



STATISTICS IN FOCUS

External trade

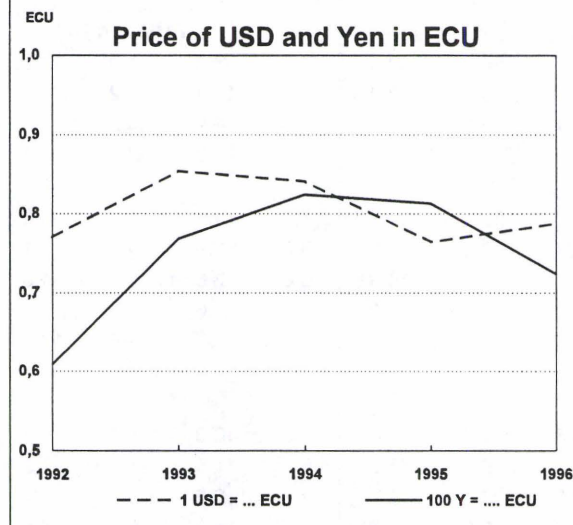
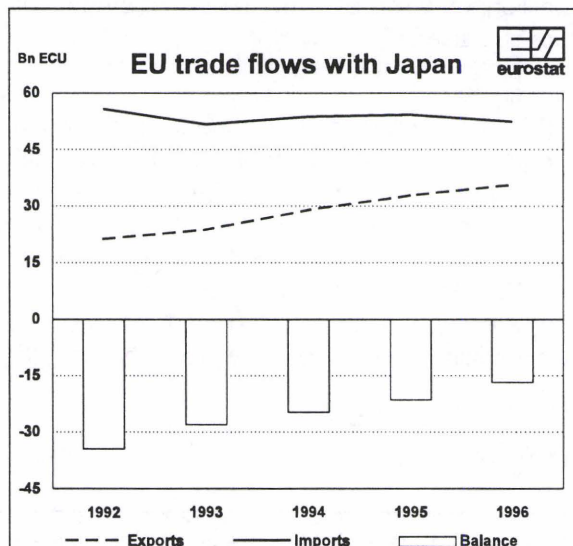


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European Union (EU)¹ trade with Japan Results for 1996



I.1 In 1996, Japan was the third largest trading partner of the European Union after the United States and Switzerland, accounting for 7.3% of the total value of extra-EU trade. For the fourth consecutive year, the trade deficit with Japan decreased, falling from ECU 21.4 billion in 1995 to ECU 16.8 billion in 1996. Imports from Japan fell by 3.3%, while exports to Japan rose by 8.4%. Consequently, the import/export cover ratio was 68%, 30 points up on 1992, when the lowest level (38%) was recorded.

I.2 EU trade with Japan was based on trade in manufactured products, which represented 98% of imports and almost 86% of exports. Machinery and transport equipment accounted for the major part with 74% of imports and 40% of exports.

I.3 The EU trade deficit with Japan resulted from the negative balance of trade in machinery and transport equipment, which was ECU 24.4 billion in 1996. The largest deficits by products were ECU 6.2 billion for electrical machinery, ECU 5.4 billion for office machines and data-processing machines, ECU 5.1 billion for road vehicles. The sectors with the largest trade surpluses were articles of apparel (ECU 1.8 billion), medical and pharmaceutical products (ECU 1 billion), and beverages (ECU 0.8 billion).

I.4 Germany and the United Kingdom accounted for most of EU trade with Japan, with 30% and 18% respectively in 1996. The United Kingdom recorded the largest trade deficit (ECU 5.9 billion), followed by the Netherlands (ECU 4.6 billion) and Germany (ECU 4.4 billion). Only Italy (ECU 1.3 billion), Denmark (ECU 0.6 billion), and Sweden (ECU 0.6 billion) achieved trade surpluses.

¹ The data in this publication refer to trade by the European Union of fifteen Member States including the years prior to the enlargement. However, the three new Member States (Austria, Finland and Sweden) did not use the Community methodology when producing the pre 1995 data.

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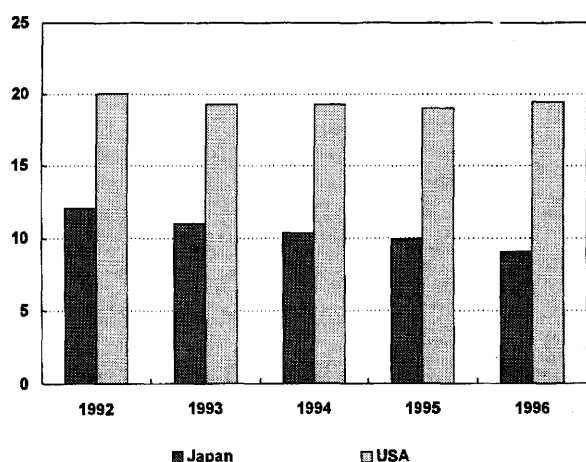
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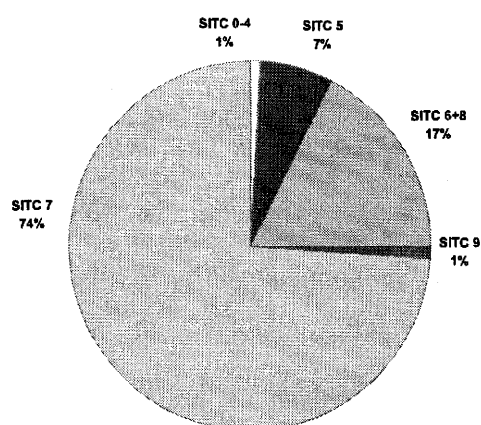
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Share of extra-UE imports (%)



EU imports from Japan, 1996



II: EU imports from Japan by product groups (SITC divisions²)

II.1 In 1996, EU imports from Japan fell by 3.3%, in contrast to the marked increases in total EU imports (6.3%) and in EU imports from the United States (8.7%). The unit value of EU imports from Japan fell by 3.1%, partly as a result of the 10.9% depreciation of the yen against the ecu over the same period. Japan's share of imports from the EU thus declined from 10% in 1995 to 9.1% in 1996.

