trading partner. That question cannot be answered solely by considering bilateral trade between the economic areas but requires detailed analysis of the total foreign trade of the EU27 and of the United States of America against a number of criteria, including regional make-up, sectoral make-up, and trends over time. Only an analysis of this kind will demonstrate how important the USA is to the EU27 – and vice versa – compared with each side’s other trading partners and whether this importance has changed over time. Trends in the foreign trade of both countries must also be seen in the context of trends in global trade, as this is the only way to assess whether the regional structure of foreign trade within the EU and the USA means that it can really benefit from greater integration of individual trading partners or entire regions in global trade and whether it could benefit more in the future if conditions were right.

The IMK has conducted a comprehensive analysis of this kind both for the 27 Member States of the European Union (the EU27) and for the United States. This report presents the findings for the EU27; the findings for the USA will be published in IMK Report 85.

The analysis for the EU is based on EU27 trade data provided by the EU’s statistical service, Eurostat and broken down by country group and product group¹. All data are nominal and given in euros for the period from

¹ Tables A1 and A2 give an overview of the country groups and product groups.

1999 to 2012. The EU27 aggregate includes all 27 Member States² for the entire period, regardless of date of accession. The figures are, therefore, comparable for the aggregate over time.

One particular feature of the European Union's foreign trade is the distinction made between 'intra-Community trade' and 'trade with third countries'. 'Intra-Community trade' is foreign trade between individual Member States of the European Union, while 'trade with third countries' is foreign trade with non-EU Member States, or 'third countries'. The relevance of this distinction becomes evident when – as in this study – growth in EU exports is being compared with growth in exports from other countries and the European Union has to be considered as a single unit, comparable to the United States of America, for example. In such comparisons, intra-Community trade is excluded from total EU exports, which are deemed to include only exports to third countries. Comparisons and calculations of global market share therefore also require figures adjusted for intra-Community trade.

Trends in global trade are analysed on the basis of data from the World Trade Organization (WTO); these data are nominal and expressed in US dollars. However, for some individual countries and regions, the WTO provides unit values for imports and exports, enabling import and export volumes to be calculated.³ The period of observation is shorter for the price-adjusted data (2001 to 2012) because unit values for EU exports and imports go back only to 2001.

Major expansion in global trade

Below-average growth in EU27 trade with third countries

Between 2001 and 2012, global trade⁴ more than tripled in nominal terms, rising 218 % from USD 4.66 trillion in 2001 to USD 14.82 trillion in 2012. However, there was also substantial growth in prices over this period, so after price adjustment, the growth was rather lower, but still substantial, at 78 % (Figure 1).

² The EU27 are Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

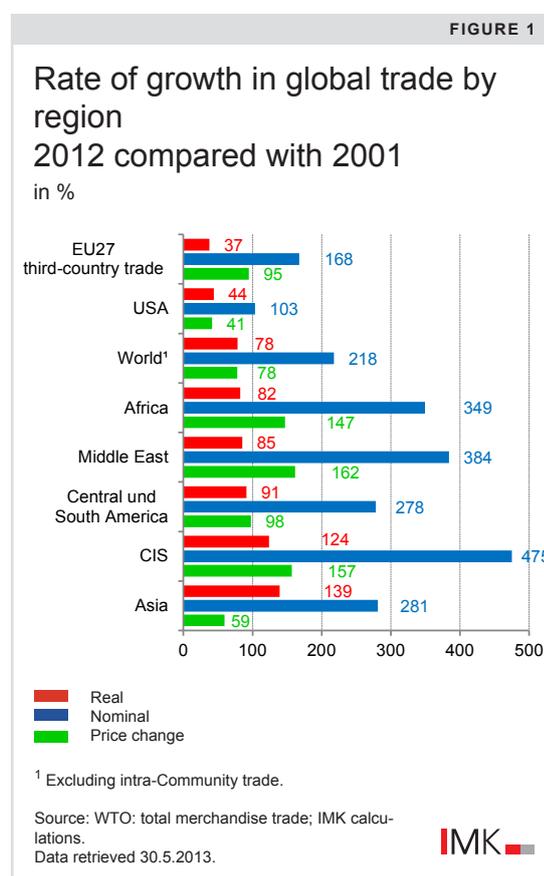
³ Unit values for China are available only from 2005. No data are available for Russia.

⁴ Average of exports and imports.

Growth in real-terms global trade shows that the process of globalisation in the world economy has continued over recent years. Between 2001 and 2012, the volume of global trade rose by an average of 5.5 % a year, while the average increase after price adjustment was less than half that, at 2.5 % a year.

Over the period under consideration, the fastest growth in foreign trade was recorded by the Asian countries (139 %) and the CIS states (124 %), rises that were well above average. China in particular, but also Russia, played a much greater part in global trade over this period. By comparison, the foreign trade volume of the EU, the USA and Japan rose by less than the average, with growth of 37 %, 44 % and 48 % respectively.

The very different rates of growth in imports and exports in the countries or regions considered are striking. For example, exports from the Asian countries rose markedly more rapidly, after price adjustment, than their imports (155 % compared with 123 %). This picture was reversed in the CIS, where growth in exports was slightly below average, at 76 %, but where imports grew very substantially (200 %). This suggests that the post-Soviet states still have a substantial amount of 'catching up' to do and have the financial resources available to meet their needs through imports. Russia, for example, spends a considerable proportion of its oil



and gas revenues on importing goods from abroad to meet the continuing high level of demand for capital goods. After price adjustment, exports from Japan, the USA and the EU27 rose by 65 %, 57 % and 54 % respectively over the period; this was less than the average rate of growth but more rapid than the rise in their imports, which grew by just 28 %, 36 % and 23 % respectively over the period.

EU27 lose global market share

A country's global market share is calculated by comparing its own export volume with real-terms global exports. Figure 2 shows that between 2001 and 2012, only the Asian countries were able to grow their global market share: over this period, the proportion of global exports originating in the Asian countries rose more than 15 percentage points, from 37.1 % in 2001 to 52.4 % in 2012. China's global market share is currently around 15 %.

By contrast, the EU27 and the USA lost global market share over the period, with the EU's proportion of global exports down 2.5 percentage points, from 17.5 % in 2001 to 15.0 % in 2012, and the USA's down 2 percentage points, from 16.1 % in 2001 to 14.1 % in 2012. Japan's global market share fell only fractionally over the same period, from 8.9 % to 8.2 %.

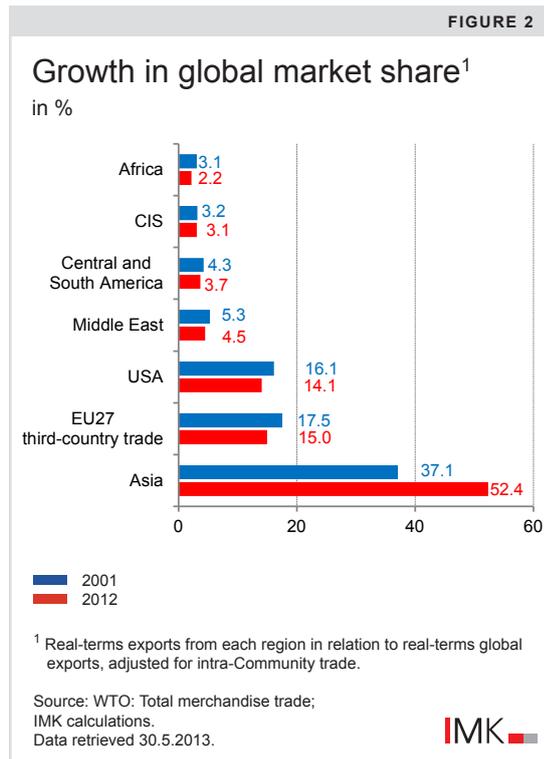
Our analysis also shows that while the CIS countries played an increasingly important part in global trade over the period under consideration, this was largely restricted to imports. Growth in the CIS states' export volume more or less kept pace with the growth in real-terms global exports, leaving their global market share unchanged at around 3 %. By contrast, the global market share of Africa, Central and South America, and the Middle East fell.

Growth in EU27 foreign trade

EU27 steps up trade links with third countries

The most recent enlargement of the European Union, to 27 Member States, created the world's largest common market. The traditionally close trade links between Europe's national economies, combined with the size of the single market, means that the largest proportion of the EU Member States' foreign trade is actually accounted for by trade between them, or 'intra-Community trade'.

However, intra-Community trade has for many years been growing much more slowly than third-country trade. The creation of Economic and



Monetary Union was expected to stimulate and boost domestic trade but has, in fact, had no impact on this long-term trend; indeed, the crisis has actually strengthened it, with third-country trade as a proportion of the EU27's total foreign trade rising from 34.7 % in 1999 to 39.3 % in 2012.⁵

These stronger links between EU Member States and third countries are reflected in a series of trade indicators⁶. For example, the EU27 export ratio (that is, the proportion of Gross Domestic Product accounted for by exports) rose from 11.1 % in 1999 to 18.3 % in 2012; over the same period, the USA's export ratio rose from 10.3 % to 14.0 %.

