

## **Box 7**

### **Commodity and geographical breakdown of euro area external trade**

This issue of the Monthly Bulletin contains a new breakdown of external trade statistics by commodity and geographical destination/origin (see Tables 9.1 and 9.2 in the “Euro area statistics” section). This box gives a short overview of developments in the disaggregated extra-euro area trade flows of goods over the period from 1997 to 2000. More recent developments are described in the main text of this issue of the Monthly Bulletin. However, it should be noted that external trade statistics are not fully comparable with the goods item in the balance of payments statistics.

#### **Commodity breakdown**

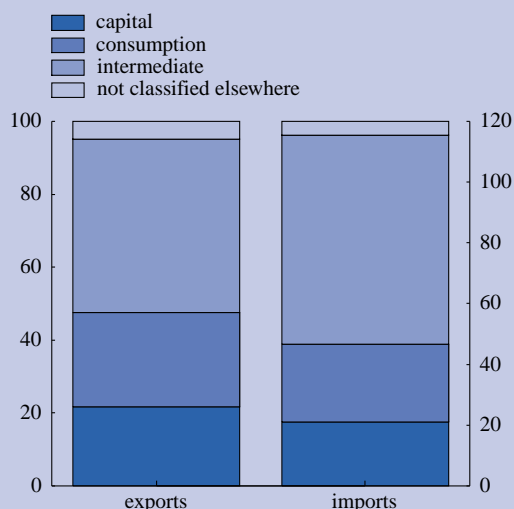
Table 9.1 shows the export and import values, volumes and unit values broken down by commodity category. The main categories are intermediate goods, consumption goods and capital goods, according to the Broad Economic Categories (BEC) classification, and manufactured goods based on the SITC classification.

The chart below shows that in 2000 intermediate goods represented the highest share of euro area imports (57%), while imports of consumption and capital goods represented 21% and 18% of euro area imports respectively. On the export side, the share of intermediate goods was somewhat smaller (47%), while the shares of consumption and capital goods were marginally higher (26% and 22% respectively). Although the share in exports of intermediate goods was still quite substantial, these data reflect the fact that the euro area is a typical advanced industrialised economy importing substantial quantities of intermediate goods. There has been no notable change in these shares since 1997.

Concerning unit values, both export and import unit values rose significantly in 2000 (at an annual rate of 8.3% and 21.9% respectively). This was mainly caused by a strong increase in the unit values for intermediate goods – for both exports and imports – resulting from higher oil prices and the depreciation of the euro. The depreciation of the euro has also allowed exporters to increase their profit margins.

### Euro area trade values by commodity

(as a percentage of total trade values in 2000)



Sources: ECB and Eurostat.  
Note: Data refer to the Euro 12.

The commodity breakdown also shows that the strong export volume growth observed in 2000 (from 2.2% in 1999 to 11.8% in 2000) stems from all three categories, while the deceleration in the growth rate of import volumes (from 6.1% in 1999 to 5.1% in 2000) is mainly due to a lower increase in the import volumes of consumption goods (from 7.8% in 1999 to 2.5% in 2000). This may indicate that the effect of the euro depreciation on import volumes of consumption goods (i.e. the relative price elasticity) is greater than for import volumes of intermediate and capital goods on account of the different price elasticity of these three categories.

Concerning oil imports, despite the year-on-year increases in oil unit value indices by 39.4% in 1999 and 84.8% in 2000, import volumes grew by 6.0% and 3.7% in 1999 and 2000 respectively. This was mainly the consequence of strong euro area GDP growth in that period.

