



## BRIEFING PAPER

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# Geographical pattern of UK trade

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## Summary

This note looks at the UK's main trading partners over the last 10-15 years.

The EU as a bloc is the UK's largest trading partner. In 2016, it accounted for 43% of UK exports of goods and services and 54% of the UK's imports. The EU's share of UK exports has been falling in recent years: in 1999, the EU's share was nearly 55%.

Looking at individual countries, the US is the UK's largest trading partner. The UK exported £100 billion of goods and services to the US in 2016, 18% of the total. This was slightly more than twice as much as exports to Germany, the second largest export market (£49 billion). 10 of the UK's top 25 export markets in 2016 were EU member states, as were 13 of the top 25 countries from which the UK imports.

Trade with China has expanded rapidly in recent years. China now accounts for over 7% of UK imports compared with 1.5% in 1999. It is the fourth largest source of UK imports. The UK exported nearly £17 billion to China in 2016 making it the eighth largest export market for the UK. Trade with India has also increased. India's share of UK imports has increased from 0.9% to 1.6% since 1999.

The Commonwealth accounts for around 10% of UK trade. This proportion has remained reasonably stable over the last decade. The UK's largest trading partners among the Commonwealth countries are India, Australia, Canada, Singapore and South Africa.

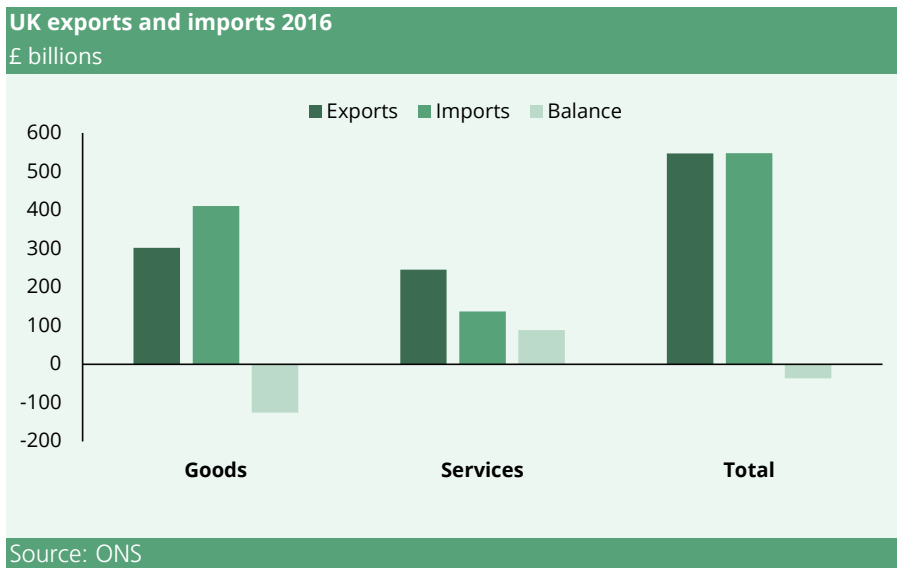
# 1. Introduction

In 2016, total UK exports were £548 billion and total imports were £591 billion. The UK had a trade deficit of £43 billion.

Total trade can be broken down into goods and services. The UK has a trade deficit in goods but a surplus on trade in services. UK exports of goods were £302 billion and goods imports were £438 billion in 2016. The UK's deficit on trade in goods was £135 billion. UK exports of services were £245 billion in 2016. Imports of services were £153 billion giving a surplus of £92 billion.<sup>1</sup>

UK trade, 2016			
£ billion			
	Exports	Imports	Balance
Goods	302.1	437.5	-135.4
Services	245.4	153.0	92.4
Total	547.5	590.5	-43.0