The proportion of EU27 domestic demand⁷ met by imports – a measure of import penetration – increased from 11.1 % in 1999 to 17.7 % in 2012, compared with a rise from 12.8 % to 16.8 % in the USA over the same period.

Overall, the EU27's level of openness (defined as the sum of exports and imports as a percentage

⁵ The calculations are based on the figures for nominal imports and exports of goods and services from the EU27 balance of payments statistics supplied by Eurostat.

⁶ These trade indicators relate to third-country trade by the EU27. They are calculated from nominal imports and exports of goods and services in third-country trade and from nominal GDP. The data on trade in goods and services derive from balance of payments and GDP figures supplied by the National Accounts. All figures are supplied by Eurostat.

⁷ Domestic demand = Gross Domestic Product minus exports plus imports.

EU27 balance of payments with third countries

EUR billion

	Revenue			Expenditure			Balance		
	1999	2007	2012	1999	2007	2012	1999	2007	2012
Goods	678.71	1249.99	1708.36	698.76	1409.77	1752.95	-20.05	-159.79	-44.59
Services	274.05	502.23	657.39	254.41	423.37	510.64	19.65	78.86	146.75
of which:									
- Transport services	<i>n.d.</i>	122.93	144.29	<i>n.d.</i>	103.01	119.05	<i>n.d.</i>	19.92	25.24
- Tourism	<i>n.d.</i>	75.21	96.75	<i>n.d.</i>	94.46	94.51	<i>n.d.</i>	-19.25	2.24
- Other services	<i>n.d.</i>	302.56	416.08	<i>n.d.</i>	215.38	278.18	<i>n.d.</i>	87.19	137.90
of which									
- Financial services	<i>n.d.</i>	53.11	50.38	<i>n.d.</i>	20.21	20.95	<i>n.d.</i>	32.90	29.43
- EDP and information services	<i>n.d.</i>	26.17	44.33	<i>n.d.</i>	11.27	17.52	<i>n.d.</i>	14.91	26.81
- Patents and licences	<i>n.d.</i>	26.38	39.54	<i>n.d.</i>	36.30	46.60	<i>n.d.</i>	-9.93	-7.06
- Other corporate services	<i>n.d.</i>	141.71	205.21	<i>n.d.</i>	107.56	144.58	<i>n.d.</i>	34.15	60.63
Income	247.97	671.89	514.30	275.66	661.73	502.66	-27.69	10.16	11.64
Current transfers	31.55	41.50	54.88	58.97	101.18	125.43	-27.42	-59.67	-70.55
Balance of payments	1232.29	2465.60	2934.92	1287.79	2596.05	2891.67	-55.51	-130.44	43.25

Source: Eurostat: European Union balance of payments statistics.
Data retrieved 6.5.2013.



of Gross Domestic Product)⁸ rose from 22.2 % in 1999 to 35.9 % in 2012, a more rapid rate of increase than for the USA (31.4 % in 2012 compared with 23.5 % in 1999).

It is clear that the EU27's trade links with third countries grew substantially stronger between 1999 and 2012. A comparison with the USA, another vast economic area, shows that over recent years the European Union's trend towards openness was more pronounced than that of the United States and that the EU is now rather more open than the USA. This means that exports are rather more important for the EU than for the USA. This greater openness has enabled the EU to benefit from strong growth in global trade over the past few years but has also made it more vulnerable to shocks in foreign trade.

Trade balance deficit – services account surplus

Around three quarters of the EU27's foreign trade with third countries is trade in goods and the remaining quarter is trade in services (Table 1). This ratio has remained broadly unchanged over the years. The largest components making up the trade in services are transport services (22.6 %), tourism

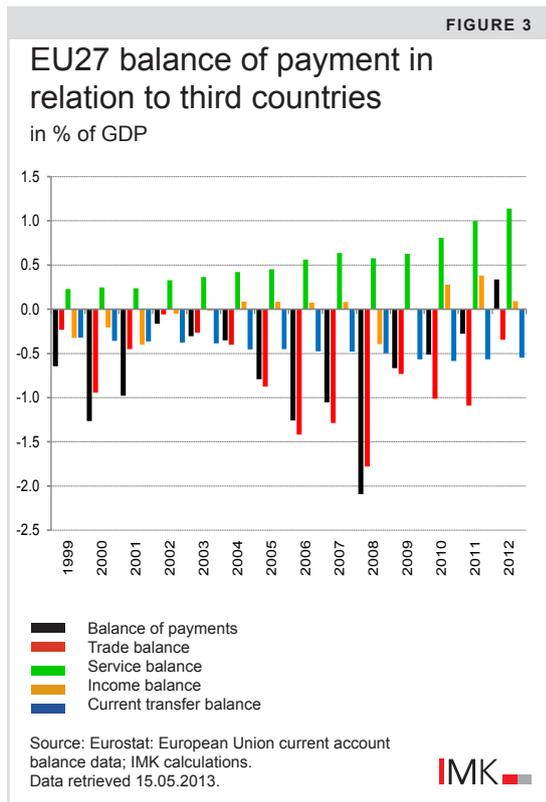
(16.6 %), financial services (7.7 %), EDP and information services (6.7 %), and income and expenditure connected with patents and licences (6.0 %).⁹

Between 1999 and 2011, the current account of the EU27 showed a persistent deficit in relation to third countries, which was largely attributable to the trade balance deficit (Figure 3). Up to the mid-2000s, this deficit was relatively low – less than 1 % of GDP – but imports from third countries then rose considerably more rapidly than exports to those countries, particularly in the years leading up to the financial and economic crisis, when many European economies were growing substantially. As a result, the EU's trade balance deficit in relation to third countries suddenly jumped, to as much as 1.8 % of GDP, only to fall again markedly in the wake of the ongoing euro area crisis and the collapse in demand that the crisis triggered.

In contrast with trade in goods, the EU27's trade in services with third countries achieved a surplus throughout the period under consideration; moreover, this surplus actually increased year by year and is now considerable, at 1 % of GDP. In 2012, the surplus achieved in trade in services was EUR 146.8 billion, greater than the trade balance deficit of EUR 44.6 billion and the transfer balance sheet

⁸ The German statistical service prefers to use the term 'foreign trade ratio' (Außenhandelsquote) (Statistisches Bundesamt 2011, p. 27).

⁹ These figures are mean figures calculated from the proportion of the relevant rubric in the 2012 current account accounted for by both income and expenditure.



of EUR 70.6 billion. This was the first time that the EU27 had achieved a small current account surplus in relation to third countries (Table 1).

Structure of EU27 foreign trade

EU27 trade in goods by country and region

Below, we analyse the EU27's foreign trade by country and region and trace its development over time. The data we use are nominal and expressed in euros. One issue that arises with interpreting nominal data is that changes in values can have a number of causes. For example, a change in an import or export value may be the result of a change in volume and/or price and/or exchange rates.

A considerable proportion of the EU27's foreign trade with third countries is denominated in US dollars: Eurostat calculates that this was the case for 30 % of exports and 54 % of imports in 2010. Fluctuations in the euro/dollar exchange rate can, therefore, affect import and export values expressed in euros.¹⁰

¹⁰ In 2010, more than 90% of all EU imports from third countries were denominated in either euros or US dollars, as were more than 80% of all exports, so only a very small proportion of EU27 foreign trade was denominated in other currencies. Fluctuations in exchange rates for the euro compared with, say, the Japanese yen or the Chinese renminbi have only a small impact on import and export values expressed in euros.

Bilateral trade between the EU27 and the USA is probably particularly vulnerable to exchange rate fluctuations. It can be assumed that the nominal rise in the value of the euro against the US dollar between 1999 and 2012 triggered a loss of around 20 % in the value of imports and exports denominated in euros in 2012. Calculating the USA's share of total EU trade in goods in 2012 on the basis of figures expressed in euros under-estimates the significance of the USA in relation to other trading partners.

In 1999, the EU27 bought around two thirds of their goods imports from other EU Member States and around one third from countries outside the EU. Between 1999 and 2012, this balance shifted towards the third countries, and by 2012, third countries were supplying almost 40 % of the EU27's imports (Table 2).

The most important third-country EU trading partners in 2012 were China, Russia, the USA, Switzerland and Norway, which accounted for 16.2 %, 11.9 %, 11.5 %, 5.8 % and 5.6 % of EU third-country imports respectively. Thus, more than half of all EU27 imports from third countries came from these five trading partners.

Over time, there have been marked shifts in the regional structure underpinning trade flows. Imports from South and East Asia as whole, at over 30 %, have accounted for a relatively constant proportion of the EU's third-country trade for a number of years, but there have been significant shifts within this country group. In 1999, Japan was the EU's largest Asian trading partner, supplying 10.1 % of its third-country imports, but by 2012, this proportion had fallen more than six percentage points, to 3.6 %. Over the same period, China became the EU's main supplier, and goods imports from China currently make up 16.2 % of the EU's third-country trade, more than double the 1999 figure of 7.1 %.