II.2 Manufactured products (SITC 5 to 8) accounted for virtually all EU imports from Japan (98%). In 1996, imports of manufactured products were worth ECU 51.5 billion, of which ECU 38.8 billion for imports of machinery and transport equipment (SITC 7), ECU 9.2 billion for miscellaneous manufactured goods (SITC 6+8), and ECU 3.5 billion for chemicals (SITC 5). Imports of raw materials (SITC 0 to 4) from Japan amounted to ECU 0.4 billion, of which ECU 0.2 billion for crude materials except fuels (SITC 2+4).

II.3 The decline of EU imports from Japan in 1996 reflected the fall in imports of the two main groups of manufactured products: imports of machinery and transport equipment (SITC 7) fell by 4.3% and those of miscellaneous manufactured goods (SITC 6+8) by 2.7%. On the other hand, imports of chemicals (SITC 5) showed a slight increase of 1.1% and those of raw materials (SITC 0 to 4) were up by 1.6%.



EU imports from Japan

Trade by product (SITC Rev.3)	1992	1993	1994	1995	1996	93/92	94/93	95/94	96/95	96/92
	Bn ECU					Variation (%)				
Total (0-9)	55.8	51.8	53.8	54.3	52.5	-7.2	3.8	1.0	-3.3	-1.4
Raw materials (0-4)	0.4	0.4	0.4	0.4	0.4	-6.2	13.4	-7.2	1.6	0.4
Food, beverages and tobacco (0+1)	0.1	0.1	0.1	0.1	0.1	-6.9	-4.9	-34.5	5.3	-10.3
Crude materials except fuels (2+4)	0.2	0.2	0.2	0.2	0.2	-14.4	27.0	3.0	1.2	4.2
Mineral fuels (3)	0.0	0.1	0.1	0.1	0.1	34.9	8.6	4.8	1.5	12.4
Manufactured products (5-8)	55.4	51.4	52.9	53.4	51.5	-7.2	2.9	1.0	-3.6	-1.7
Chemicals (5)	2.8	2.9	3.2	3.5	3.5	3.0	10.9	10.9	1.1	6.5
Machinery and transport equipment (7)	42.1	39.2	40.2	40.5	38.8	-6.8	2.6	0.6	-4.3	-2.0
Misc. manufactured goods (6+8)	10.5	9.3	9.5	9.4	9.2	-11.3	1.6	-0.7	-2.7	-3.3
Goods not classified elsewhere (9)	-	-	0.5	0.5	0.6	-	-	2.6	17.7	-
Memorandum item										
Total EU imports	462.8	470.2	518.6	544.8	579.4	1.6	10.3	5.1	6.3	5.8
Total Japanese imports*	179.4	206.5	230.4	256.8	275.3	15.1	11.6	11.4	7.2	11.3
EU imports from USA	92.8	90.6	100.0	103.6	112.7	-2.3	10.3	3.7	8.7	5.1
Japanese imports from USA*	40.6	47.8	53.0	58.0	62.9	17.7	11.0	9.4	8.5	11.6

*Source: FMI-DOTS

² The Standard International Trade Classification is a nomenclature introduced by the United Nations for the purposes of economic analysis. In this document, the third revision of the nomenclature (SITC Rev. 3) is used.

III: EU imports from Japan by main product (SITC divisions)

III.1 The ten main products imported represented over 80% of EU imports from Japan. Road vehicles (SITC 78), electrical machinery (SITC 77) and office machines and data-processing machines (SITC 75) alone accounted for over 50% of imports in 1996, with ECU 11.7 billion (22.3%), ECU 7.9 billion (15%) and ECU 6.9 billion (13.1%) respectively. The European Union also imported telecommunications and sound recording equipment (SITC 76) worth ECU 4.1 billion and general industrial machinery and equipment (SITC 74) worth ECU 3.4 billion.

III.2 Among the main products, manufactures of metals (SITC 69), machinery specialised for particular industries (SITC 72), electrical machinery (SITC 77) and telecommunications and sound recording equipment (SITC 76) showed the largest decreases of between 10% and 16%. On the other hand, imports of chemical materials and products (SITC 59) and medical and phar-

maceutical products (SITC 54) increased considerably, by 15.6% and 7.9% respectively.

III.3 Overall, the decline in imports of electrical machinery (SITC 77), office machines and data-processing machines (SITC 75), telecommunications and sound recording equipment (SITC 76) and machinery specialised for particular industries (SITC 72) was mainly responsible for the drop in the total level of imports from Japan. The negative contributions of these four products accounted in all for a decrease of 4.3 points compared with 1995. The increase in imports of road vehicles (SITC 78) partly offset this trend by 0.8 points.

III.4 Despite these trends, Japan retained an important position in terms of extra-EU imports of manufactured products. In 1996, the share of extra-EU imports of road vehicles (SITC 78) from Japan was 48%. The share of Japanese products was between 20% and 26% of imports of photographic equipment and supplies and optical goods (SITC 88), rubber manufactures (SITC 62), metalworking machinery (SITC 73), general industrial machinery and equipment (SITC 74) and telecommunications and sound recording equipment (SITC 76).