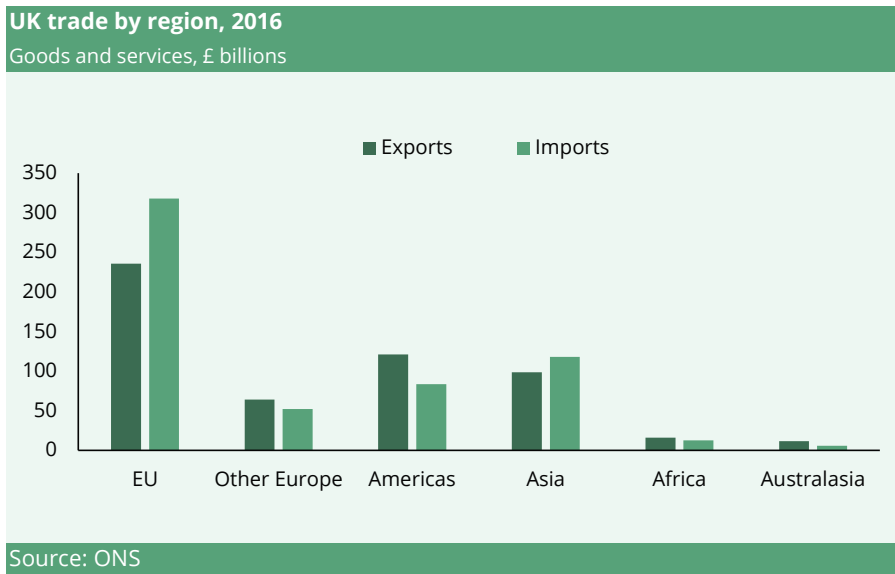
Source: ONS, Pink Book 2017



<sup>1</sup> ONS, [Pink Book 2017](#), section 9, Geographical breakdown of the current account, October 2017

## 2. Overview

The chart below shows the overall pattern of UK trade in 2016. The EU is the largest trading partner accounting for 43% of UK exports of goods and services and 54% of imports. The rest of Europe accounts for around 12% exports and 9% of imports. Asia accounts for around 20% of UK imports and exports. The Americas accounted for 22% of UK exports in 2016 and 14% of imports.



The table below shows more detail on trade with individual trading partners. Trade with the EU, US, China, India and the Commonwealth is discussed in more depth in the following sections.

UK trade in goods and services by trading partner, 2016						
	Exports		Imports		Balance £ billion	
	£ billion	% of total exports	£ billion	% of total imports		
<b>Europe</b>						
EU	235.8	43.1%	318.0	53.9%	-82.2	
<b>EFTA</b>						
Iceland	0.8	0.1%	0.8	0.1%	-0.1	
Liechtenstein	0.1	0.0%	0.0	0.0%	0.0	
Norway	5.7	1.0%	14.9	2.5%	-9.2	
Switzerland	21.0	3.8%	13.7	2.3%	7.3	
Total EFTA	27.5	5.0%	29.5	5.0%	-2.0	
Other Europe	37.0	6.8%	23.0	3.9%	14.0	
<b>Total Europe</b>	<b>300.1</b>	<b>54.8%</b>	<b>370.2</b>	<b>62.7%</b>	<b>-70.1</b>	
<b>Americas</b>						
Canada	8.3	1.5%	7.1	1.2%	1.2	
United States of America	99.6	18.2%	66.3	11.2%	33.3	
<b>Total Americas</b>	<b>121.1</b>	<b>22.1%</b>	<b>83.6</b>	<b>14.2%</b>	<b>37.5</b>	
<b>Asia</b>						
China	16.8	3.1%	42.3	7.2%	-25.4	
Hong Kong	8.8	1.6%	8.4	1.4%	0.4	
India	5.7	1.0%	9.7	1.6%	-3.9	
Japan	12.5	2.3%	11.5	1.9%	1.0	
Singapore	7.2	1.3%	4.5	0.8%	2.7	
South Korea	6.1	1.1%	5.3	0.9%	0.8	
<b>Total Asia</b>	<b>98.6</b>	<b>18.0%</b>	<b>118.0</b>	<b>20.0%</b>	<b>-19.5</b>	
<b>Australasia &amp; Oceania</b>						
Australia	8.6	1.6%	4.5	0.8%	4.1	
<b>Total Australasia &amp; Oceania</b>	<b>11.5</b>	<b>2.1%</b>	<b>5.9</b>	<b>1.0%</b>	<b>5.7</b>	
<b>Total Africa</b>	<b>16.0</b>	<b>2.9%</b>	<b>12.7</b>	<b>2.1%</b>	<b>3.4</b>	
<b>World total</b>	<b>547.5</b>	<b>100.0%</b>	<b>590.5</b>	<b>100.0%</b>	<b>-43.0</b>	

Source: ONS Pink Book 2017, Table 9.3

### 3. UK trade with particular trading partners

#### 3.1 Top 25 trading partners

The UK's top 25 trading partners in 2016 are shown in the two tables below. The US is by some way the UK's largest export market if attention is limited to individual countries, rather than trading blocs like the EU. Exports to the US were £99.6 billion in 2016, 19% of the total. Germany was the second largest export market in 2016 at £49 billion. 10 of the UK's top 25 export markets are in the EU.

