



DEBATE PACK

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Effect on exports from the North East of the UK leaving the EU

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Summary

This pack has been prepared ahead of the debate on **the effect on exports from the North East of the UK leaving the EU** to take place in Westminster Hall on 25 October 2016 at 4:30pm. The subject for the debate has been chosen by Phil Wilson MP.

- In 2015, the North East exported £7.0 billion of goods to the EU.
- Total exports from the region were £12.1 billion. The EU accounted for 58% of the total. This is well above the UK average (48%).
- Only the South West has a higher share of exports going to the EU.
- 4 of the top 5 export partners for the North East are EU member states. The Netherlands is the largest trading partner followed by the US. Spain, Germany and Belgium are the next largest.

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1. Background

1.1 Referendum result

58.0% of valid votes cast in the North East favoured Leave in the EU referendum, the third highest percentage share for Leave in all counting regions.¹

1.2 UK trade with the EU

UK exported goods and services worth £223 billion to the EU in 2015. The EU accounted for 44% of UK exports and 53% of UK imports. The proportion of UK exports going to the EU has fallen from 55% in 2002. The UK had a trade deficit of £68 billion with the EU in 2015 but a trade surplus of £29 billion with non-EU countries.

UK trade

£ billion, 2015, Goods and services

	EU	Non-EU	Total	% EU
Exports	222.9	285.9	508.8	43.8%
Imports	290.9	256.6	547.4	53.1%
Balance	-68.0	+29.3	-38.7	

Source: ONS, Balance of Payments, 30 September 2016, Table C

¹ See the House of Commons Library briefing paper [European Union Referendum 2016](#) by Elise Uberoi

1.3 North East trade with the EU

The table and chart below show UK exports of goods by each country and region of the UK in 2015. These figures do not include trade in services. The North East exported £7.0 billion of goods to the EU. Total exports from the region were £12.1 billion. The EU thus accounted for 58% of the total. This is well above the UK average (48%). Only the South West has a higher share of exports going to the EU. 4 of the top 5 export partners for the North East are EU member states. The Netherlands is the largest trading partner followed by the US. Spain, Germany and Belgium are the next largest.²

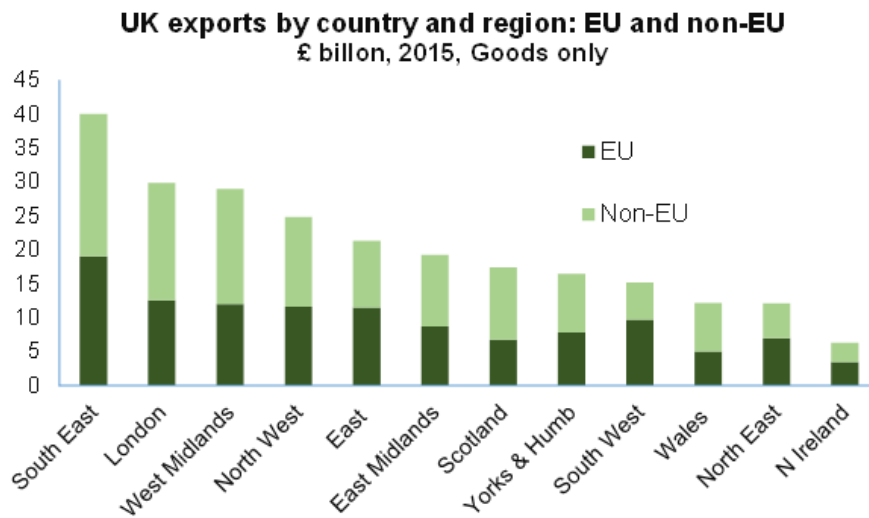
Exports of goods by country and region

£ billion, 2015

	Exports to EU	Total exports	% of country/region's exports going to EU
North East	7.0	12.1	58%
North West	11.7	24.9	47%
Yorks & Humber	7.8	16.5	47%
West Midlands	12.0	29.0	42%
East Midlands	8.7	19.3	45%
East	11.5	21.3	54%
London	12.6	29.9	42%
South East	19.1	40.0	48%
South West	9.7	15.2	64%
England	100.0	208.1	48%
Scotland	6.7	17.4	39%
Wales	5.0	12.2	41%
Northern Ireland	3.5	6.3	55%
Unknown region	18.1	31.4	58%
UK	133.4	275.4	48%

Source: HMRC Regional Trade Statistics, 6 September 2016

² HMRC, [Regional Trade Statistics](#), Second Quarter 2016, 6 September 2016, page 24. Figures are for year ending June 2016.



