Post BREXIT Trade shifts with the EU

First half of 2021 figures show that trade in goods and services has slightly shifted away from the EU

Trade in Goods

The share of imports and exports of the UK fell by **2%** from the EU in the first half of 2021.

Uk total imports from the Eu increased by **+7% YoY**, from **£94 Bn** in H1/2020 to **£101 Bn** in 2021 H1. Despite this increase , EU's share in the UK total imports fell.

Exports to the EU increased by **+7 YoY**, from **£63 Bn** in H1/2020 TO **£68 Bn** in 2021 H1. Despite this increase in value terms, the EU's market share in UK exports fell by 2 percentage points.

The UK **lost a quarter of it's market share** in EU imports in the first half of 2021 compared to the first half of 2020 (from 3.6% to 2.6%).

UK's top Export sectors
The top five export sectors to the EU are Machinery, Chemicals, Vehicle, Minerals and precious stones.

Machinery remains the main exported sector, with £13 Bn of exports in 2021 H1.

Pearls & Diamond Exports
In H1/2021, Pearls & Diamonds joined the list of top 5 sectors of exports, gaining +5% share of UK exports and surpassing exports of base materials.

The export value was £7 Bn in 2021 H1, with an increase in exports mostly going to Hungary & Germany.

UK merchandise exports to the EU

	2020 H1	2021 H1
Machinery	19%	20%
Chemicals	16%	15%
Vehicles	13%	14%
Minerals	12%	10%
Base Metals	6%	6%
Pearls & Diamonds	5%	10%
Others	29%	25%

Trade in Services

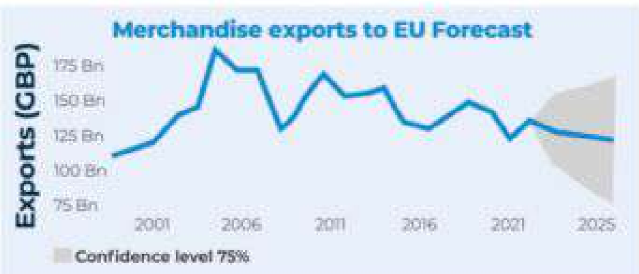
7% of UK imports and **1%** of UK exports shifted from the EU to the rest of the world in 2021 Q1.

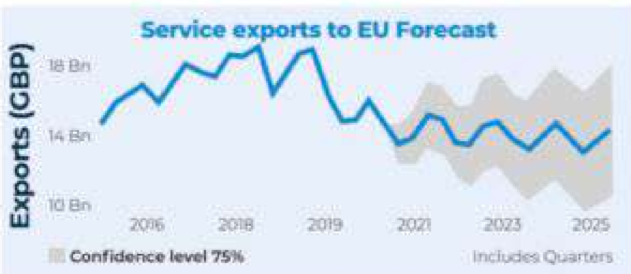
Imports from the EU fell by **36%**, from **£14 Bn** in 2020 Q1 to **£9 Bn** in 2021 Q1, a much greater fall than imports from the rest of the world.

Exports to the EU fell by **14%**, from **£19 Bn** in 2020 Q1 to **£16 Bn** in 2021 Q1, a much greater fall than exports to the rest of the world.

UK service exports to the EU

	2020 Q1	2021 Q1
Other Business	31%	38%
Financial	26%	28%
Transportation	11%	5%
ICT	9%	10%
Travel	7%	4%
Intellectual Property	6%	6%
Others	9%	9%





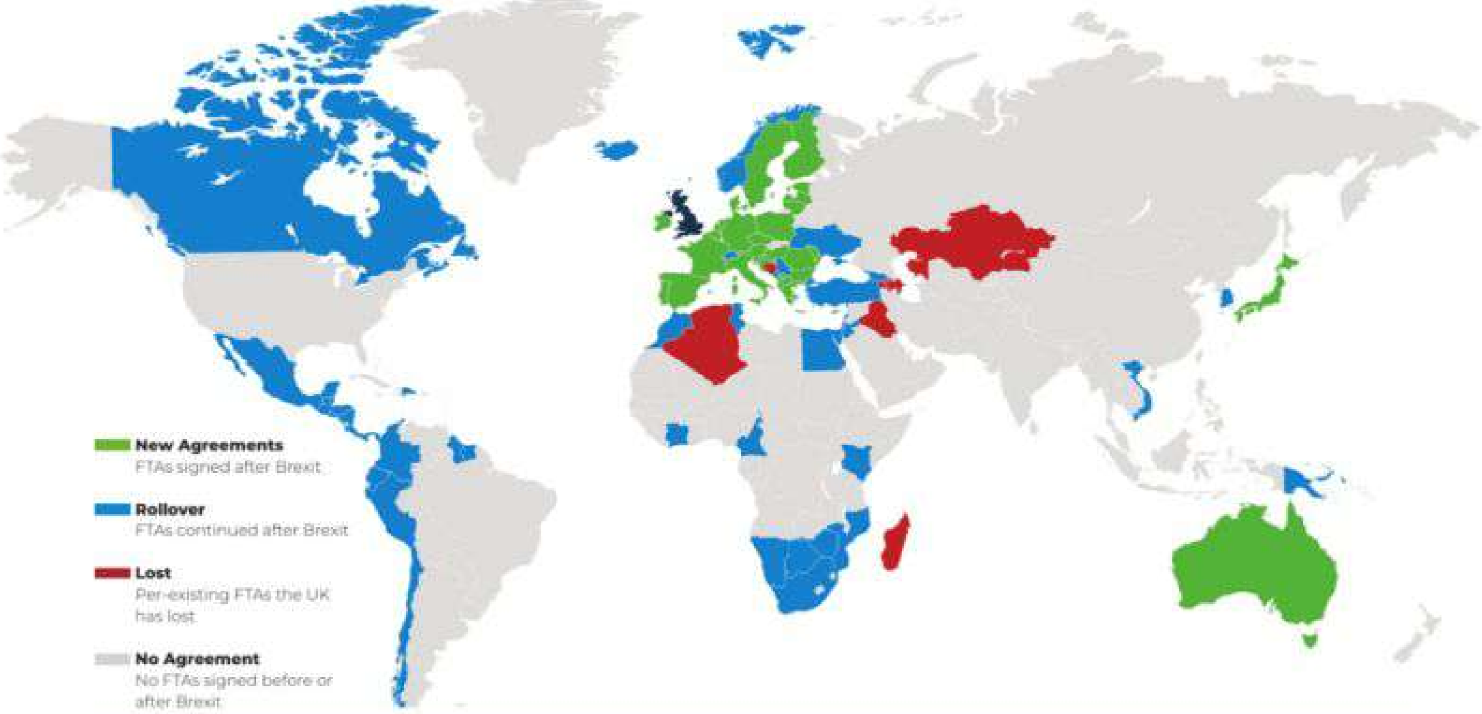
Goods - Based on IEC forecasts, between 2021 to 2025, UK merchandise exports to the EU will contract by 10%, moving from £138 Bn to £120 Bn, whilst UK merchandise imports from the EU will remain stable