Top 25 UK export markets Goods and services 2016		
	£ billion	% of exports
United States	99.6	19.4%
Germany	49.1	9.6%
France	33.8	6.6%
Netherlands	31.0	6.0%
Ireland	26.7	5.2%
Switzerland	21.0	4.1%
Italy	17.3	3.4%
China	16.8	3.3%
Belgium	15.9	3.1%
Spain	14.6	2.8%
Japan	12.5	2.4%
Sweden	10.9	2.1%
Hong Kong	8.8	1.7%
Australia	8.6	1.7%
Canada	8.3	1.6%
Singapore	7.2	1.4%
Saudi Arabia	6.2	1.2%
South Korea	6.1	1.2%
Poland	5.9	1.1%
Denmark	5.8	1.1%
India	5.7	1.1%
Turkey	5.7	1.1%
Norway	5.7	1.1%
Russia	5.3	1.0%
South Africa	4.3	0.8%

Source: ONS

Germany was the largest source of UK imports in 2016. The UK imported £75 billion from Germany, nearly 13% of all UK imports. The US was the second largest source of imports at £66 billion and the Netherlands third at £42 billion. 12 of the top 25 import markets were in the EU in 2016.

<b>Top 25 UK imports markets</b>		
Goods and services 2016		
	<b>£ billion</b>	<b>% of imports</b>
Germany	75.1	12.7%
United States	66.3	11.2%
Netherlands	42.4	7.2%
China	42.3	7.2%
France	37.6	6.4%
Spain	28.0	4.7%
Belgium	26.2	4.4%
Italy	22.6	3.8%
Ireland	20.8	3.5%
Norway	14.9	2.5%
Switzerland	13.7	2.3%
Japan	11.5	1.9%
Poland	11.5	1.9%
India	9.7	1.6%
Turkey	8.8	1.5%
Sweden	8.4	1.4%
Hong Kong	8.4	1.4%
Canada	7.1	1.2%
Czech Republic	6.1	1.0%
Denmark	5.4	0.9%
Portugal	5.3	0.9%
South Korea	5.3	0.9%
Russia	4.7	0.8%
Australia	4.6	0.8%
Singapore	4.5	0.8%

Source: ONS

## 3.2 EU

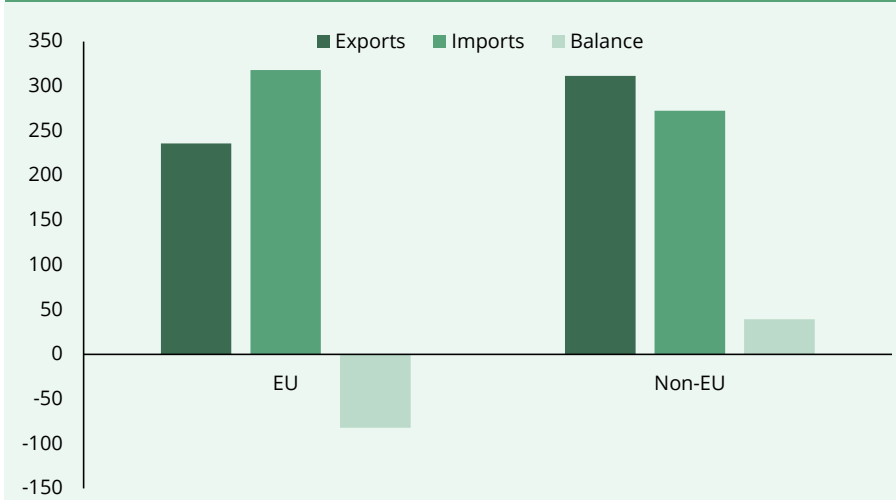
In 2016, the UK exported £236 billion of goods and services to other EU member states. This is equivalent to 43.1% of total UK exports. Goods and services imports from the EU were worth £318 billion (53.9% of the total) in 2016. The UK had a trade deficit of £82 billion with the EU in 2016 but a surplus of £39 billion with non-EU countries.