What is also striking is the growth in imports from Russia, which rose from 4.8 % to 11.9 % between 1999 and 2012. It should be noted in this context that Russia is now the EU's largest supplier of energy (oil, gas and coal) and, therefore, that energy from Russia makes up a substantial proportion – 9.1 % – of the EU's total imports from third countries. The substantial increase in import value can be attributed both to growth in volume and to the sharp rise in energy prices.¹¹

¹¹ Because of its importance as an energy supplier to the EU, Norway is also one of its major trading partners.

EU27 imports and exports by region

EUR billion

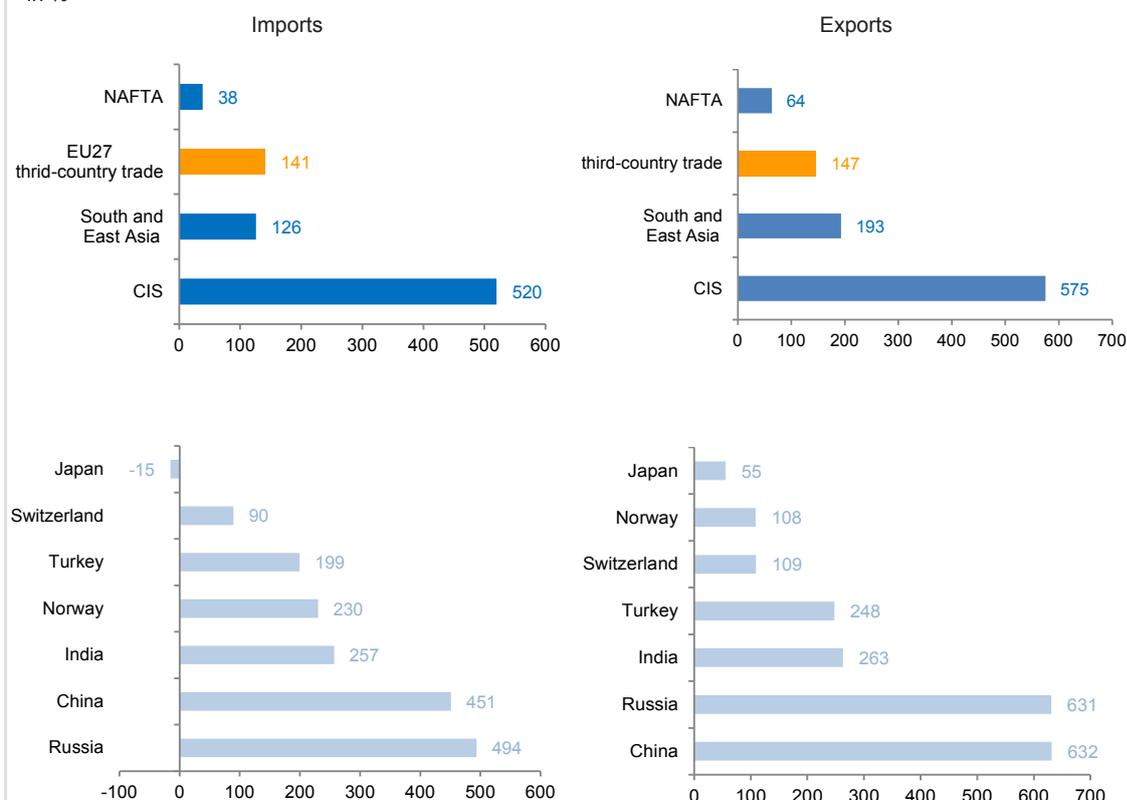
Imports				As a proportion of imports from third countries in %			As a proportion of total imports in %		
	1999	2007	2012	1999	2007	2012	1999	2007	2012
Total	2199.7	4041.2	4538.0				100	100	100
EU27 intra-Community trade	1456.4	2596.2	2746.2				66.2	64.2	60.5
EU27 third-country trade	743.3	1445.0	1791.7	100	100	100	33.8	35.8	39.5
Switzerland	55.1	76.7	104.5	7.4	5.3	5.8	2.5	1.9	2.3
Norway	30.4	76.6	100.4	4.1	5.3	5.6	1.4	1.9	2.2
Turkey	16.0	47.1	47.8	2.1	3.3	2.7	0.7	1.2	1.1
NAFTA	184.8	213.4	255.7	24.9	14.8	14.3	8.4	5.3	5.6
USA	165.9	177.1	205.8	22.3	12.3	11.5	7.5	4.4	4.5
South and East Asia	256.1	509.7	578.2	34.5	35.3	32.3	11.6	12.6	12.7
China	52.6	232.6	289.9	7.1	16.1	16.2	2.4	5.8	6.4
Japan	75.4	78.9	63.8	10.1	5.5	3.6	3.4	2.0	1.4
Korea	20.5	41.3	37.9	2.8	2.9	2.1	0.9	1.0	0.8
India	10.5	26.6	37.3	1.4	1.8	2.1	0.5	0.7	0.8
CIS	44.1	186.1	273.5	5.9	12.9	15.3	2.0	4.6	6.0
Russia	35.9	145.0	213.2	4.8	10.0	11.9	1.6	3.6	4.7
Central and South America	33.8	76.2	91.3	4.5	5.3	5.1	1.5	1.9	2.0
Brazil	14.1	32.7	37.1	1.9	2.3	2.1	0.6	0.8	0.8
Middle East	31.8	68.3	93.1	4.3	4.7	5.2	1.4	1.7	2.1
Africa ¹	27.0	57.7	70.7	3.6	4.0	3.9	1.2	1.4	1.6
Other	64.3	133.1	176.4	8.7	9.2	9.8	2.9	3.3	3.9

Exports				As a proportion of exports to third countries in %			As a proportion of total exports in %		
	1999	2007	2012	1999	2007	2012	1999	2007	2012
total	2211.5	3904.2	4511.6				100	100	100
EU27 intra-Community trade	1528.4	2661.3	2824.9				69.1	68.2	62.6
EU27 third-country trade	683.1	1242.9	1686.8	100	100	100	30.9	31.8	37.4
Switzerland	63.7	93.0	133.3	9.3	7.5	7.9	2.9	2.4	3.0
Norway	23.9	43.5	49.8	3.5	3.5	3.0	1.1	1.1	1.1
Turkey	21.6	52.6	75.2	3.2	4.2	4.5	1.0	1.3	1.7
NAFTA	214.5	305.6	351.1	31.4	24.6	20.8	9.7	7.8	7.8
USA	187.0	259.2	291.9	27.4	20.9	17.3	8.5	6.6	6.5
South and East Asia	141.7	263.5	415.5	20.8	21.2	24.6	6.4	6.8	9.2
China	19.7	71.8	143.9	2.9	5.8	8.5	0.9	1.8	3.2
Japan	35.7	43.7	55.5	5.2	3.5	3.3	1.6	1.1	1.2
Korea	11.7	24.7	37.8	1.7	2.0	2.2	0.5	0.6	0.8
India	10.6	29.2	38.5	1.6	2.3	2.3	0.5	0.7	0.9
CIS	25.6	128.6	172.6	3.7	10.3	10.2	1.2	3.3	3.8
Russia	16.9	89.1	123.3	2.5	7.2	7.3	0.8	2.3	2.7
Central and South America	34.2	48.4	83.2	5.0	3.9	4.9	1.5	1.2	1.8
Brazil	14.4	21.3	39.6	2.1	1.7	2.3	0.7	0.5	0.9
Middle East	49.9	97.0	125.1	7.3	7.8	7.4	2.3	2.5	2.8
Africa ¹	30.2	54.3	80.0	4.4	4.4	4.7	1.4	1.4	1.8
Other	77.7	156.4	201.0	11.4	12.6	11.9	3.5	4.0	4.5

¹ Algeria, Egypt, Morocco and South Africa.

Rate of growth in EU27 third-country trade by region and country 2012 compared with 1999

in %



Source: Eurostat: EU27 Trade Since 1988 By SITC; IMK calculations.
Data retrieved 25.4.2013.

IMK

The USA's share of EU27 imports of goods from third countries fell sharply over the period: in 1999, the USA was by far the EU's largest trading partner, accounting for 22.3 % of its third-country imports, but by 2012, this figure had almost halved, to 11.5 %. The fall is partly attributable to the dollar's drop in value against the euro mentioned above.

Imports from Central and South America, the Middle East and Africa remained largely constant as a proportion of EU27 third-country imports over the period, with each region accounting for between 4 % and 5 % of total imports.

EU27 exports have followed much the same pattern as imports as far as the breakdown between intra-Community trade and third-country trade is concerned. In 1999, just under one third of all EU goods exports were to third countries, a proportion that rose by six percentage points to 37.4 % over the period under consideration (Table 2). In 2012, the EU's major third-country trading partners were the United States of America (17.3 % of third-country exports), China (8.5 %), Switzerland (7.9 %), Russia (7.3 %) and Turkey (4.5 %). 45.5 % of all

EU third-country exports were, therefore, destined for one of these five countries.

Exports of goods also show considerable shifts in the regional structure underpinning the movement of goods. Particularly striking is the figure for exports to the USA, which fell just over ten percentage points between 1999 and 2012, from 27.4 % to 17.3 %.