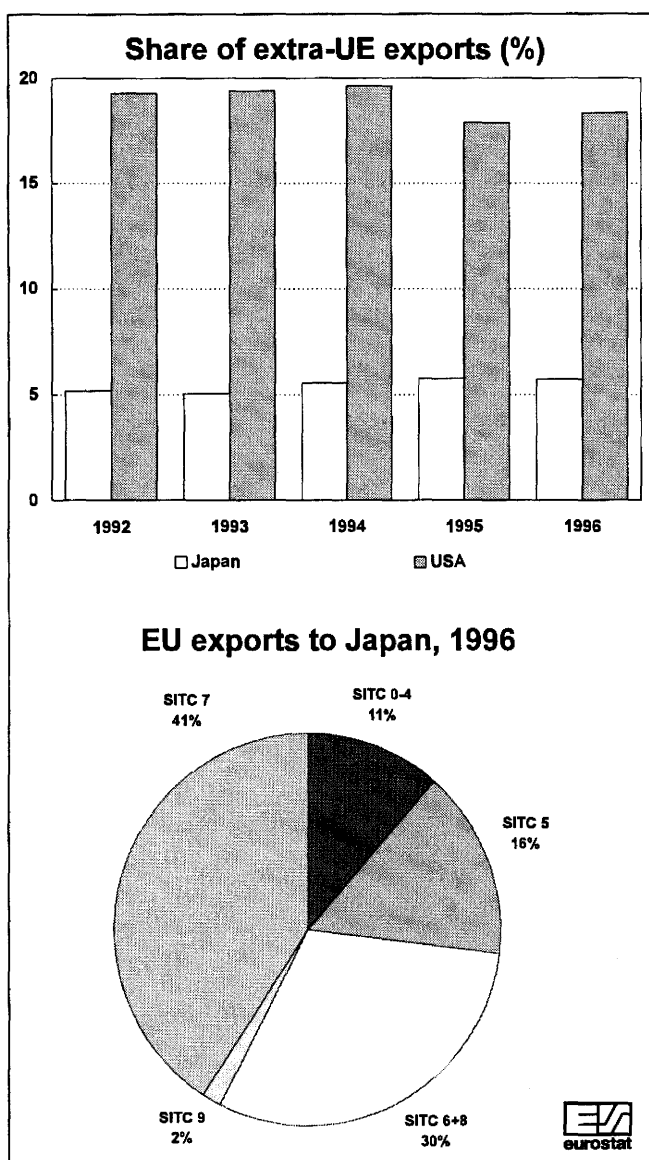


EU imports from Japan by main product, 1996

Products (SITC Rev.3)	Bn ECU	Annual variation (%)	Contribution to growth* of total imports	Extra-EU imports by product **	Share in EU imports from Japan	
					%	% cumul.
78 Road vehicles (including air-cushion vehicles)	11.68	3.8	0.8	48.4	22.3	22.3
77 Electrical mach., apparatus and appliances, elec. parts	7.86	-10.9	-1.8	18.6	15.0	37.2
75 Office machines and data-processing machines	6.87	-7.7	-1.1	18.6	13.1	50.3
76 Telecom., sound rec., reproducing apparatus and equip.	4.13	-10.9	-0.9	21.0	7.9	58.2
74 General industrial mach. and equipment, machine parts	3.41	4.0	0.2	20.7	6.5	64.7
88 Photographic appar., equip. and supplies, optical goods	2.26	3.4	0.1	26.3	4.3	69.0
89 Miscellaneous manufactured articles	2.00	-3.3	-0.1	8.2	3.8	72.8
71 Power-generating machinery and equipment	1.89	-3.5	-0.1	12.3	3.6	76.4
72 Machinery specialised for particular industries	1.67	-13.8	-0.5	16.0	3.2	79.6
87 Professional, scientific and controlling instr. and appar.	1.61	-1.9	-0.1	12.9	3.1	82.6
51 Organic chemicals	1.28	-5.1	-0.1	10.5	2.4	85.1
73 Metalworking machinery	1.01	1.7	0.0	22.7	1.9	87.0
62 Rubber manufactures, n.e.s.	0.86	-0.7	0.0	23.7	1.6	88.6
54 Medical and pharmaceutical products	0.66	7.9	0.1	7.0	1.3	89.9
69 Manufactures of metals	0.66	-16.2	-0.2	6.3	1.3	91.2
65 Textile yarn, fabrics, made-up articles, related products	0.53	-9.4	-0.1	4.0	1.0	92.2
66 Non-metallic mineral manufactures	0.51	-8.0	-0.1	3.5	1.0	93.1
59 Chemical materials and products	0.44	15.6	0.1	8.9	0.8	94.0
57 Plastics in primary forms	0.41	-1.3	0.0	8.4	0.8	94.7
58 Plastics in non-primary forms	0.35	-2.0	0.0	14.2	0.7	95.4

* The contribution to growth by product i for the period under consideration (t) is the ratio between the increase of each product flow and the total imports of the previous year (t-1) in %: $(M_i^t - M_i^{t-1}) / M_{Total}^{t-1}$

** EU imports of a product from Japan related to total extra-EU imports of this product.



IV: EU exports to Japan by product group (SITC divisions)

IV.1 European Union exports to Japan increased by a considerable 8.4% in 1996, although this was less than the previous year (+13.4%). This was in line with the trend of recent years. Average annual growth of EU exports to Japan since 1992 (+13.8%) has been higher than the average increase in extra-EU exports (+11%) and in exports to the United States (+9.7%). The growth in 1996 was due to a 7% increase in export volumes associated with a 1.4% rise in the unit value of goods exported to Japan.

IV.2 Manufactured products (SITC 5 to 8) made up 86% of EU exports to Japan. Exports of these products were worth ECU 30.5 billion, of which ECU 14.3 billion for machinery and transport equipment (SITC 7), ECU 10.7 billion for miscellaneous manufactured goods (SITC 6+8) and ECU 5.5 billion for chemicals (SITC 5). Raw materials (SITC 0 to 4) accounted for ECU 4 billion, of which ECU 3 billion for food, beverages and tobacco (SITC 0+1).