## 9 Geographical pattern of UK trade

### UK trade with EU and non-EU countries, 2016

£ billion, Goods and services



Source: ONS, Pink Book

### UK trade with EU and non-EU countries 2016

Goods and services

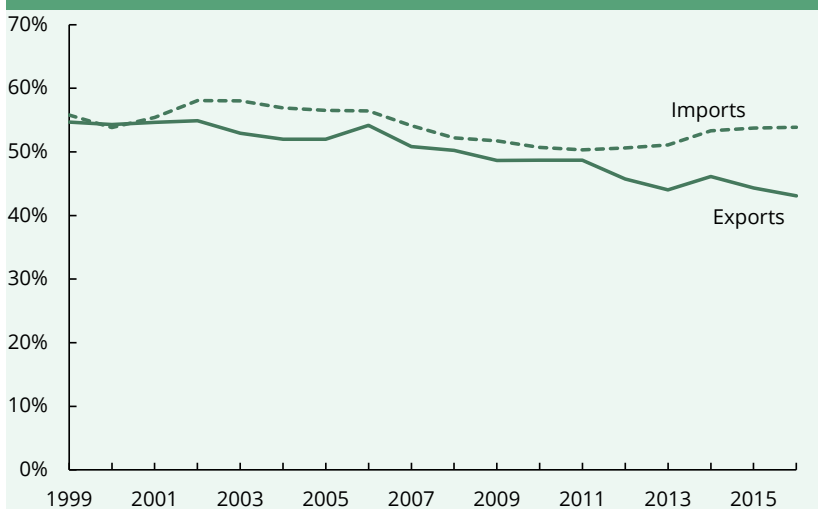
	Exports		Imports		Balance
	£ billion	%	£ billion	%	£ billion
EU	236	43.1%	318	53.9%	-82
Non-EU	312	56.9%	272	46.1%	+39
Total	547	100.0%	590	100.0%	-43

Source: ONS Pink Book 2017, Table 9.3

The share of UK exports accounted for by the EU fell from 58% in 2002 to 43% in 2016. The EU accounted for 59% of UK imports in 2002. This fell to 50% in 2011 but increased again to 54% in 2016.<sup>2</sup>

### Share of UK trade with EU, 1999-2016

%, Goods and services



Source: ONS

<sup>2</sup> These figures are for the EU28

The table below shows UK trade with each of the other 27 EU member states in 2016. The UK had a trade deficit with 18 of these countries, a surplus with 4 and was broadly in balance with 5.

UK trade with EU Member States, Goods and services, 2016					
	Exports		Imports		Trade balance
	£ billion	% of all UK exports	£ billion	% of all UK exports	£ billion
Austria	3.0	0.6%	4.6	0.8%	-1.6
Belgium	15.9	2.9%	26.2	4.4%	-10.4
Bulgaria	0.7	0.1%	0.7	0.1%	-0.1
Croatia	0.3	0.1%	0.6	0.1%	-0.3
Cyprus	1.1	0.2%	1.3	0.2%	-0.2
Czech Republic	3.1	0.6%	6.1	1.0%	-3.0
Denmark	5.8	1.1%	5.4	0.9%	0.4
Estonia	0.3	0.1%	0.3	0.1%	-0.01
Finland	2.7	0.5%	2.8	0.5%	-0.1
France	33.8	6.2%	37.6	6.4%	-3.8
Germany	49.1	9.0%	75.1	12.7%	-26.0
Greece	1.8	0.3%	3.5	0.6%	-1.7
Hungary	1.9	0.4%	3.5	0.6%	-1.5
Ireland	26.7	4.9%	20.8	3.5%	5.9
Italy	17.3	3.2%	22.6	3.8%	-5.3
Latvia	0.4	0.1%	0.9	0.1%	-0.5
Lithuania	0.5	0.1%	1.0	0.2%	-0.5
Luxembourg	2.6	0.5%	2.6	0.4%	-0.03
Malta	1.1	0.2%	1.0	0.2%	0.1
Netherlands	31.0	5.7%	42.4	7.2%	-11.3
Poland	5.9	1.1%	11.5	1.9%	-5.6
Portugal	2.3	0.4%	5.3	0.9%	-3.0
Romania	1.8	0.3%	2.6	0.4%	-0.8
Slovak Republic	0.8	0.2%	2.9	0.5%	-2.1
Slovenia	0.4	0.1%	0.5	0.1%	-0.1
Spain	14.6	2.7%	28.0	4.7%	-13.4
Sweden	10.9	2.0%	8.4	1.4%	2.5
Total EU28	235.8	43.1%	291.0	49.3%	-82.2