The table below shows the destination of goods exports from the North East. After the EU, Asia and North America are the next largest destinations accounting for 13% and 11% of the total respectively.

Exports of goods from the North East, 2015

	£ billion	% of NE exports
European Union	7.0	58%
Asia & Oceania	1.6	13%
North America	1.4	11%
Western Europe (excl. EU)	0.9	8%
Middle East and North Africa (excl EU)	0.4	4%
Eastern Europe (excl EU)	0.4	3%
Latin America and Caribbean	0.2	2%
Sub-Saharan Africa	0.2	2%
Total Exports	12.1	100%

Source: HMRC Regional Trade Statistics

2. Press Articles

The following is a selection of recent press and media articles which may be relevant to this debate. Please note: the Library is not responsible for either the views or accuracy of external content.

[Nissan jobs are 'hanging by a thread' over Brexit, union warns: Decisions on five updated Nissan models are due in the next five years but will depend on Brexit negotiations, Unite says](#)

Graeme Whitfield

The Chronicle, 11 October 2016

[Could Brexit actually be used as a catalyst to get behind the United Kingdom's manufacturing sector? North East business leaders have their say in the aftermath of the EU referendum result.](#)

Anne Fletcher

The Chronicle, 10 August 2016

[Post-Brexit Sunderland: 'If this money doesn't go to the NHS, I will go mad': The Labour heartland made the world sit up when it voted 61% to leave the EU. What do its people hope will happen next, and will it be good for the city?](#)

Faisal Islam

The Guardian, 9 August 2016

[Nissan warns future of UK car plant hinges on Brexit talks: CEO Carlos Ghosn says future investment decisions depend on the new trade status negotiated between Britain and the EU](#)

Terry McAlister

The Guardian, 5 August 2016

[Tyne and Weary: Labour and the north](#)

The Economist, 23 July 2016

[After a resounding Brexit vote, Sunderland fears for Nissan plant](#)

Chris Tighe

Financial Times, 28 June 2016

[Japan carmakers weigh UK options post-Brexit: Non-EU levy could prompt exodus of automakers, analysts warn](#)

Kana Inagaki

Financial Times, 27 June 2016

[Leave campaign triumphs in north-east of England](#)

Chris Tighe

Financial Times, 24 June 2016

[Four Things the EU Referendum Means for Newcastle and the North East](#)

Anna Round

Huffington Post, 23 June 2016

[Reality Check: Do 100,000 North East jobs depend on EU?](#)

BBC, 9 May 2016

[North East exports top £12bn, giving region consistent balance of trade](#)

Corenna Ford

The Chronicle 4 March 2016

3. Parliamentary Material

3.1 Written Questions

[HM Treasury: Overseas Trade - 38548](#)

Asked by Nick Herbert

Asked on 25 May 2016

To ask Mr Chancellor of the Exchequer, with reference to his Department's analysis: the long-term economic impact of EU membership and the alternatives, what estimate he has made of the long-term reduction of trade from leaving the EU in each UK region.

Answered by Mr David Gauke

Answered on 10 June 2016

In April 2016 HM Treasury published analysis that showed that reduced access to the Single Market under each of the alternatives set out would have a negative impact on trade.

The analysis does not make any estimate of the impact on the long-term trade position in each UK region. HM Revenue and Customs Regional Trade Statistics on the value of trade in goods in each region are publically available through the UK Trade Info website. The value and percentage share of goods exports to the EU from each region are shown in the table below.

	Value of goods exports to the EU in 2015 (£ billions)	Value of goods exports to the EU as a share of total goods exports in 2015
North East	7.0	58%
North West	11.6	47%
Yorkshire & the Humber	7.8	47%
West Midlands	12.0	42%
East Midlands	8.7	45%
East of England	11.4	54%
London	12.7	39%
South East	19.0	47%
South West	9.7	64%
Wales	5.0	41%
Scotland	6.7	38%
Northern Ireland	3.5	55%

[HM Treasury: Exports: EU Countries - 32052](#)

Asked by Nick Herbert

Asked on 22 March 2016

To ask Mr Chancellor of the Exchequer, what estimate he has made of the level of goods exports to the EU from (a) Scotland, (b) Wales, (c) Northern Ireland and (d) each English region as a proportion of (i) total exports and (ii) GVA from each of those areas.