South and East Asia, by contrast, have become larger consumers of EU products, with this region currently accounting for almost one quarter of all EU27 third-country exports. While Japan's share fell from 5.2 % to 3.3 % between 1999 and 2012, China's almost tripled, from just under 3.0 % to 8.5 %.

Russia, too, became an increasingly important market for EU goods; its share of EU third-country exports almost tripled between 1999 and 2012, from 2.5 % to 7.3 %.

Exports to Central and South America and to Africa remained broadly unchanged over the period, at between 4 % and 5 % of total third-country exports each, while the Middle East accounted for about 7 %.

TABLE 3

EU27 imports and exports by product group

Imports	1999	2007	2012	As a proportion of total imports in %		
				1999	2007	2012
Computers/electrical engineering	427.0	632.0	649.5	19.4	15.6	14.3
of which:						
Electrical engineering ¹	290.0	474.7	505.5	13.2	11.7	11.1
Computers	137.0	157.3	144.0	6.2	3.9	3.2
Chemicals ²	245.4	520.3	619.2	11.2	12.9	13.6
Road vehicles	238.8	405.3	332.1	10.9	10.0	7.3
of which:						
Cars and car components	196.7	326.6	275.7	8.9	8.1	6.1
Machinery	211.7	362.4	357.1	9.6	9.0	7.9
Food	160.9	261.0	322.3	7.3	6.5	7.1
Textiles and clothing	153.7	210.9	221.4	7.0	5.2	4.9
Metals and metal goods	146.9	383.8	341.7	6.7	9.5	7.5
Energy	124.4	495.0	805.6	5.7	12.2	17.8
Commodities	69.4	137.5	153.9	3.2	3.4	3.4
Paper and paper products	52.3	73.3	72.0	2.4	1.8	1.6
Rubber goods	19.6	36.3	42.6	0.9	0.9	0.9
Other product groups	349.7	523.5	620.5	15.9	13.0	13.7
Total	2199.7	4041.2	4538.0	100	100	100

Exports	1999	2007	2012	As a proportion of total exports in %		
				1999	2007	2012
Computers/electrical engineering	396.5	572.5	597.4	17.9	14.7	13.2
of which:						
Electrical engineering ¹	295.7	456.3	497.9	13.4	11.7	11.0
Computers	100.9	116.2	99.4	4.6	3.0	2.2
Chemicals ²	283.4	592.8	731.8	12.8	15.2	16.2
Machinery	277.2	509.0	558.0	12.5	13.0	12.4
Road vehicles	258.9	452.2	455.8	11.7	11.6	10.1
of which:						
Cars and car components	217.8	364.7	379.7	9.8	9.3	8.4
Food	157.7	255.1	336.3	7.1	6.5	7.5
Metals and metal goods	152.5	369.8	361.9	6.9	9.5	8.0
Textiles and clothing	135.6	169.7	176.9	6.1	4.3	3.9
Energy	59.8	218.5	383.2	2.7	5.6	8.5
Paper and paper products	56.4	81.6	85.2	2.5	2.1	1.9
Commodities	47.7	99.2	124.5	2.2	2.5	2.8
Rubber goods	20.4	37.0	46.9	0.9	0.9	1.0
Other product groups	365.5	546.9	653.8	16.5	14.0	14.5
Total	2211.5	3904.2	4511.6	100	100	100

¹ Electrical engineering: electrical and optical goods.

² Chemicals: chemical and pharmaceutical products.

Source: Eurostat: EU27 Trade Since 1988 by SITC; IMK calculations. Data retrieved 25.4.2013.



Analysis of the regional structure of the EU's trade in goods over the period shows that although the majority of EU exports were to other EU Member States, trade in goods with third countries has become more significant over the years. It is striking that around half of all third-country imports and exports are accounted for by just five countries in each case, and that there is substantial overlap between the major import and export markets.

Figure 4 illustrates the differing rate of growth in EU foreign trade with specific trading partner countries or regions between 1999 and 2012. EU third-country trade in both import and export terms has risen by more than 140 % in nominal terms, but EU27 trade with the EU's traditional trading partners – the USA, Japan and Switzerland – has grown more slowly than total third-country trade, while trade in goods with China and Russia has risen more than fivefold for imports and more than sevenfold for exports. Accordingly, the EU's traditional trading partners have lost substantial market share over recent years, while China and Russia have become increasingly important as trading partners. Stephan and Redle (2010) come to similar conclusions in their analysis of Germany's trading links.

EU27 trade in goods by product group

This section sets out the sectoral structure of the EU27's total imports and exports. Table 3 shows the findings for 2012 for product groups compiled on the basis of SITC classifications¹². On the import side, energy is the largest product group at 17.8 %, followed by chemical and pharmaceutical products (13.6 %), electrical and optical goods (11.1 %), and machinery (7.9 %). This means that around half of all imports are accounted for by these four major product groups. Adding in the categories for metals and metal products (7.5 %), road vehicles (7.3 %), and food (7.1 %) brings the total to just under three quarters of all European Union imports of goods.

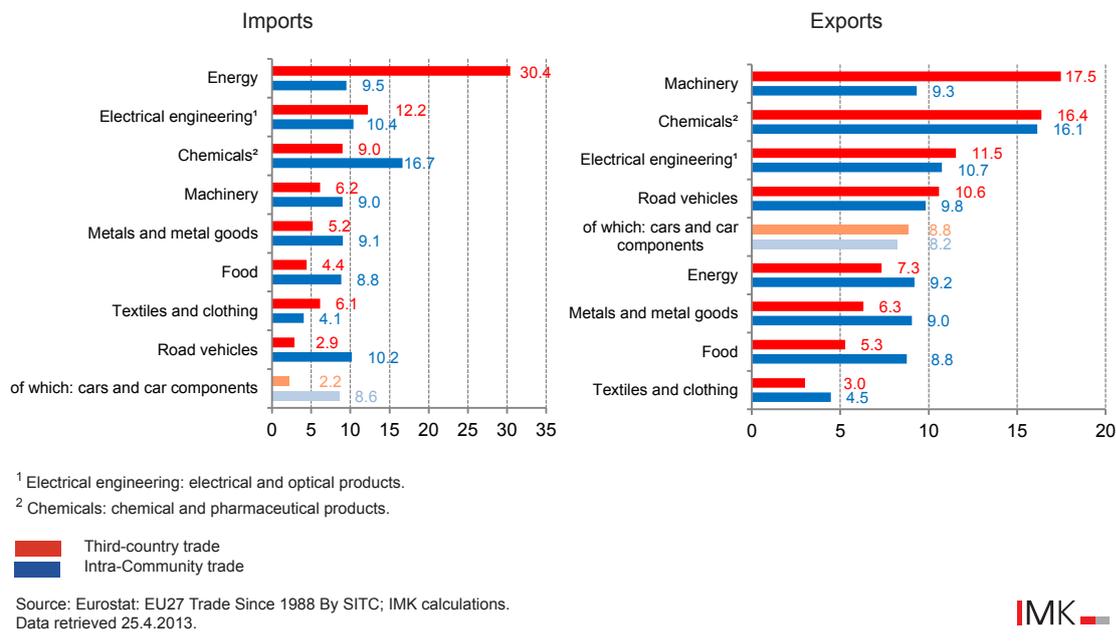
The export side paints a similar picture. Around half of all EU27 exports are chemical and pharmaceutical products (16.2 %), machinery (12.4 %), electrical and optical goods (11.0 %), and road vehicles (10.1 %). Adding in energy, metals and metal goods, and food – 8.4 %, 8.0 % and 7.5 % respectively – takes the total accounted for by these

¹² The Standard International Trade Classification (SITC) is a system for classifying goods for foreign trade statistics purposes. Table A2 (Appendix) shows which two-digit codes have been amalgamated into larger product groups.

FIGURE 5

EU27 trade in goods broken down by product groups 2012

Share of intra-Community trade and third-country trade in %



seven product groups to almost three quarters of total EU exports.

Differentiating between intra-Community trade and third-country trade raises the question of the relative importance of each of these product groups: do they have a similar weighting in intra-Community and third-country trade, or are there significant differences? Figure 5 shows the proportion of intra-Community and third-country trade accounted for by each product group.

This shows that in terms of imports, by far the largest discrepancy arises in relation to energy, which accounts for three times more as a proportion of third-country trade than of intra-Community trade (30.4 % and 9.5 % respectively). This picture is, however, reversed when it comes to chemical and pharmaceutical products and road vehicles: these groups make up 16.7 % and 10.2 % respectively of intra-Community trade, a higher proportion than their share of total third-country trade (9.0 % and 2.9 % respectively). Machinery, metals and metal goods, and food also make up a larger proportion of intra-Community imports than of third-country imports.

On the export side, machinery accounts for almost twice as high a proportion of third-country trade as it does of intra-Community trade (17.5 % and 9.3 % respectively). By contrast, energy, metals and metal goods, and food account for a slightly larger proportion of intra-Community trade than of third-country trade. Overall, however, and

with a few exceptions, individual product groups make up broadly similar proportions of both intra-Community trade and third-country trade.