IV.3 Machinery and transport equipment (SITC 7) and miscellaneous manufactured goods (SITC 6+8) were the main motor behind the growth in exports, since they increased by 12.5% (+ECU 1.5 billion) and 6.5% (+ECU 0.7 billion) respectively. Exports of food, beverages and tobacco (SITC 0+1) increased by 5%, while crude materials except fuels (SITC 2+4) showed above-average growth (+11.5%). Only exports of chemicals (SITC 5) remained virtually unchanged (-0.1%), while the very small exports of mineral fuels (SITC 3) were down by 3%.



EU exports to Japan

Trade by product (SITC Rev.3)	1992	1993	1994	1995	1996	93/92	94/93	95/94	96/95	96/92
	Bn ECU					Variation (%)				
Total (0-9)	21.3	23.8	29.0	32.9	35.6	11.6	21.9	13.4	8.4	13.8
Raw materials (0-4)	2.9	3.1	3.6	3.7	4.0	8.3	16.1	3.5	6.5	8.6
Food, beverages and tobacco (0+1)	2.3	2.4	2.7	2.8	3.0	3.5	13.6	3.4	5.0	6.4
Crude materials except fuels (2+4)	0.5	0.7	0.8	0.9	1.0	36.7	23.1	6.2	11.5	19.4
Mineral fuels (3)	0.1	0.0	0.1	0.0	0.0	-42.1	51.5	-34.0	-3.0	-6.9
Manufactured products (5-8)	18.5	20.7	24.4	28.3	30.5	12.2	17.9	15.8	7.9	13.4
Chemicals (5)	4.1	4.7	5.2	5.5	5.5	14.2	9.9	5.3	-0.1	7.3
Machinery and transport equipment (7)	7.2	8.6	10.4	12.8	14.3	19.0	20.6	23.2	12.5	18.8
Misc. manufactured goods (6+8)	7.1	7.4	8.8	10.0	10.7	4.0	19.9	13.3	6.5	10.9
Goods not classified elsewhere (9)	-	-	1.0	0.9	0.6	-	-	-13.1	-33.8	-
Memorandum item										
Total EU exports (extra-EUR15)	411.4	471.4	521.8	570.8	623.0	14.6	10.7	9.4	9.1	11.0
Total Japanese exports*	261.9	309.7	332.2	338.7	323.9	18.3	7.3	1.9	-4.4	5.8
EU exports from USA	79.4	91.5	102.4	102.1	114.3	15.2	12.0	-0.4	12.0	9.7
Japanese exports from USA*	74.5	91.3	99.8	93.3	89.1	22.5	9.3	-6.5	-4.5	5.2

*Source: FMI-DOTS

V: EU exports to Japan by main product (SITC divisions)

V.1 Road vehicles (SITC 78) were by far the most important EU exports to Japan. In 1996, they amounted to ECU 6.6 billion, 18.4% of total EU exports to Japan. The other main products were articles of apparel (SITC 84), electrical machinery (SITC 77), organic chemicals (SITC 51), medical and pharmaceutical products (SITC 54), and miscellaneous manufactured goods (SITC 89). These first six products together accounted for 42% of EU exports to Japan.

V.2 In 1996, exports of telecommunications and sound recording equipment (SITC 76) were more dynamic, achieving a growth rate of 27.8%. Road vehicles (SITC 78) and articles of apparel (SITC 84) followed with growth rates of 18.8% and 15.8% respectively. There were also significant increases of between 10% and 13% in exports of machinery specialised for particular industries (SITC 72), essential oils and perfume materials (SITC 55), travel goods (SITC 83), manufactures of metals (SITC 69), general industrial machinery and

equipment (SITC 74) and professional, scientific and controlling instruments (SITC 87). Negative growth was recorded mainly for medical and pharmaceutical products (SITC 54) and miscellaneous manufactured goods (SITC 89), down by 4.4 % and 2.6% respectively.

V.3 Exports of road vehicles (SITC 78) made the largest contribution of 3.2 points to the growth of EU exports to Japan. The contribution of articles of apparel (SITC 84) represented 0.8 points of growth, while telecommunications and sound recording equipment (SITC 76) came third with 0.7 points, followed by electrical machinery (SITC 77) and general industrial machinery and equipment (SITC 74), both with 0.4 points.

V.4 The Japanese market represented more than 32% of the total extra-EU exports of travel goods. Other products with significant sales to Japan were meat and meat preparations (SITC 01), articles of apparel (SITC 84) and road vehicles (SITC 78), accounting for 18.2%, 14.5% and 11.6% of extra-EU exports of these products respectively.