Source: ONS Pink Book 2017, Table 9.3

The figures in this note do not take the “Rotterdam effect” into account. This is the argument that estimates of trade with the EU may be inflated if trade recorded as being with the Netherlands is actually with non-EU countries. There are no official estimates of the size of the Rotterdam effect but even taking it into account, the EU remains the UK’s largest trading partner by some distance.<sup>3</sup>

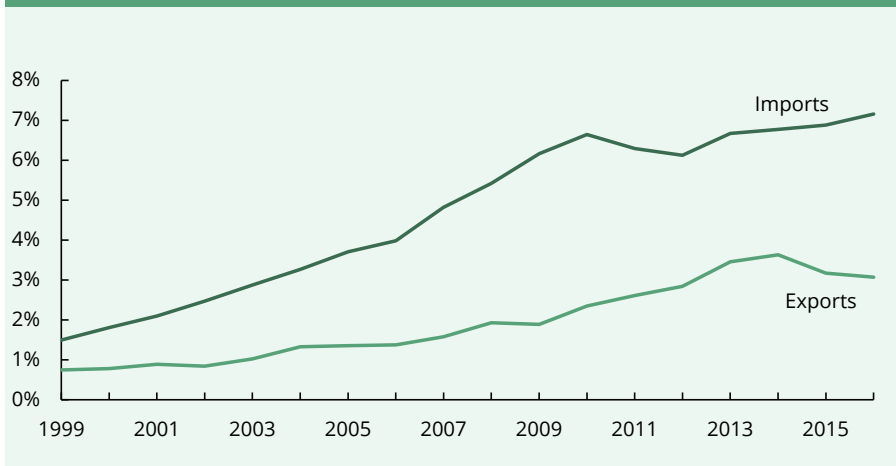
<sup>3</sup> The Rotterdam effect is discussed in more detail in House of Commons Library Briefing Paper 6091, [In brief: UK-EU economic relations](#).

### 3.3 China, India and the US

Trade with China has expanded rapidly over recent years. UK exports to China were nearly £17 billion in 2016. This was a fall compared with 2015 and 2014 when UK exports to China were nearly £19 billion. In 2016, China accounted for over 3% of UK exports, compared with less than 1% in 1999. In 2016, China was the eighth largest UK export market.

Imports from China have increased even more rapidly, reaching £42 billion in 2016, up from £38 billion in 2015. China now accounts for over 7% of UK imports, compared with 1.5% in 1999. China was the fourth largest source of UK imports in 2016.

China's share of UK trade



Source: ONS

Trade with India has also increased, although less rapidly than with China. The UK exported £5.7 billion to India in 2016 - this is the third successive year UK exports to India have fallen, from a high of £8.4 billion in 2013. UK imports from India were worth £9.6 billion. India accounted for 1.0% of UK exports in 2016 up from 0.9% in 1999, though down from a high of 1.7% in 2011. India accounted for 1.6% of UK imports in 2016 up from 0.9% in 1999. India was the 21<sup>st</sup> largest UK export market in 2016 and the 14<sup>th</sup> largest source of UK imports.

India's share of UK trade



Source: ONS

The US is the UK's largest single trading partner. In 2016 the UK exported £100 billion to the US accounting for 18% of UK exports. The US is also the second largest source of UK imports, behind Germany. In 2016, UK imports from the US were £66 billion, around 11% of the total. The US's share of UK's exports has been relatively stable over the last 15 years fluctuating between 16% and 19%. The US accounted for 9% to 11% of UK imports over the last decade, down from 14% in 1999.