Finally, we consider the major EU trading partners, in both import and export terms, for the five largest groups of goods – chemical and pharmaceutical products, energy, machinery, electrical and optical goods, and road vehicles. Figures 6A and 6B show the individual country groups that, in 2012, accounted for more than 5 % of total imports or exports in each product group; all other countries are included under ‘Other’.

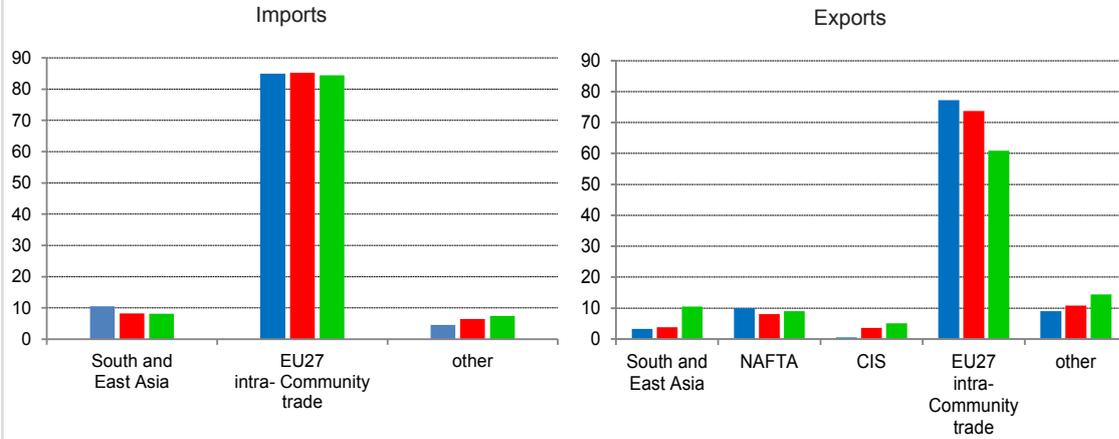
For the EU Member States, intra-Community trade – that is, their trade with each other – makes up the largest component of their total foreign trade. In terms of imports, the proportion of the different product groups in intra-Community trade has remained broadly the same over time. South and East Asian countries exported more to the EU between 1999 and 2012, while NAFTA countries exported less. There was also a shift in the profile of energy imports: CIS states exported considerably more to the EU27 over this period, while imports from the Middle East and Norway fell markedly.

On the export side, too, intra-Community trade dominated, although it has been accounting for a declining proportion of the EU27’s foreign trade over time. The countries of South and East Asia and the CIS states have become increasingly important markets for European goods while the EU has been exporting somewhat less to NAFTA.

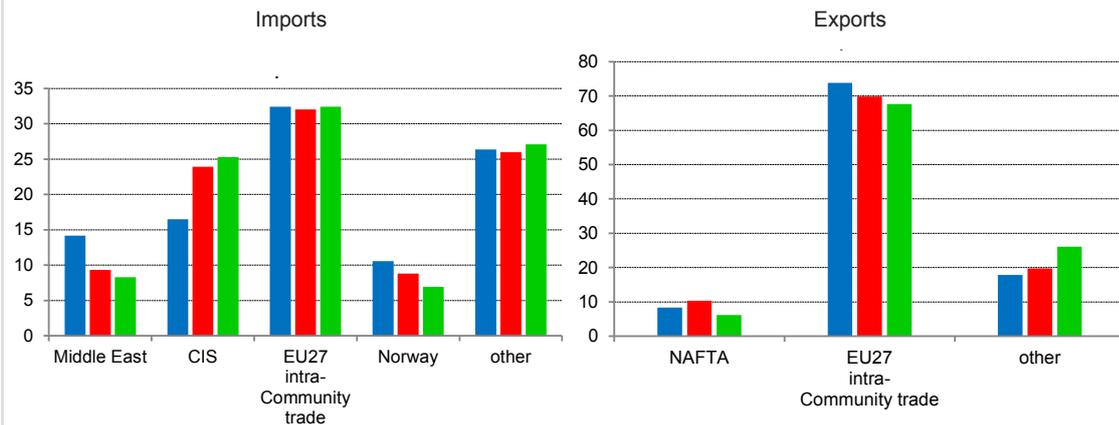
Proportion of EU27 imports and exports accounted for by major trading partners

in %

Road vehicles



Energy



1999 2007 2012

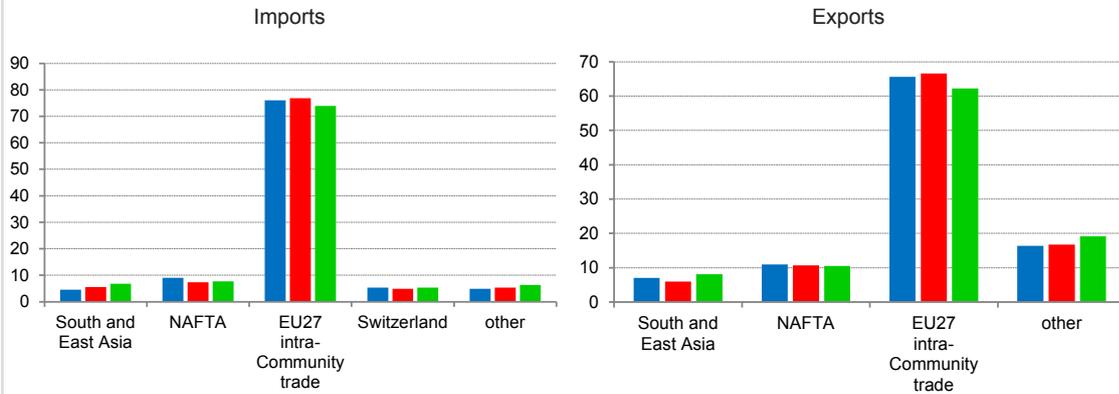
Source: Eurostat: EU27 Trade Since 1988 by SITC; IMK calculations



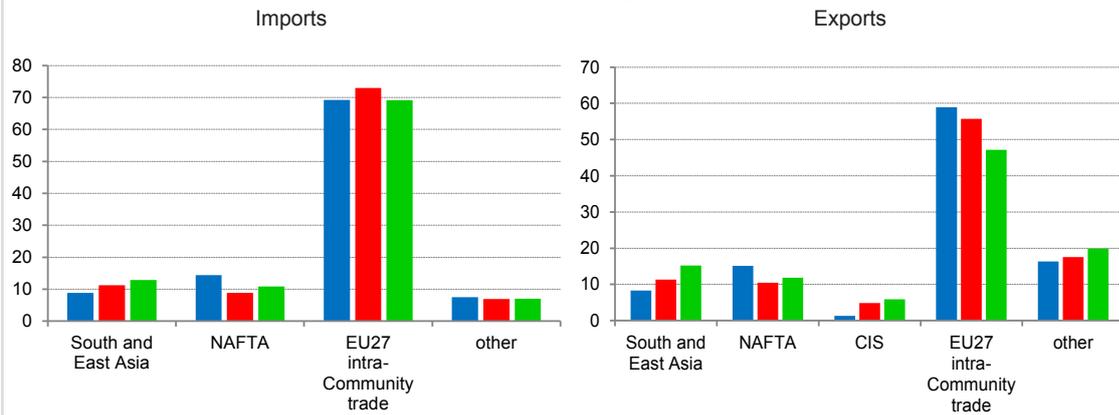
Proportion of EU27 imports and exports accounted for by major trading partners

in %

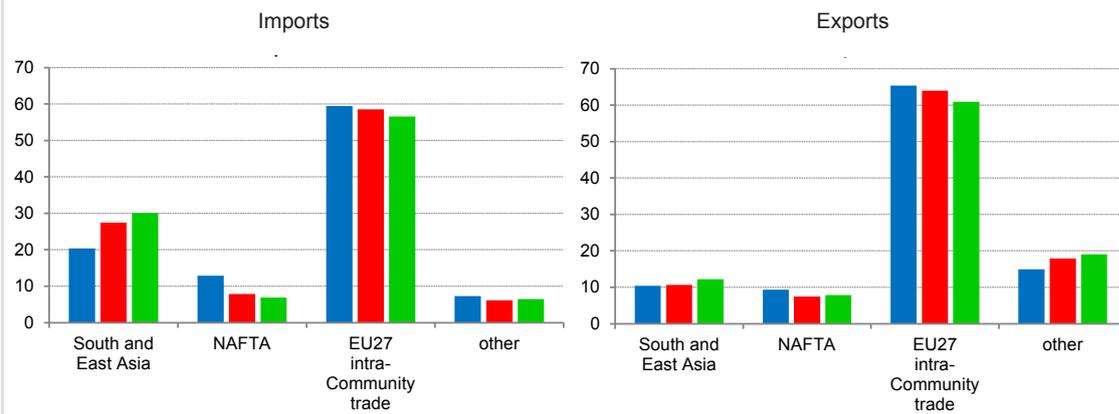
Chemical and pharmaceutical products



Machinery



Electrical and optical goods



■ 1999 ■ 2007 ■ 2012

Source: Eurostat: EU27 Trade Since 1988 by SITC; IMK calculations.