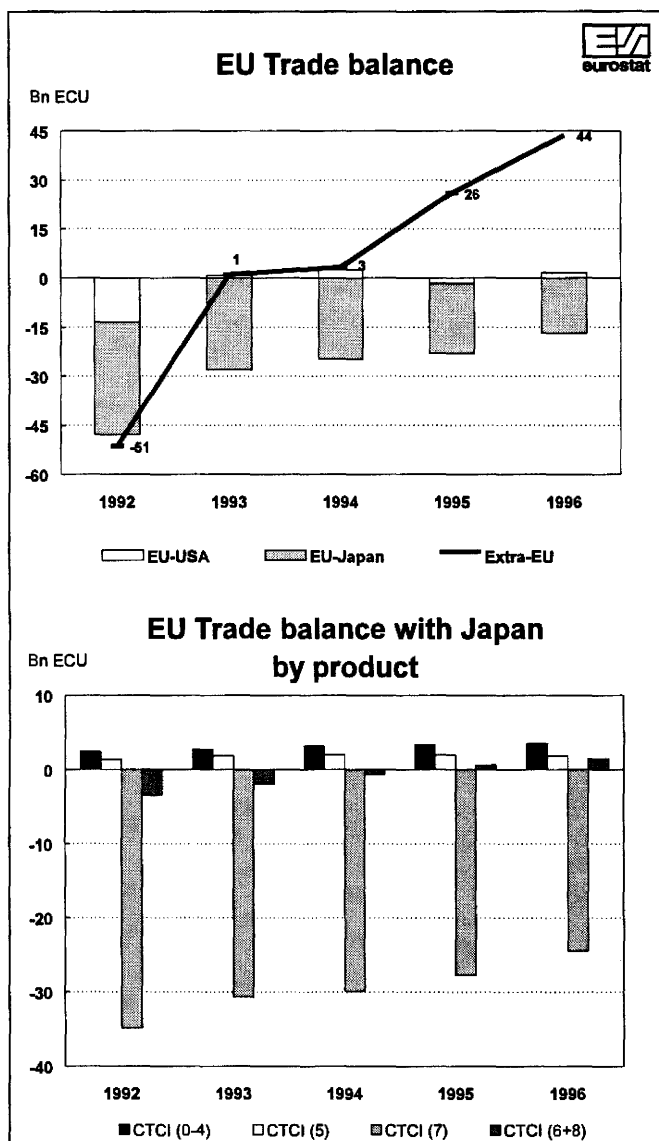


EU exports to Japan by main product, 1996

Products (SITC Rev.3)	Bn ECU	Annual variation (%)	Contribution to growth* of total exports	Extra-EU exports by product ** %	Share in EU exports to Japan	
					%	% cumul.
78 Road vehicles (including air-cushion vehicles)	6.57	18.8	3.2	11.6	18.4	18.4
84 Articles of apparel and clothing accessories	1.86	15.8	0.8	14.5	5.2	23.6
77 Electrical machinery, apparatus, appliances, parts	1.69	8.2	0.4	3.9	4.8	28.4
51 Organic chemicals	1.64	1.4	0.1	9.2	4.6	33.0
54 Medical and pharmaceutical products	1.63	-4.4	-0.2	8.7	4.6	37.6
89 Miscellaneous manufactured articles	1.59	-2.6	-0.1	5.9	4.5	42.0
75 Office machines and data-processing machines	1.43	3.4	0.1	8.8	4.0	46.0
72 Machinery specialised for particular industries	1.38	13.2	0.5	3.3	3.9	49.9
74 General industrial machinery and equipment, parts	1.28	10.6	0.4	3.1	3.6	53.5
66 Non-metallic mineral manufactures	1.13	-0.4	0.0	5.3	3.2	56.7
87 Professional, scientific and controlling instruments	1.12	10.5	0.3	7.6	3.1	59.8
76 Telecom., sound rec., reproducing apparatus	1.00	27.8	0.7	4.9	2.8	62.6
65 Textile yarn, fabrics, made-up articles, related prod.	0.95	-1.1	0.0	5.3	2.7	65.3
11 Beverages	0.85	4.6	0.1	9.8	2.4	67.7
01 Meat and meat preparations	0.76	4.4	0.1	18.2	2.1	69.8
59 Chemical materials and products	0.68	4.1	0.1	6.3	1.9	71.7
83 Travel goods, handbags and similar containers	0.68	11.6	0.2	32.0	1.9	73.6
69 Manufactures of metals	0.50	11.4	0.2	3.1	1.4	75.0
88 Photographic apparatus, supplies, optical goods	0.45	9.2	0.1	6.5	1.3	76.3
55 Essential oils and resinoids and perfume materials	0.45	12.4	0.2	5.5	1.3	77.5

* The contribution to growth by product *i* for the period under consideration (*t*) is the ratio between the increase of each product flow and the total exports of the previous year (*t-1*) in %: $(X_i^t - X_i^{t-1})/X_{Total}^{t-1}$

** EU exports of a product from Japan related to total extra-EU exports of this product.



VI: EU trade balance with Japan by product group (SITC divisions)

VI.1 In 1996, the EU trade deficit with Japan fell by ECU 4.6 billion compared with 1995, reaching a record low of ECU 16.8 billion. The import/export cover ratio thus rose by 7 points from 61% to 68% as a result of the increase in exports (+8.4%) and the fall in imports (-3.3%).

VI.2 From 1992 on, the negative balance of EU trade with Japan fell constantly by an average of ECU 4.4 billion per year, which helped the recovery of the total EU trade balance, which was in surplus from 1993. The deficit recorded with Japan in 1996 was less than half its 1992 level. As a result of the gradual reduction in the huge deficit of trade in machinery and transport equipment (SITC 7), by 1996 it was ECU 10.5 billion less than the ECU 34.9 billion it had been in 1992. Over the same period, trade in miscellaneous manufactured goods (SITC 6+8) was in surplus from 1995, and the surplus of raw materials (SITC 0 to 4) increased by ECU 1.1 billion.

VI.3 In 1996, the deficit in trade in machinery and transport equipment (SITC 7) was ECU 24.4 billion, ECU 3.3 billion less than in 1995, while the surplus of miscellaneous manufactured goods (SITC 6+8) rose from ECU 0.6 billion to ECU 1.5 billion (+ECU 0.9 billion). The other surpluses were ECU 2.9 billion for food, beverages and tobacco (SITC 0+1) and ECU 1.9 billion for chemicals (SITC 5).