### 3.4 Trade with the Commonwealth

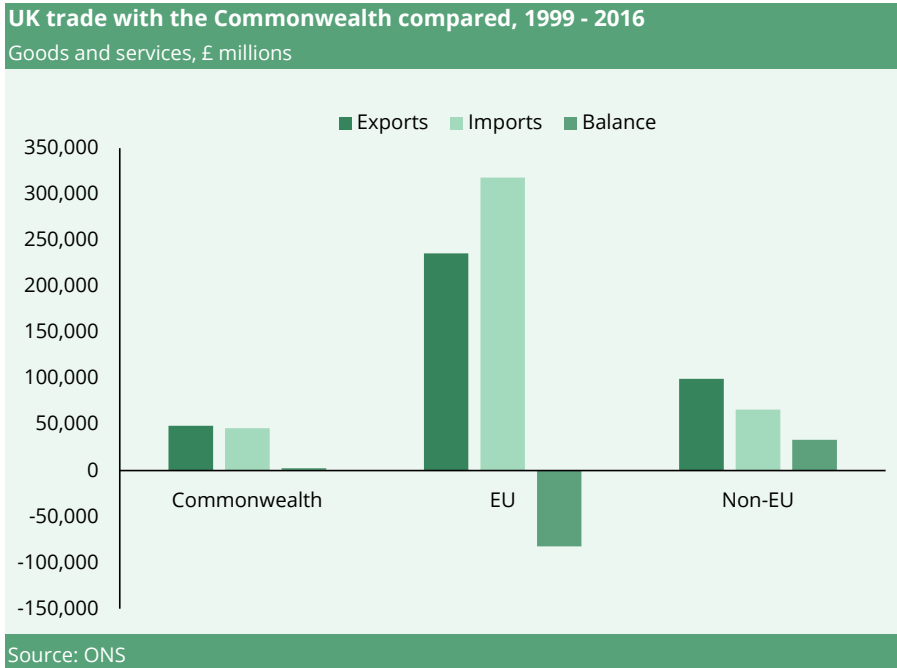
There are 52 members of the Commonwealth besides the UK. These vary greatly in size from G20 economies such as Australia, Canada, India and South Africa to very small economies such as Tuvalu, Vanuatu and Nauru.<sup>4</sup>

The UK's trade with the Commonwealth is heavily focussed on a small number of countries. Five countries (Australia, Canada, India, Singapore and South Africa) accounted for 70% of UK exports to Commonwealth countries and 65% of UK imports from the Commonwealth in 2015.

In 2015, UK exports of goods and services to the Commonwealth were £47.4 billion (9.2% of the total). UK imports from the Commonwealth were £45.5 billion (8.3% of the total). As the chart below shows, trade with the Commonwealth is much lower than trade with the EU and also lower than trade with the US.

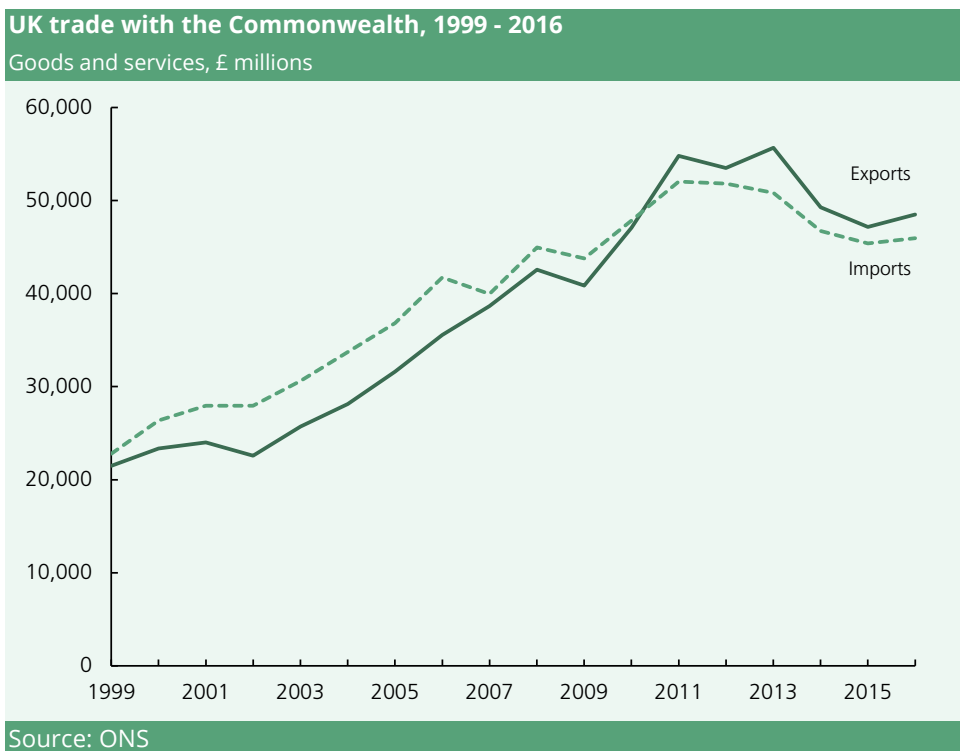
<sup>4</sup> A list of the members of the Commonwealth is [here](#).