EU and USA pin hopes on planned transatlantic trade agreement

The European Union and the United States of America are the world's two largest economic areas, so trade relations between them are of particular interest. This is especially true against the backdrop of concrete negotiations, due to begin in 2013, on a transatlantic free trade agreement. This process, which was initiated back in 2007, has – with the support of the US and EU governments – so far produced a specific negotiation proposal put forward by the High Level Working Group on Jobs and Growth (2013). This proposal comprises a comprehensive trade and investment agreement providing for lowering of tariff and non-tariff trade barriers and liberalisation in cross-border investment and public procurement. The aim is gradual harmonisation of technical standards and procedures with a view to stimulating trade between the two economic areas.

Politicians on both sides of the Atlantic are pinning their hopes on the proposed trade agreement, which is viewed, among other things, as an important tool for accelerating recovery from the economic and financial crisis still besetting both the US and the European economies. Customs duties are already very low¹, so any far-reaching impact from such an agreement is more likely to be the result of planned liberalisation and opening up of markets than of lower duties. Analysing such effects is complex (Felbermayr et al. 2013) and politically controversial, not least as major national regulations may be affected. Here, we confine ourselves to describing the relative importance and structure of the trade relations between the EU and the USA and how they changed between 1999 and 2012. The data raise doubts, however, as to whether the huge expectations placed in the proposed trade agreement in terms of providing a short run economic boost are realistic.

Structure of bilateral trade between the EU27 and the USA

The USA and Europe have traditionally had very close trading links; Europe has always been a key American trading partner, and vice versa. However, since the 1990s, many Asian countries and former eastern bloc states have entered the global trade arena as they have begun their 'catch-up' and transformation processes. As our analysis has shown, this also had a considerable impact on trade relations between the EU and the USA. Overall, the South and East Asian countries and the CIS states have become increasingly important as EU27 trading partners, while traditional trading partners – including the USA – have become less important.

The structure of bilateral trade in goods between the European Union and the United States of America between 1999 and 2012, broken down by product group, can be summarised as follows. In 1999, almost 60 % of the EU's total imports from the USA were electrical and optical goods and computers (29.7 %), machinery (17.0 %), or chemical and pharmaceutical products (12.7 %) (Table K1). The same product groups also represented major import groups in 2012 but had lost around five percentage points from their weighting in total imports, falling from 59.4 % in 1999 to 54.5 %. This trend conceals some striking shifts within individual product groups. For example, electrical and optical goods and computers fell more than 14 percentage points over the period, to just 16.2 % of total EU imports from the USA, reflecting the fact that American producers of electronic consumer goods were under severe global market pressure from Asian manufacturers. By contrast, chemical and pharmaceutical products put on more than eight percentage points between 1999 and 2012 to account for 21.2 % of EU imports from the USA by 2012. The proportion of imports accounted for by machinery remained largely unchanged over the period.

In 1999, some 62 % of the EU's total exports to the USA comprised electrical and optical goods and computers (16.5 % of all exports), machinery (18.7 %), chemical and pharmaceutical products (14.7 %), and cars and car components (11.9 %) (Table K1). In 2012, too, these groups were still the major export product groups, but they had grown in importance over the period, putting on around three percentage points to account for 65.1 % of all EU exports to the USA. The picture for different product groups varied widely, however, with electrical and optical equipment and computers falling by four percentage points as a proportion of total exports because of a significant decline in computer exports, probably

¹ The European Commission (2013) cites WTO estimates that customs duties average 5.2% for the EU and 3.5% for the USA.

because European computer manufacturers lost market share to their Asian competitors. Chemical and pharmaceutical products, by comparison, put on eight percentage points, to account for 22.7 % of exports to the USA, while machinery exports remained largely unchanged over the period. There was major fluctuation in car and car component exports over the period under consideration; they grew between 1999 and 2012 to 14 % of all exports but then plummeted to 8 % in 2009. They have since risen again, to 11 %.

TABLE K1

EU27 trade in goods with the USA

EU27 imports from the USA	EUR billion			As a proportion of EU27 imports from the USA in %		
	1999	2007	2012	1999	2007	2012
Chemicals ¹	21.0	35.8	43.7	12.7	20.2	21.2
Machinery	28.2	28.9	35.2	17.0	16.3	17.1
Computers/electrical engineering	49.3	40.5	33.4	29.7	22.9	16.2
of which: Electrical engineering ²	34.7	33.0	28.5	20.9	18.7	13.8
Computers	14.6	7.5	4.9	8.8	4.2	2.4
Road vehicles	5.4	9.2	7.8	3.3	5.2	3.8
of which: cars and car components	4.7	8.2	6.9	2.8	4.7	3.4
Metals and metal goods	5.1	7.2	7.4	3.0	4.1	3.6
Commodities	5.0	7.4	7.0	3.0	4.2	3.4
Food	3.5	4.9	5.5	2.1	2.8	2.7
Paper and paper products	2.4	2.4	2.6	1.4	1.4	1.3
Energy	1.6	4.2	19.7	1.0	2.4	9.6
Textiles and clothing	2.2	1.6	1.7	1.3	0.9	0.8
Rubber goods	0.8	1.0	1.0	0.5	0.6	0.5
Other goods	41.4	33.9	41.0	25.0	19.1	19.9
Total imports	165.9	177.1	205.8	100.0	100.0	100.0

EU27 exports to the USA	EUR billion			As a proportion of EU27 exports to the USA in %		
	1999	2007	2012	1999	2007	2012
Chemicals ¹	27.4	54.9	66.4	14.7	21.2	22.7
Machinery	35.0	44.2	53.0	18.7	17.0	18.2
Computers/electrical engineering	30.9	34.3	36.7	16.5	13.2	12.6
of which: Electrical engineering ²	23.8	29.8	33.5	12.7	11.5	11.5
Computers	7.1	4.5	3.2	3.8	1.7	1.1
Road vehicles	23.4	31.7	34.0	12.5	12.2	11.6
of which: cars and car components	22.2	30.3	32.0	11.9	11.7	11.0
Metals and metal goods	9.0	15.7	17.8	4.8	6.1	6.1
Commodities	1.4	2.4	2.6	0.8	0.9	0.9
Food	7.5	10.8	13.0	4.0	4.1	4.5
Paper and paper products	2.0	2.2	2.1	1.1	0.9	0.7
Energy	4.7	18.5	19.4	2.5	7.1	6.7
Textiles and clothing	7.5	6.1	6.0	4.0	2.4	2.0
Rubber goods	1.3	1.6	2.3	0.7	0.6	0.8
Other goods	36.8	36.9	38.7	19.7	14.2	13.3
Total exports	187.0	259.2	291.9	100.0	100.0	100.0

¹ Chemicals: chemical and pharmaceutical products.

² Electrical engineering: electrical and optical goods.

Source: Eurostat: EU27 Trade Since 1988 by SITC; IMK calculations.

This analysis gives little solid basis for firm conclusions about the impact of the proposed trade agreement but does provide some relevant data. It shows that the USA has become markedly less important as a trading partner for the EU over recent years; it currently accounts for 4.5 % of all EU27 imports and 6.5 % of all EU27 exports.

The most important goods in trade with the USA are industrial goods and, in particular, capital goods. These goods already attract very low customs duties, at an average across the two economic areas of 2.8 % (Felbermayr et al 2013, Table I.13, p. 39). Further reductions in duties are, therefore, unlikely to have any major impact in boosting bilateral trade in this area.

Lowering non-tariff trade barriers, and in particular harmonising quality and technical standards, is likely to have a greater impact, however. The largest element of bilateral trade between the EU and the USA is intra-industrial trade, with trade between companies within a Group accounting for most of this. For these companies, harmonisation of quality requirements would help remove a significant barrier to US access to the European market and vice versa. In some sectors, however, including food, harmonisation of this kind is likely to be politically controversial and may not be feasible for that reason.

It is, therefore, reasonable to conclude that a transatlantic trade agreement is more likely to boost existing trade links between the EU and the USA than to create significant new links. In particular, no significant short-term macroeconomic growth stimulus can be expected from such an agreement.

EU27 foreign trade since the crisis

Crisis causes huge collapse

The triggers for the global crisis included the post-2007 turbulence on the international financial markets in the wake of the bursting of the property bubble. In 2008, the financial and banking crisis reached the real economy and expanded into a full-blown global crisis. The European Union's foreign trade was reflecting this by the second quarter of 2008: both imports and exports in real terms fell, by 0.4 % and 0.1 % respectively, compared with the first quarter (Figure 7).¹³ In the subsequent four quarters, EU exports collapsed, falling 1.4 %, 6.0 %, 7.9 % and 0.8 % respectively, while the fall in imports was 1.1 %, 5.0 %, 7.2 % and 2.7 % respectively.