EU trade balance with Japan

Trade by product (SITC Rev.3)	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
	Bn ECU					Cover ratio**				
Total (0-9)	-34.5	-28.0	-24.8	-21.4	-16.8	38.2	46.0	53.9	60.6	67.9
Raw materials (0-4)	2.5	2.7	3.2	3.3	3.6	733.6	846.4	867.0	967.3	1014.3
Food, beverages and tobacco (0+1)	2.2	2.3	2.6	2.7	2.9	1766.4	1963.9	2346.6	3703.9	3696.3
Crude materials except fuels (2+4)	0.3	0.5	0.6	0.6	0.7	226.9	362.2	351.1	362.0	398.8
Mineral fuels (3)	0.0	0.0	0.0	0.0	0.0	132.6	56.9	79.4	50.0	47.8
Manufactured products (5-8)	-36.9	-30.7	-28.5	-25.2	-21.0	33.3	40.3	46.1	52.9	59.2
Chemicals (5)	1.4	1.9	2.0	2.0	1.9	149.7	165.9	164.4	156.2	154.3
Machinery and transport equipment (7)	-34.9	-30.6	-29.9	-27.7	-24.4	17.1	21.9	25.7	31.5	37.0
Misc. manufactured goods (6+8)	-3.4	-2.0	-0.6	0.6	1.5	67.4	79.0	93.3	106.4	116.4
Goods not classified elsewhere (9)	-	-	0.5	0.4	0.0	-	-	213.9	181.2	102.0
Memorandum item										
EU trade balance	-51.4	1.2	3.3	26.0	43.6	88.9	100.2	100.6	104.8	107.5
Japanese trade balance*	82.5	103.3	101.8	81.9	48.6	146.0	150.0	144.2	131.9	117.7
EU trade balance with the USA	-13.4	0.8	2.5	-1.6	1.6	85.6	100.9	102.5	98.5	101.4
Japanese trade balance with the USA*	33.9	43.5	46.8	35.3	26.2	183.5	191.1	188.2	160.8	141.7

* Source FMI-DOTS

** Cover = (exports/imports)*100

VII: EU trade balance and intra-industry trade intensity with Japan

VII.1 For several years, the clothing sectors and those of pharmaceutical products and food, beverages and tobacco had the largest trade surpluses with Japan. In 1996, the largest surpluses recorded were ECU 1.8 billion for articles of apparel (SITC 84) and ECU 1 billion for pharmaceutical products (SITC 54). They were fol-

lowed by beverages (SITC 11), meat and meat preparations (SITC 01) and travel goods (SITC 83).

VII.2 The largest deficits were in the five main products imported by the EU from Japan. The cumulated deficits of electrical machinery (SITC 77), office machines and data-processing machines (SITC 75), road vehicles (SITC 78), telecommunications and sound recording equipment (SITC 76) and general industrial machinery and equipment (SITC 74) alone made up a total deficit of ECU 22 billion in 1996.



EU trade balance with Japan by main product

Products (SITC Rev.3)	1992	1993	1994	1995	1996
Largest surpluses in 1996					
	Bn ECU				
84 Articles of apparel and clothing accessories	0.89	0.86	1.23	1.50	1.76
54 Medical and pharmaceutical products	0.98	1.16	1.30	1.09	0.96
11 Beverages	0.75	0.70	0.84	0.80	0.84
01 Meat and meat preparations	0.62	0.66	0.70	0.73	0.76
83 Travel goods, handbags and similar containers	0.35	0.41	0.55	0.60	0.67
66 Non-metallic mineral manufactures	0.39	0.48	0.56	0.58	0.62
85 Footwear	0.23	0.28	0.33	0.40	0.43
65 Textile yarn, fabrics, made-up articles, related prod.	0.06	0.08	0.24	0.38	0.43
55 Essential oils and resinoids and perfume materials	0.24	0.25	0.27	0.33	0.38
51 Organic chemicals	0.00	0.20	0.35	0.27	0.36
Largest deficits in 1996					
77 Electr. mach., app. and appliances and electr. parts	-4.68	-5.19	-6.85	-7.26	-6.17
75 Office machines and data-processing machines	-7.26	-6.18	-6.40	-6.06	-5.44
78 Road vehicles (including air-cushion vehicles)	-11.41	-9.23	-6.90	-5.73	-5.11
76 Telecom., sound rec., reproducing apparatus	-6.30	-5.08	-4.62	-3.85	-3.13
74 General industrial machinery, equipment, parts	-2.01	-1.65	-1.96	-2.12	-2.12
88 Photographic apparatus, supplies, optical goods	-1.86	-1.61	-1.58	-1.77	-1.81
71 Power-generating machinery and equipment	-1.09	-1.40	-1.58	-1.63	-1.50
73 Metalworking machinery	-0.51	-0.47	-0.64	-0.78	-0.78
62 Rubber manufactures, n.e.s.	-0.43	-0.44	-0.55	-0.70	-0.69
87 Professional, scientific and controlling instruments	-0.84	-0.67	-0.74	-0.63	-0.49

VII.3 Petroleum, petroleum products and related materials (SITC 33) and dyeing, tanning and colouring materials (SITC 53) showed the greatest intra-industry trade intensity, although the amounts involved were relatively small. For the main products of trade between the EU and Japan, reciprocity of trade was most intense in 1996 in machinery specialised for particular industries (SITC 72), miscellaneous manufactured goods (SITC 89), organic chemicals (SITC 51), manufactures of metals (SITC 69), plastics in primary forms (SITC 57) and professional and scientific instruments (SITC 87).

VII.4 The ten main products in which trade was virtually one-way (intra-industry trade index almost zero) in 1996 were exclusively products exported by the European Union to Japan. They included export products with considerable trade surpluses such as meat and meat preparations (SITC 01), beverages (SITC 11), footwear (SITC 85) and travel goods (SITC 83). Non-reciprocity of trade was also a marked feature of exports of raw materials such as hides, skins and fur skins (SITC 21), vegetable fats and oils (SITC 42), pulp and waste paper (SITC 25) and cork and wood (SITC 24).



