

Global Britain Briefing Note

No 41

5th May 2006

Export performance of the EU's "Big Three" Economies 2000-2004

Germany Impressive, UK Dismal, France Even Worse

In real terms (after stripping out inflation) German exports increased in value between 2000 and 2004, while British and French exports shrank. All three countries lost world market share over this period.

Geographical Disparities

- Between 2000 and 2004, world trade grew on average by over 9 per cent per year in value and over 6 per cent per year in volume. *Table 1*
- German exports¹ worldwide in that period grew in value at an average rate of 4.3 per cent per year, about half the rate of growth of world exports. Germany's share of the overall world export market thus declined over that period. *Tables 1 and 2*
- British exports¹ worldwide grew in value much more slowly, at only 40 per cent of the German rate. The UK thus lost world market share at a faster rate than did Germany. *Tables 1 and 2*
- French exports¹ worldwide grew at only 35 per cent of the German rate and, proportionately, suffered a worse loss in world market share than did the UK. *Tables 1 and 2*
- According to the German and French central banks, Germany is gaining market share in the rest of the EU (from other EU countries as well as from non-EU countries)
- German and French exports to the EU grew faster than their exports outside the EU, in spite of the EU's low growth and the higher growth of the world outside the EU. *Table 2*
- There was little difference in the rates of growth of UK exports to the EU and outside the EU. *Table 2*
- German exports to EU-14² and EU-10³ grew significantly faster than UK exports to EU-14 and EU-10. *Table 2*
- French exports to EU-10 grew around twice as fast as the UK's; French exports to EU-14 grew slightly faster than the UK's. *Table 2*
- UK exports to NAFTA⁴ actually grew between 2000 and 2004; German exports to NAFTA were flat while French exports to NAFTA shrank by almost a fifth. *Table 2*
- German exports to China + Hong Kong grew around three times as fast as the UK's. *Table 2*
- French exports to China + Hong Kong grew around twice as fast as the UK's. *Table 2*
- In real terms (adjusted for inflation, assumed at 2.25 per cent annually over this period) British and French exports to the world, and to EU-24, appear to have declined. *Table 2*
- In contrast, in real terms (adjusted for inflation, assumed at 2.25 per cent annually over this period) German exports appear to have grown. *Table 2*

Table 1: Value of global exports*
Average annual compound rates of growth between 2000 and 2004

	Value	Volume
Goods	9.2%	6.6%
Services	9.6%	n.a.
Goods + Services	9.3%	6.3%

* all countries' (EU + non-EU) exports worldwide

In 2004, global goods exports were \$ bn 8939;

global services exports were \$ bn 2211

Source: IMF World Economic Outlook, Sep. 2005, www.imf.org

Table 2: Rates of Growth[†] of All Export Categories
(Goods, Services, Income, Transfers) 2000 - 2004

	UK	Germany	France
To World	1.7%	4.3%	1.5%
To EU-24 ⁵	1.7%	4.6%	2.0%
To World-ex EU-24	1.8%	3.7%*	0.5%
To EU-10 ³	5.9%	7.6%*	10.7%
To EU-14 ²	1.5%	4.1%*	1.7%
To NAFTA ⁴	1.3%	zero*	(negative)
To China + HK	4.6%	13.2%*	9.3%

*2001-2004 inclusive

† annual average compound growth rates

Exports by Type of Export

- In **Goods**, German exports to the world grew thirteen times as rapidly as did British exports, and four times as rapidly as did French exports. *Table 3*
- Even in **Services**, (supposedly the UK's strong point), German exports grew faster than the UK's. French exports of services grew 14 to 15 times slower than those of Germany and the UK. *Table 3*
- In the **Income** category, French receipts increased faster than those of the UK, while Germany's decreased. *Table 3*

Table 3: Rates of Growth[†] of Exports to World
by Category 2000 - 2004

	UK	Germany	France
Goods	0.4%	5.3%	1.2%
Services	5.7%	6.0%	0.4%
Receipts of Income	0.9%	negative	2.7%