In the recovery that followed, foreign trade initially picked up strongly until the debt and banking crisis hit Europe (Horn et al. 2012, Lindner 2013) and curtailed the recovery. This is also reflected in foreign trade: the EU27's export volume is currently less than 5 % above its pre-crisis level, while its import volume is still well below pre-crisis levels. (Figure 7).

¹³ This includes price-adjusted exports and imports of goods and services (chain-linked volume data based on 2005) from the National Accounts. The National Accounts make no distinction between intra-Community trade and third-country trade, listing total imports and exports instead.

Chinese import demand stabilising European exports during the crisis

During 2009, at the height of the crisis, exports of goods from the EU27 fell by 18.3 % in nominal terms.¹⁴ The collapse in intra-Community trade, which declined by almost a fifth (19.2 %), was actually greater than that in third-country trade (16.6 %). The largest drop in external trade was in exports to Russia, which fell by 37.4 %. The price collapse on the commodities market¹⁵ in the wake of the global economic crisis had a dramatic effect on Russian oil and gas revenues, prompting a collapse in Russia's import demand. Exports to the USA also fell markedly, by 17.9 %, while those to South and East Asia declined by rather less (7.5 %): this was because exports to China actually rose, by 5.2 %, partly cancelling out lower sales to other Asian markets, including Japan, Korea and India.

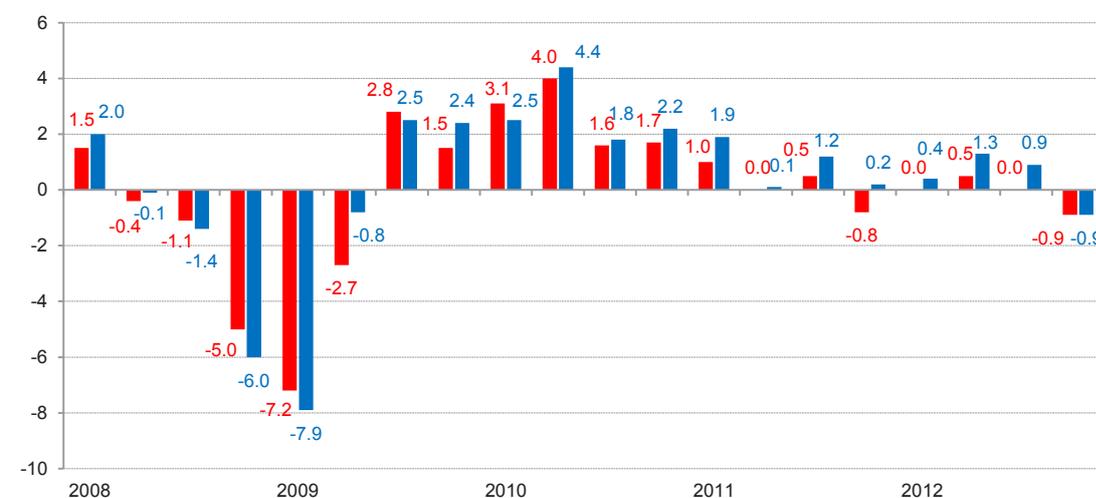
It should also be noted that exports from the European Union to specific countries and regions recovered at different rates from the collapse prompted by the crisis (Figure 8). Exports to China did not decline at all but continued to grow, albeit more slowly, throughout the period, largely be-

¹⁴ Regional scrutiny of foreign trade requires data from foreign trade statistics. All data given here are nominal.

¹⁵ For example, the cost of UK Brent crude oil fell from its July 2008 record of more than USD 132 per barrel to less than USD 40 per barrel in December 2008, a fall in price of almost 70%.

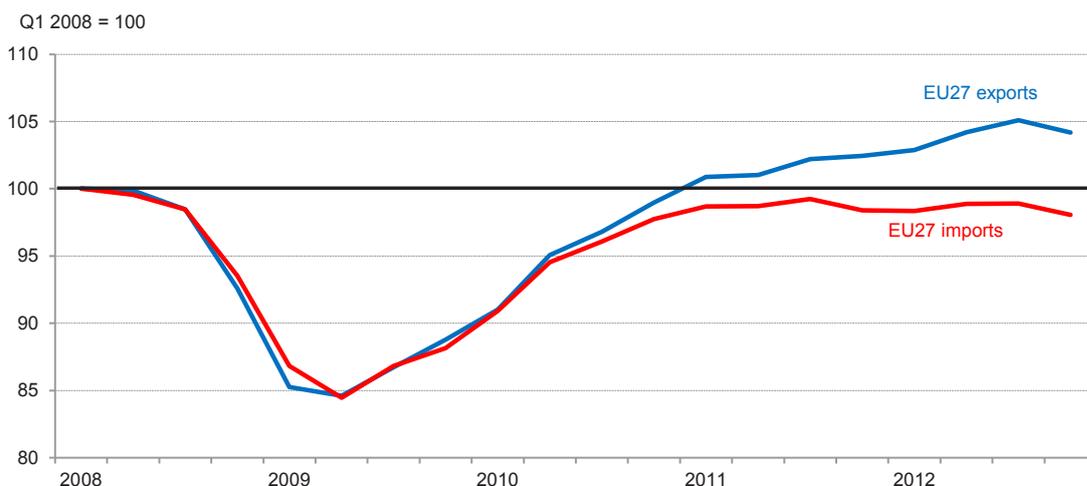
Trends in EU27 exports¹ and imports¹ since the start of the crisis

Change from previous quarter in %



■ EU27 imports ■ EU27 exports

¹ Chain-linked volume data on basis year 2005.



Source: Eurostat; IMK calculations.



cause the Chinese government launched a massive economic stimulus programme¹⁶, which stabilised the country's economy and was a key factor in preserving China's status as a major consumer nation. EU exports to China are currently more than 80 % above their pre-crisis level in nominal terms.

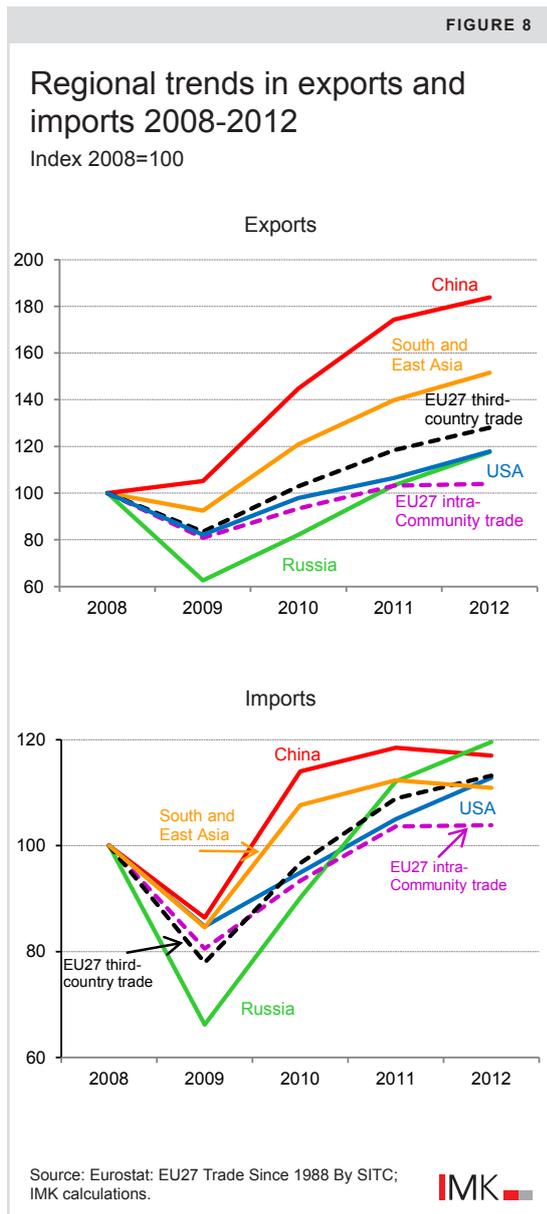
By contrast, exports to the USA and Russia took much longer to recover from their crisis-induced decline. Exports to the USA fell less rapidly than those to Russia in 2009 but also recovered more

slowly. EU exports to both countries are currently almost 18 % above their pre-crisis level in nominal terms.

The high rate of growth in trade in goods with China was a major factor in ensuring recovery from the crisis as early as 2010. EU exports to third countries are currently almost 30 % above their pre-crisis level in nominal terms.

At the height of the crisis, in 2009, EU imports fell 20.5 % in nominal terms, with a somewhat greater collapse in third-country trade than in intra-Community trade (22.1 % as opposed to 19.5 %). Imports from oil- and gas-exporting countries were

¹⁶ This economic stimulus programme was worth RMB 4 trillion, equivalent to about 13 % of China's Gross Domestic Product at that time.



particularly hard hit, with imports from Russia, Norway and the Middle East down 33.8 %, 28.3 % and 36.2 % respectively. This decline was attributable largely to the collapse in prices on the international commodities markets, which dramatically reduced the value of energy commodities. The EU also imported 15 % fewer goods from the USA and from countries in South and East Asia.