EU-Japan intra-industry trade intensity* by product, 1996

SITC Rev.3	Products with highest intra-industry trade intensity	Intensity	SITC Rev.3	Products with lowest intra-industry trade intensity	Intensity
33	Petroleum, petroleum products	92	01	Meat and meat preparations	0
53	Dyeing, tanning and colouring materials	92	12	Tobacco and tobacco manufactures	1
72	Machinery for particular industries	91	21	Hides, skins and fur skins, raw	1
89	Miscellaneous manufactured articles	89	02	Dairy products and birds' eggs	1
51	Organic chemicals	88	11	Beverages	2
69	Manufactures of metals	86	42	Vegetable fats and oils	2
79	Other transport equipment	85	25	Pulp and waste paper	2
26	Textile fibres and their wastes	84	85	Footwear	2
57	Plastics in primary forms	83	24	Cork and wood	3
87	Professional, scientific and controlling instrum.	82	83	Travel goods, handbags and similar containers	3

* Intra-industry trade intensity = $((X_i + M_i) - |X_i - M_i|) / (X_i + M_i) * 100$ where X_i is the amount of product i exported by the EU to Japan and M_i the EU imports from Japan for the same product. This indicator measures the intensity of trade between two partners for the same product. Its value may range from 100 (= the same amount of exports and imports) to 0 (= one-way trade only, i.e zero exports or zero imports).

VIII: EU trade flows with Japan by Member State

VIII.1 Japan's main EU trading partners were Germany and the United Kingdom. In 1996, these two countries accounted for more than 50% of EU imports from Japan and more than 45% of EU exports to Japan. The Netherlands was in third place as a recipient of Japanese products (11.9%), partly because, as a transit country, it receives goods intended for other Member States. As for exports, Italy (12.3%) was third, followed by France, which accounted for only 12% of EU exports to Japan in 1996 compared with 13.2% in 1995.

VIII.2 Most Member States recorded a fall in imports from Japan. Denmark's imports were down by 13.2%, while France, Finland and Sweden saw theirs decrease by more than 10%. Imports to Germany were worth ECU 15.5 billion (-2.8%) and those to the United Kingdom only ECU 11 billion (-4.9%). In contrast, Japan increased its imports to Ireland (+1.2%), Portugal (+6.8%) and particularly the Netherlands (+11.7%) and Greece (+37.2%).

VIII.3 The largest increases in exports were recorded by Sweden (+18.9%), Austria (+18%) and the BLEU (+16.2%). In 1996, exports to Japan from the three main EU exporters were worth ECU 11.1 billion for Germany (+10.4%), ECU 5.2 billion for the United Kingdom (+14.9%) and ECU 4.4 billion for Italy (+7.6%). Only France, Spain and Denmark saw reductions in their exports, ranging from 1.5% to 5.5%.

VIII.4 The trade balance of the Member States with Japan improved except in trade with Greece and the Netherlands, whose respective deficits worsened by ECU 0.2 billion and ECU 0.6 billion. The trade deficits of the United Kingdom and Germany improved by ECU 1.2 billion and ECU 1.5 billion respectively. The United Kingdom retained the largest deficit, ECU 5.9 billion. Germany's deficit (ECU 4.4 billion) fell below that of the Netherlands (ECU 4.6 billion). Of the three rare Member States with a surplus with Japan, Denmark retained the same balance (ECU 0.6 billion), Sweden improved its surplus from ECU 0.1 billion to ECU 0.6 billion (+ECU 0.5 billion), and Italy doubled its surplus (ECU 1.3 billion).