Services - Based on IEC forecasts, between 2021 to 2025, UK service exports to the EU will decrease by 3%, moving from £14.8 Bn to £14.3 Bn, whilst UK service imports from EU will decrease by 23%, moving from £13 Bn to £10 Bn.

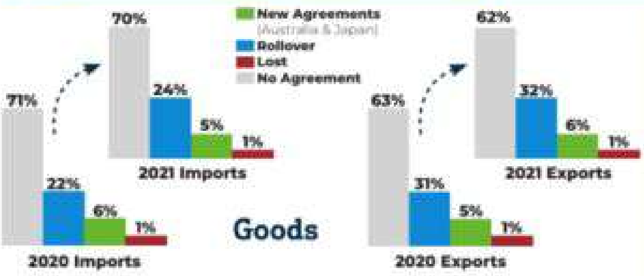
Source: IEC Calculations and forecasts; ITC, UNSD, ONS

Post BREXIT trade agreements

Since exiting the EU, the UK rolled out FTAs with 66 markets, lost preferences in 11 markets, gained preferential access to 2 new markets, and lowered preferential access to 27 markets*



Major sector changes in trade in goods and services with new FTA partners



Share of exports of Pearls and diamond increased by **13%** to Japan and **13%** to Australia in **2021 H1** as compared to 2020.

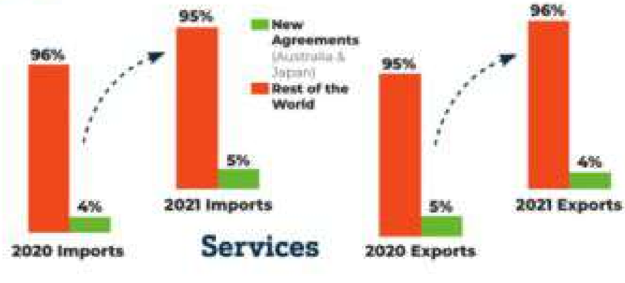
Share of service exports in the Insurance and Pension sector to Australia increased by **14%** in **2021 Q1** as compared to 2020.

Share of service exports in transportation to Australia fell by **20%** in the **2021 Q1** as compared to 2020

Share of imports of machinery goods increased by **9%** from Japan and **3%** from Australia in the **2021 H1** as compared to 2020.

Share of service imports in IP sector from Japan increased by **22%** in **2021 Q1** as compared to 2020.

Share of service imports in finance sector from Australia fell by **7%** in **2021 Q1** as compared to 2020



Note: Goods: First half year flows; Services: First quarter flows; Observations of shifts should not be attributed to the outcome from signing on FTA, which is too early to see any imapact

Goods - Based on the forecast results, between 2021 to 2025, merchandise exports to new FTA partners (Japan & Australia) will increase by 5% moving from £10.6 Bn to £11 Bn, whilst merchandise imports from FTAs will increase by 3%, moving from £10.3 Bn to £10.6 Bn.

Services - Based on the forecast results, between 2021 to 2025, exports of services to new FTA partners (Japan & Australia) will increase by 9% moving from £1.11 Bn to £1.21 Bn, whilst imports of services from FTAs will increase by 4% moving from £1.9 Bn to £2.0 Bn.

** Rolled over, means this is virtually no change on what the UK had as a member of the EU's FTA arrangements. The FTA with the EU is less ambitious than EU membership. New agreements are those which have entered into force since BREXIT*

Source: IEC Calculations and forecasts; ITC; UNSD, ONS