Over the next two years, the EU's demand for imports picked up only slowly, and it was not until 2011 that imports in nominal terms regained their pre-crisis levels. EU imports from third countries are currently well over 13 % higher than their pre-crisis level, while intra-Community imports are less than 4 % up over the same period. The main reasons why intra-Community trade is not recovering are that the euro area is still locked in crisis and that austerity policies across Europe are hampering recovery in domestic demand. Since the third quar-

ter of 2011, Eurostat has recorded negative growth rates for the EU27 aggregate.

Looking back and looking forwards

Between 1999 and 2012, the EU stepped up its trading relations with third countries, although intra-Community trade still makes up the bulk of its foreign trade, at around 60 %. Any assessment of trends in EU27 foreign trade needs, therefore, to take both elements into consideration.

Analysis of the EU27's third-country trade shows that over recent years, the European Union has benefitted from the 'catch-up' process in the rapidly growing emerging economies, especially China and Russia, and the high levels of demand from these countries for capital goods and production plant.

During the crisis in 2008/2009, robust import demand from China made up the mainstay of EU exports, and the EU's third-country trade would have been much more severely damaged by the negative impact of the crisis had it not been for the massive economic stimulus package put in place by the Chinese government, which stabilised the country's economy, including domestic demand. This shows how important the stimulus package was in stabilising the global economic situation at that time. Future trends in trade with China will depend largely on whether China is now able to meet its demand for capital goods from its own output or whether it continues to import such goods in significant quantities. However, positive effects can be expected from China's project to boost its own domestic demand, with particular benefit to Europe's consumer goods and automotive sectors.

Turning to third-country trade, China, Russia and the USA continue to be major EU trading partners. However, over recent years, the USA has lost market share: in 2012, the US market accounted for 4.5 % of all EU27 imports and 6.5 % of its total exports. The question arises of whether, against this backdrop, a transatlantic free trade agreement could provide substantial impetus for economic growth.

Industrial goods, and particularly capital goods, make up the largest proportion of trade with the USA. Customs duties on such goods are already very low, so any further reduction could be expected to provide only a modest boost in bilateral trade.

The picture is rather different when it comes to lowering non-tariff trade barriers and, in particular, harmonising quality and technical standards. Bilateral trade between the EU and the USA is primarily intra-industrial trade – that is, it is concentrated on trade in goods between companies within

a Group. For these companies, harmonised quality requirements would help to dismantle a significant barrier to US access to the European market (and vice versa). In some sectors, however, including food, harmonisation of this kind is likely to be politically controversial and may not be feasible for that reason.

It can be assumed that a free trade agreement would be more likely to strengthen existing trade relations between the EU and the USA and less likely to create many new linkages. Any real benefit is also likely to be long-term, with no prospect of short-term macroeconomic impetus.

Providing short-term stimulus to the European economy requires measures to regenerate the EU's

intra-Community trade, which, as a proportion of its foreign trade, is almost ten times greater than trade with the USA. The heart of the problem remains the ongoing unresolved crisis in the euro area. Simultaneous austerity policies in large numbers of EU Member States, covering most of the EU, have driven Europe into recession. It is high time that this approach was abandoned. The Member States not affected by the crisis who still have room for manoeuvre – especially Germany – must now make an active contribution to regenerating the European economy with the aim of stimulating demand across Europe and making it easier for the crisis countries to make the necessary adjustments.

Country groups and countries

CIS	Armenia Azerbaijan Belarus Georgia Kazakhstan Kyrgyzstan Moldavia Russia Tajikistan Turkmenistan Ukraine Uzbekistan	NAFTA	Canada Mexico USA	Middle East	Bahrain Iran Iraq Israel Jordan Kuwait Lebanon Oman Palestinian Territories Qatar Saudi Arabia Syria United Arab Emirates Yemen
Central and South America	Argentina Belize Bolivia Brazil Chile Colombia Costa Rica Ecuador El Salvador Falkland Islands Guatemala Guyana Honduras Nicaragua Panama Paraguay Peru Suriname Uruguay Venezuela	South and South-East Asia	Afghanistan Bangladesh Bhutan Brunei Darussalam Cambodia China East Timor Hong Kong India Indonesia Japan Laos Macao Malaysia Maldives Mongolia Myanmar Nepal North Korea Pakistan Philippines Singapore South Korea Sri Lanka Taiwan Thailand Vietnam		

Source: IMK compilation.



TABLE A2

Make-up of product groups

Product groups	SITC (2 digit codes)
Food and drink	01-07, 09, 11
Commodities (excluding food and mineral fuels)	21-24, 26-29
Paper and paper goods	25, 64
Energy	32-35
Chemical and pharmaceutical products	51-59
Textiles, clothing and leather	61, 65, 84, 85
Rubber goods	62
Metals and metal goods	67-69
Machinery	71-74
Computers	75
Electrical and optical goods	76, 77, 87, 88
Road vehicles	78
of which: cars and car components	781

Source: IMK compilation.



Standard International Trade Classification (SITC)

2-digit codes

SITC-00	Live animals other than animals of division 03	SITC-59	Chemical materials and products, n.e.s.
SITC-01	Meat and meat preparations	SITC-60	Goods for complete manufacturing plant, divisions 69,70,72,73,76
SITC-02	Dairy products and birds' eggs	SITC-61	Leather, leather manufactures, n.e.s. and dressed furskins
SITC-03	Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates and preparations thereof	SITC-62	Rubber manufactures, n.e.s.
SITC-04	Cereals and cereal preparations	SITC-63	Cork and wood manufactures (excluding furniture)
SITC-05	Vegetables and fruit	SITC-64	Paper, paperboard and articles of paper pulp, of paper or of paperboard
SITC-06	Sugars, sugar preparations and honey	SITC-65	Textile yarn, fabrics, made-up articles, n.e.s., and related products
SITC-07	Coffee, tea, cocoa, spices and manufactures thereof	SITC-66	Non-metallic mineral manufactures
SITC-08	Feeding stuff for animals (not including unmilled cereals)	SITC-67	Iron and steel
SITC-09	Miscellaneous edible products and preparations	SITC-68	Non-ferrous metals
SITC-11	Beverages	SITC-69	Manufactures of metals, n.e.s.
SITC-12	Tobacco and tobacco manufactures	SITC-70	Goods for complete manufacturing plant, divisions 84, 85, 87
SITC-21	Hides, skins and furskins, raw	SITC-71	Power-generating machinery and equipment
SITC-22	Oil-seeds and oleaginous fruits	SITC-72	Machinery specialised for particular industries
SITC-23	Crude rubber (including synthetic and reclaimed)	SITC-73	Metalworking machinery
SITC-24	Cork and wood	SITC-74	General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.
SITC-25	Pulp and waste paper	SITC-75	Office machines and automatic data-processing machines
SITC-26	Textile fibres (other than wool tops or other combed wool) and their wastes (not manufactured into yarn or fabric)	SITC-76	Telecommunications and sound-recording and -reproducing apparatus and equipment
SITC-27	Crude fertilisers, other than those of division 56, and crude minerals (excluding coal, petroleum and precious stones) ¹	SITC-77	Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof (including non-electrical counterparts, n.e.s., of electrical household equipment)
SITC-28	Metalliferous ores and metal scrap ²	SITC-78	Road vehicles (including air-cushion vehicles)
SITC-29	Crude animal and vegetable materials, n.e.s. ³	SITC-79	Other transport equipment
SITC-32	Coal, coke and briquettes	SITC-80	Goods for complete manufacturing plant, divisions 90, 94
SITC-33	Petroleum, petroleum products and related materials	SITC-81	Sanitary plumbing, heating and lighting fixtures and fittings, n.e.s.
SITC-34	Gas, natural and manufactured	SITC-82	Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similarly stuffed furnishings
SITC-35	Electric current	SITC-83	Travel goods, handbags and similar containers
SITC-41	Animal oils and fats	SITC-84	Articles of apparel and clothing accessories
SITC-42	Fixed vegetable fats and oils, crude, refined or fractionated	SITC-85	Footwear
SITC-43	Animal or vegetable fats and oils, processed; waxes of animal or vegetable origin; inedible mixtures or preparations of animal or vegetable fats or oils, n.e.s.	SITC-87	Professional, scientific and controlling instruments and apparatus, n.e.s.
SITC-51	Organic chemicals	SITC-88	Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks
SITC-52	Inorganic chemicals	SITC-89	Miscellaneous manufactured articles, n.e.s.
SITC-53	Dyeing, tanning and colouring materials	SITC-93	Special transactions and commodities not classified according to kind
SITC-54	Medicinal and pharmaceutical products	SITC-94	Goods for complete manufacturing plant, division 99
SITC-55	Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations	SITC-96	Coin (other than gold coin), not being legal tender
SITC-56	Fertilisers (other than those of group 272)	SITC-97	Gold, non-monetary (excluding gold ores and concentrates)
SITC-57	Plastics in primary forms	SITC-99	Items barred from foreign trade statistics
SITC-58	Plastics in non-primary forms		

¹ Stones, sand, gravel, quartz, slag, etc.² Ores and scrap metal³ Bones, horn, ivory, coral, seed, plant and flowers, etc.

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