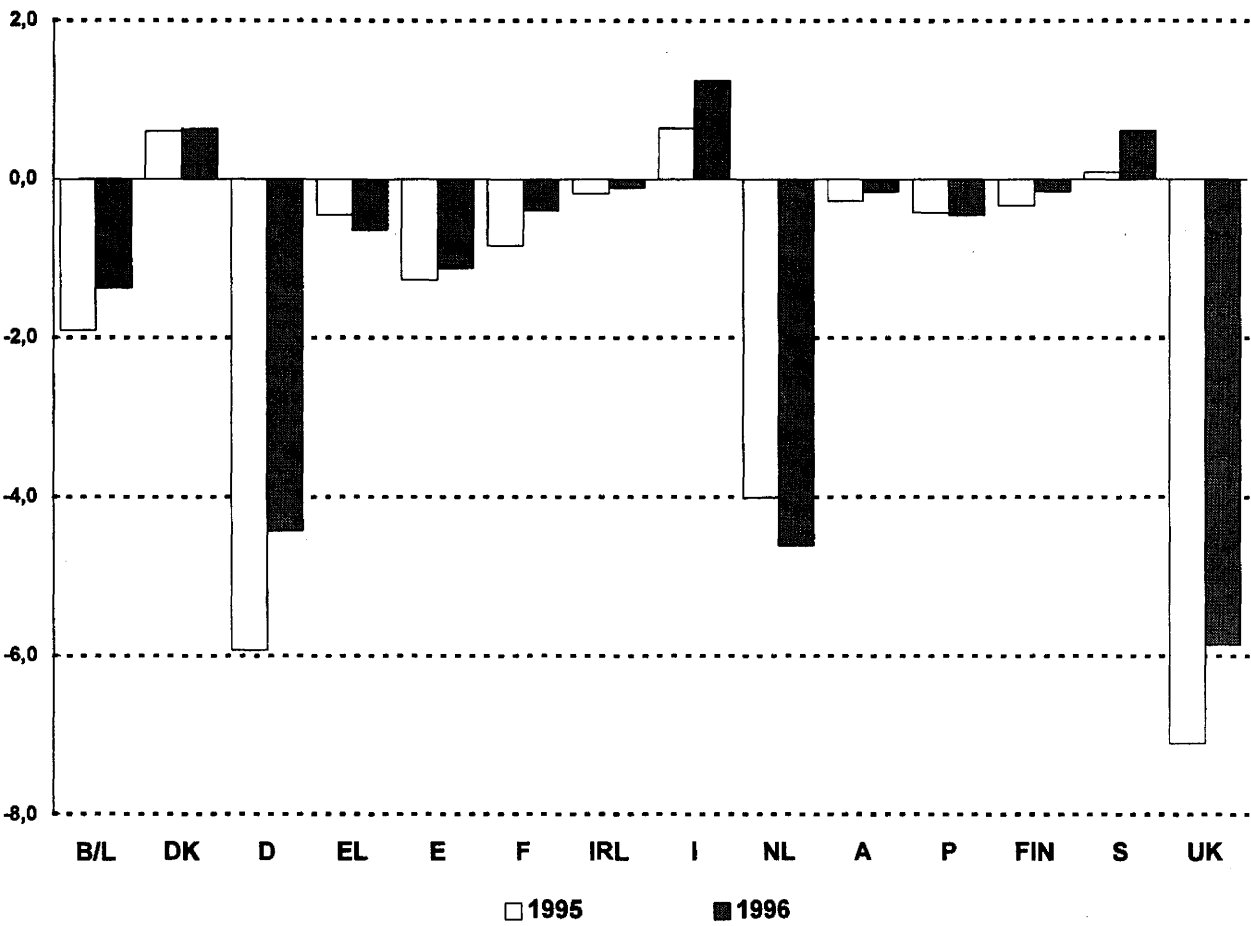
EU trade with Japan by Member State

	Imports				Exports				Trade balance			
	1996 share	1995 Bn ECU	1996 Bn ECU	96/95 Var. (%)	1996 share	1995 Bn ECU	1996 Bn ECU	96/95 Var. (%)	1995 Bn ECU	1996 Bn ECU	1996 absolute var.	96/95 total trade var. (%)
B/L	6.3	3.6	3.3	-7.4	5.4	1.7	1.9	16.2	-1.9	-1.4	0.5	0.1
DK	1.3	0.8	0.7	-13.2	3.7	1.4	1.3	-5.5	0.6	0.6	0.0	-8.3
D	29.6	16.0	15.5	-2.8	31.1	10.1	11.1	10.4	-5.9	-4.4	1.5	2.3
EL	1.4	0.5	0.7	37.2	0.2	0.1	0.1	1.6	-0.5	-0.6	-0.2	33.3
E	3.8	2.2	2.0	-8.3	2.5	0.9	0.9	-3.8	-1.3	-1.1	0.1	-7.0
F	8.9	5.2	4.7	-10.0	12.0	4.3	4.3	-1.5	-0.8	-0.4	0.5	-6.1
IRL	2.3	1.2	1.2	1.2	3.0	1.0	1.1	9.1	-0.2	-0.1	0.1	4.8
I	6.0	3.4	3.1	-8.7	12.3	4.1	4.4	7.6	0.6	1.2	0.6	0.1
NL	11.9	5.6	6.2	11.7	4.6	1.6	1.6	3.0	-4.0	-4.6	-0.6	9.8
A	1.6	0.9	0.9	-0.9	2.0	0.6	0.7	18.0	-0.3	-0.2	0.1	6.8
P	1.1	0.6	0.6	6.8	0.4	0.1	0.1	3.7	-0.4	-0.5	0.0	6.2
F	1.9	1.1	1.0	-11.1	2.3	0.8	0.8	6.8	-0.3	-0.2	0.2	-3.7
S	2.9	1.7	1.5	-10.6	6.0	1.8	2.1	18.9	0.1	0.6	0.5	4.5
UK	21.1	11.6	11.0	-4.9	14.6	4.5	5.2	14.9	-7.1	-5.9	1.2	0.6
EUR15	100.0	54.29	52.48	-3.3	100.0	32.88	35.65	8.4	-21.41	-16.84	4.6	1.1

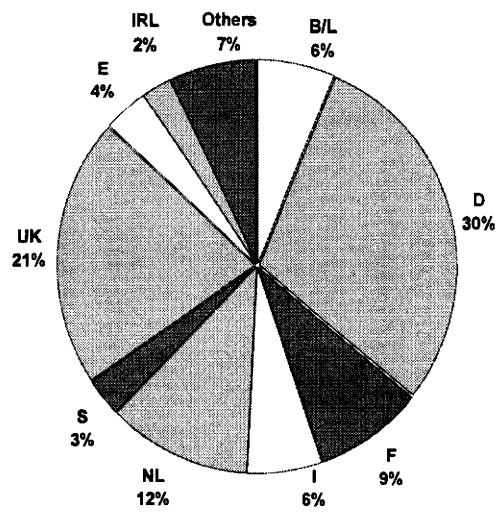
EU trade balance with Japan 1995-1996



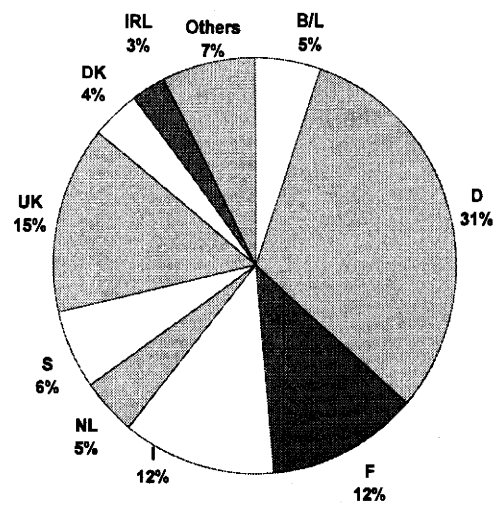
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EU imports from Japan, 1996



EU exports to Japan, 1996



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