## 13 Geographical pattern of UK trade



The chart below shows UK trade with Commonwealth since 1999.<sup>5</sup>

UK exports peaked at £55.6 billion in 2013; UK imports from the Commonwealth peaked at £52.0 billion in 2011.



<sup>5</sup> Unadjusted for inflation.

<b>UK trade with the Commonwealth</b>				
Goods and services				
	<b>Exports</b>		<b>Imports</b>	
	£ billion	% of total	£ billion	% of total
1999	21,487	8.8%	22,800	8.8%
2000	23,354	8.6%	26,371	9.1%
2001	24,027	8.6%	27,957	9.2%
2002	22,595	8.1%	27,961	8.9%
2003	25,723	8.8%	30,635	9.5%
2004	28,152	9.2%	33,735	9.9%
2005	31,628	9.2%	36,814	9.7%
2006	35,540	9.1%	41,722	9.8%
2007	38,659	10.1%	39,958	9.5%
2008	42,554	10.1%	44,948	9.6%
2009	40,859	10.2%	43,764	10.1%
2010	47,070	10.6%	47,849	9.8%
2011	54,794	11.0%	52,037	9.9%
2012	53,476	10.7%	51,809	9.7%
2013	55,647	10.7%	50,817	9.2%
2014	49,257	9.5%	46,737	8.4%
2015	47,157	9.1%	45,397	8.3%
2016	48,503	8.9%	45,938	7.8%

Source: ONS

The table below shows the 10 largest Commonwealth export markets for the UK in 2016. Australia was the largest single market. UK exports to Australia were £8.6 billion in 2015, 17.7% of all UK exports to the Commonwealth and 1.6% of all UK exports. Canada was the second largest market followed by Singapore.

<b>UK's largest Commonwealth exports markets, 2016</b>			
	£ millions	% of exports to Commonwealth	% of total exports
Australia	8,607	17.7%	1.6%
Canada	8,317	17.1%	1.5%
Singapore	7,214	14.9%	1.3%
India	5,741	11.8%	1.0%
South Africa	4,332	8.9%	0.8%
Nigeria	2,146	4.4%	0.4%
Malaysia	2,096	4.3%	0.4%
New Zealand	1,294	2.7%	0.2%
Malta	1,092	2.3%	0.2%
Cyprus	1,055	2.2%	0.2%

Source: ONS

The equivalent data for imports are shown in the table below. The UK imported more from India than any other Commonwealth country in 2016. UK imports from India were £9.7 billion, 21% of all UK imports from the Commonwealth and 1.6% of all UK imports.

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UK's largest source of Commonwealth imports, 2016			
	£ millions	% of exports to Commonwealth	% of total exports
India	9,650	21.0%	1.6%
Canada	7,120	15.5%	1.2%
Singapore	4,490	9.8%	0.8%
Australia	4,471	9.7%	0.8%
South Africa	4,446	9.7%	0.8%
Malaysia	2,580	5.6%	0.4%
Bangladesh	2,438	5.3%	0.4%
Pakistan	1,698	3.7%	0.3%
Sri Lanka	1,390	3.0%	0.2%
Cyprus	1,288	2.8%	0.2%

Source: ONS

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