† annual average compound growth rates

Global Export Patterns

- In 2004, the value of German exports worldwide was 42% higher than that of British exports worldwide. *Table 4*
- German and French exports were substantially more weighted towards EU-24 than the UK's. *Table 4*
- German exports to EU-24 were almost 90% greater by value than British exports to EU-24. *Table 4*
- British exports were significantly more NAFTA-oriented and of greater value than those of Germany and France. *Table 4*
- British exports to Japan were 19% greater than Germany's & more than double those of France. *Table 4*
- German exports to China + Hong Kong were greater than those of the UK and France combined. *Table 4*

Table 4: Geographical Breakdown of All Exports* in 2004

	UK		Germany		France	
	€bn ⁶	%	€bn	%	€bn	%
To EU-24	330	51	613	63	347	65
To NAFTA	136	21	105	11	53	10
To Japan	19	3	16	2	9	2
To China + HK	13	2	28	3	10	2
To Rest of World	152	23	207	21	117	22
To World	650	100	969	100	536	100

*Goods, Services, Income, Transfers

Differing Export Structures

- In 2004, German and French exports were much more goods-oriented than the UK's. *Table 5*
- German goods exports exceeded the combined value of British and French goods exports. *Table 5*
- German exports of goods were 2.6 times greater by value than the UK's. *Table 5*
- Well under half of total British exports were of goods. *Table 5*
- Almost a third of total British exports consist of receipts of income. *Table 5*
- British exports are much more oriented to services than those of Germany and France. *Table 5*
- British receipts of income exceeded those of Germany and France combined. *Table 5*
- Expressed per capita of their respective populations, Germany's exports were 8% higher than the UK's, and almost a third higher than those of France. *Table 5*

Table 5: Breakdown of Exports Worldwide by Category in 2004

	UK		Germany		France	
	€bn ⁶	%	€bn	%	€bn	%
Goods	281	43	732	76	339	63
Services	146	22	114	12	89	17
Receipts of income	205	32	107	11	87	16
Transfers	19	3	16	1	21	4
Totals	650	100	969	100	536	100
<i>Population mn</i>	<i>59.7</i>		<i>82.5</i>		<i>59.9</i>	
<i>Exports/capita, k (indexed)</i>	<i>10.9</i>		<i>11.7</i>		<i>8.9</i>	
	<i>100</i>		<i>108</i>		<i>82</i>	

Intra-EU and Extra-EU Exports

- In 2004, Germany sold over seven times as much to EU-10 as did the UK, and five times as much as France. *Table 6*
- Germany sold 11% more to the world outside EU-24 than did the UK. *Table 6*
- The UK sold almost 70% more outside EU-24 than did France. *Table 6*

Table 6: Geographical Breakdown of All Exports* To EU in 2004

	UK		Germany		France	
	€bn ⁶	%	€bn	%	€bn	%
To EU-14	319	49	532	55	332	62
To EU-10	11	2	81	8	15	3
To EU-24	330	51	613	63	347	65
To Rest of World	320	49	356	36	189	35
To World	650	100	969	100	536	100

*Goods, Services, Income, Transfers

Sources and References

1. In Tables 2 to 6, data sources are: for the UK, *United Kingdom Balance of Payments: The Pink Book 2005*, www.statistics.gov.uk; for Germany, *German Balance of Payments in 2004 and Balance of Payments by Region, August 2005*, Deutsche Bundesbank, www.bundesbank.de; for France, *2004 Rapport Annuel, La Balance des Paiements et la Position Extérieure de la France*, www.banque-france.fr
2. EU-14: the 15 "old" EU countries minus the exporting country (in this case Germany)
3. EU-10: the 10 "new" EU countries which joined in May 2004
4. NAFTA: North American Free Trade Agreement, comprising the USA, Canada and Mexico
5. EU-24: EU-14 plus EU-10 (see above). Note that the composition of EU-24 and of EU-14 differs according to whether the exporting country is the UK, Germany or France
6. Converted @ £1 = €1.47

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