

UK's trade deficit in goods with the EU hits a record high

According to the Government's Office of National Statistics, the trade deficit in goods with the other 27 member states of the EU reached £21.1 billion in the three months to February, a record high since comparable records began in 1998 and an increase of £1.5 billion on the previous three months.

The statistics provided further evidence of the growing reorientation of UK trade away from the EU. The EU now accounts for 47.6% of UK goods exports – a figure that is probably overstated by 3-4% due to the “Rotterdam/ Antwerp effect” – the practise of recording goods shipped to these two large ports as exports to the EU even if they may well be then shipped on to a third country outside the EU.

Given that the demographics of the EU suggest a dimishing role for the EU as a destination for UK exports and given that a tit-for-tat trade war would clearly hurt the other member states more than the UK because of the trade imbalance, these figures only strengthen the case for a new relationship between the UK and the EU where we can preserve our access to the Single Market while being free to strike our own trading relationships with the growing economies of the world. For all its inadequacies as a long term relationship between the UK and the EU, a move to join Norway, Liechtenstein and Iceland in the EEA and EFTA would clearly be beneficial for our country's exporters.

(with thank to Open Europe's daily briefing service)

Photo by John D F 