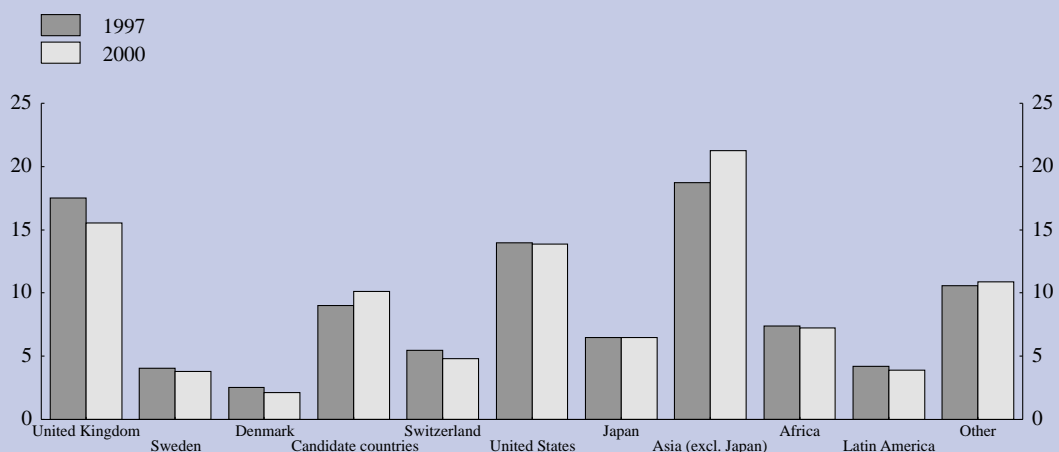
### Geographical breakdown

Table 9.2 reports export and import values and the trade balance broken down by the main trading partners of the euro area. This geographical breakdown covers about 90% of total euro area trade.

The geographical breakdown shows that the United Kingdom and the United States are the largest trading partners of the euro area, with import shares in 2000 of approximately 16% and 14% of total extra-euro area imports and export shares of around 19% and 17% respectively (see the charts below). As regards trade flows with selected geographical regions, Asia (excluding Japan) also accounts for an important share of euro area trade (around 21% of imports and 15% of exports in 2000), while trade with the 13 EU candidate countries represents approximately 10% of euro area imports and 13% of exports. Looking at how the shares of trade

### Geographical breakdown of euro area imports

(as a percentage of total imports)

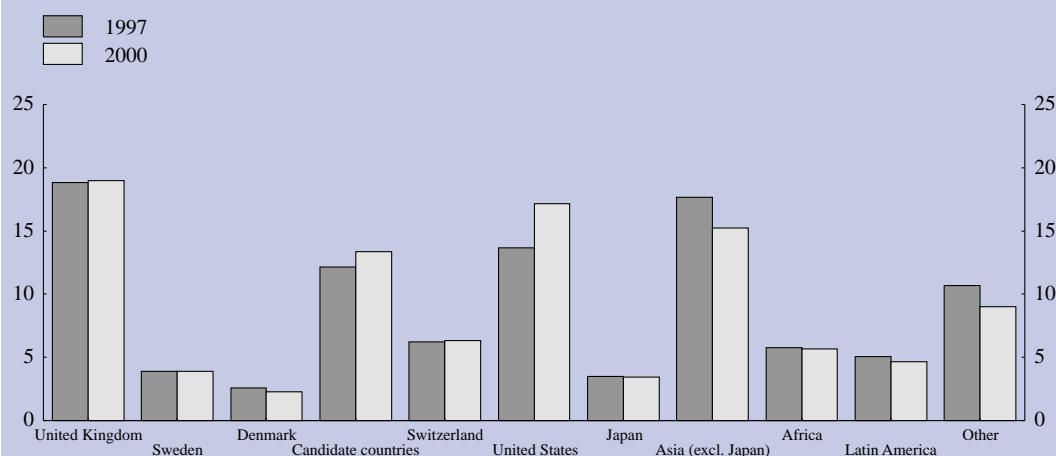


Sources: ECB and Eurostat.  
Note: Data refer to the Euro 12.

flows evolved in the period from 1997 to 2000, the import share of Asia (excluding Japan) increased by 2.5 percentage points, while the import share of the United Kingdom declined. Euro area exports to Asia (excluding Japan) decreased during the Asian crisis, so that the corresponding export share was lower in 2000 than in 1997 (by 2.4 percentage points), while the share of exports to the United States increased by 3.4 percentage points over the same period.

### Geographical breakdown of euro area exports

(as a percentage of total exports)



Sources: ECB and Eurostat.

Note: Data refer to the Euro 12.

Moreover, the geographical breakdown provides some further insight into the observed decline in the euro area goods surplus in 1999 and 2000. In addition to a strong increase in the bilateral trade deficit vis-à-vis Asia (excluding Japan) from €17.2 billion in 1998 to €59.3 billion in 2000, the trade balance also declined vis-à-vis Japan (by €5.8 billion), Africa (by €20.1 billion) and “other countries” (by almost €30 billion). Most of the latter effect was due to the increased import values of oil from OPEC countries. By contrast, the euro area’s surplus vis-à-vis both the United Kingdom and the United States increased over the same period by €5.2 billion and €15.7 billion respectively.