Answered by David Gauke**Answered on 24 March 2016**

HM Revenue & Customs (HMRC) publish data on the total value of the UK's import and export trade in goods by region:

<https://www.uktradeinfo.com/Statistics/RTS/Pages/default.aspx>

The latest data for 2015 shows that the value of goods exports to the EU as a proportion of total goods exports is as follows:

Region	Goods exports to the EU (£000s)	Total goods exports (£000s)	%
North East	7,001,603	12,141,343	57.7
North West	11,578,566	24,838,093	46.6
Yorkshire	7,785,133	16,575,590	47.0
East Midlands	8,684,722	19,318,347	45.0
West Midlands	12,035,888	28,964,501	41.6
East of England	11,411,149	21,327,266	53.5
London	12,727,129	32,428,175	39.2
South East	19,003,485	40,521,161	46.9
South West	9,718,023	15,272,223	63.6
Wales	5,024,163	12,200,136	41.2
Scotland	6,719,840	17,467,865	38.5
Northern Ireland	3,462,494	6,327,320	54.7

The ONS publish regional GVA on an annual basis. The latest data available is for 2014:

<http://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedincomeapproach/december2015>

The value of goods exports to the EU in 2014 as a proportion of GVA is as follows:

Region	Goods exports to the EU (£m)	Gross Value Added (£m)	%
North East	6,989	47,702	14.7
North West	13,474	149,869	9.0
Yorkshire	8,456	106,467	7.9
East Midlands	8,883	95,178	9.3
West Midlands	11,529	114,755	10.0
East of England	13,958	138,801	10.1
London	12,292	364,310	3.4
South East	19,899	239,698	8.3
South West	8,180	121,070	6.8
Wales	5,761	54,336	10.6
Scotland	8,364	123,543	6.8
Northern Ireland	3,630	34,384	10.6

3.2 Oral Questions

[Parliamentary Scrutiny of Leaving the EU, HC Deb 12 Oct 2016, c 329](#)

Catherine McKinnell: I urge the Secretary of State to take a more constructive approach with those who have sincere anxieties about the future. Some 58% of the north-east's exports go to EU countries. However people voted in the referendum, they did not vote to lose jobs. The terms of Brexit are absolutely essential. Does the Secretary of State not recognise that parliamentary scrutiny is therefore also essential?

Mr Davis: I started by saying that I was in favour of parliamentary scrutiny; I will widen that out later. Part of the reason for that—not the only reason, by any means—is a recognition of people's concerns about their job futures. There is no doubt about that. That is why we said in terms that we want a free trade arrangement that is at least as good as what we have now, with both the European Union and outside.

[European Union, HC Deb 1 Mar 2016, c 801](#)

Dr Blackman-Woods: Given that up to 140,000 jobs and half of the north-east region's exports rely on Britain's membership of the European Union, does the Chancellor agree with me and the majority of members of the North East chamber of commerce that an exit from the EU would be extremely damaging for north-east economic growth and regeneration?

Mr Osborne: Yes, I agree with both the hon. Lady and businesses in the north-east. Of course, the north-east has thrived by attracting big inward investment for car manufacturing and train manufacturing, most recently in Newton Aycliffe. One of the things that those who are advocating exit from the EU have to answer is what the alternative arrangement is for, for example, a large car factory in north-east England. Could it export its cars to mainland Europe without tariffs? It is not obvious that it is possible to do that without paying towards the EU budget and accepting the free movement of people.

4. Further Reading

[Brexit and the regions: a lighter shade of dark](#), University of Sussex, October 2016

[Japan's message to the United Kingdom and the European Union](#), Japanese Government, September 2016

[Japan weighs in on Brexit negotiations](#), Raoul Ruparel, Open Europe, September 2016

[Have Northern Powerhouse growth prospects been hit by Brexit?](#) Pricewaterhouse Coopers, July 2016

[New Government Briefing](#), North East Chamber of Commerce, July 2016

[At the crossroads: Regional trade in the North East](#), Institute for Public Policy Research, June 2016

[Briefing for Members: EU Referendum](#), North East Chamber of Commerce, June 2016

[UK regions, the European Union and manufacturing exports](#), Sheffield Political Economy Research Institute, University of Sheffield, May 2016

[The North East Strategic Economic Plan: Evidence Base](#), North East Local Economic Partnership and North East Combined Authority, May 2016

[The North East and the EU](#), CBI, April 2016

[Newcastle, the North East and Europe](#), Newcastle City Council, March 2016

[Number of regional jobs linked to EU exports](#), HM Treasury, December 2015

[More and Better Jobs: A Strategic Economic Plan for the North East](#), North East Local Economic Partnership, March 2014

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