



# STATISTICS IN FOCUS

## External trade



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### EUROPEAN UNION TRADE AND INVESTMENT WITH THE NEWLY INDEPENDENT STATES - Results to June 1997 -

#### Summary

The Newly Independent States (NIS)<sup>1</sup> do not yet play a quantitatively very important role in the economic relations of the EU. However, when the EU trade and investment with the NIS is analyzed by Member State, by product group or by NIS partner country, differences soon become apparent.

In 1996, the NIS accounted for 4.6% of the extra-EU imports of goods (26.5 Bn ECU) and 4.0% of the extra-EU exports in goods (24.9 Bn ECU). The trade balance in goods is negative for the EU. Almost all of the EU trade was carried out with Russia which made up 76.8% of the EU exports to and 87.6% of the EU imports from the NIS. Among the Member States, the bulk of the EU exports and imports with the NIS were concentrated in Germany (shares of 34.2% and 32.7% respectively). The structure of the EU imports from the NIS reveals the importance of the Mineral fuels (41.9% of the NIS imports), which come mainly from Russia. This represents 13.9% of the extra-EU imports of Mineral fuels in 1996. The share of Manufactured products in the EU imports from the NIS, Russia and Ukraine is much lower than that in the extra-EU imports. By contrast, the EU exports to the NIS, Russia and Ukraine were concentrated in Manufactured products.

Trade in services between the EU and the NIS is low, with Germany and Russia being the main players. The EU exports to the NIS centered on Construction, Transport and Travel, whereas the EU imports mainly concentrated in Transport, Travel and Other business services. In 1995, the NIS played a minor role as investment target for the EU (0.7% of extra-EU FDI outward flows). 98% of these EU outward flows went to Russia. FDI inward flows from the NIS were negligible.

#### Basic economic indicators between the EU and the NIS

	Bn ECU <sup>2</sup>		
	1994	1995	1996
NIS			
GDP total in ECU	293.00	341.10	430.90 (e)
<i>NIS: GDP per head in ECU<sup>3</sup></i>	<i>1 026.50</i>	<i>1 195.70</i>	<i>1 515.00</i>
<i>Russia: GDP per head in ECU</i>	<i>1 050.40</i>	<i>1 847.10</i>	<i>2 350.60</i>
EU exports of goods to the NIS *	16.02	20.80	24.90
EU imports of goods from the NIS	21.30	24.90	26.50
EU exports of services to the NIS	2.10	3.06	:
EU imports of services from the NIS	4.92	4.74	:
FDI outflows from the EU to the NIS	-0.45	-0.31	:
FDI inflows from the NIS to the EU	0.05	0.12	:

Sources: Interstate Statistical Committee of the CIS (GDP-figures), BOP statistics, \* Comext; see note on Statistical sources, page 8. (e) estimation

(1) NIS: Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan and Kyrgyzstan

(2) In this study 1 Bn = 1000 Mio ECU.

(3) PPS information is not presently available.

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## 1. Trade in goods between the EU Member States and the NIS

### EU trade with the NIS by EU Member States

	(Bn ECU)												
	Exports					Imports					Trade Balance		
	1996 %	1995	1996	1996 I - II	1997 I - II	1996 %	1995	1996	1996 I - II	1997 I - II	1995	1996	1997 I - II
BLEU	5.6	1.0	1.4	0.7	0.8	4.9	1.4	1.3	0.6	0.8	-0.4	0.1	0.0
Denmark	2.9	0.6	0.7	0.4	0.4	1.3	0.4	0.3	0.2	0.1	0.2	0.4	0.3
Germany	34.2	7.8	8.5	3.9	4.8	32.7	8.0	8.7	4.1	4.7	-0.2	-0.2	0.1
Greece	1.8	0.3	0.5	0.2	0.2	2.6	0.6	0.7	0.3	0.3	-0.3	-0.2	-0.1
Spain	2.2	0.4	0.5	0.2	0.4	4.3	1.2	1.1	0.7	0.6	-0.8	-0.6	-0.2
France	9.6	2.0	2.4	1.1	1.7	13.2	3.1	3.5	1.7	2.3	-1.1	-1.1	-0.6
Ireland	1.3	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.3	0.3	0.1
Italy	14.1	2.6	3.5	1.6	1.8	13.1	4.2	3.5	1.7	2.4	-1.5	0.0	-0.6
Netherlands	7.3	1.6	1.8	0.9	0.9	6.6	1.5	1.7	0.8	1.1	0.1	0.1	-0.2
Austria	3.4	0.8	0.9	0.5	0.5	3.8	1.0	1.0	0.5	0.5	-0.1	-0.2	-0.1
Portugal	0.4	0.1	0.1	0.0	0.0	1.1	0.2	0.3	0.1	0.2	-0.2	-0.2	-0.1
Finland	8.7	1.6	2.2	1.0	1.2	7.2	1.3	1.9	0.8	1.1	0.3	0.2	0.1
Sweden	2.7	0.5	0.7	0.3	0.4	2.7	0.6	0.7	0.2	0.4	0.0	0.0	0.0
United Kingdom	5.8	1.2	1.4	0.7	0.9	6.5	1.5	1.7	0.9	1.0	-0.4	-0.3	-0.1
EU15	100.0	20.8	24.9	11.6	14.2	100.0	24.9	26.5	12.6	15.5	-4.1	-1.7	-1.4

Source: Comext

In 1996, EU exports to the NIS amounted to 20.8 Bn ECU and EU imports from the NIS to 26.5 Bn ECU. EU exports to and imports from the NIS were unevenly distributed among the Member States. Germany clearly was the main country in the EU-NIS trade. In 1996, it exported 8.5 Bn ECU to the NIS, accounting for a share of 34.2% and imported 8.7 Bn ECU, i.e. a share of 32.7% (4.8 Bn ECU in EU exports and 4.7 Bn ECU in EU imports during the first six months of 1997). Italy was second with 3.5 Bn ECU in EU exports with a share of 14.1% (1.8 ECU during the first semester of 1997). On the import side France recorded a slightly higher share (13.2%) than Italy which however caught-up in the first half year 1997 (2.4 Bn ECU). Of the three new Member States, Finland witnessed a significant role in the EU trade with the NIS, with shares of 8.7% in exports (2.2 Bn ECU) and 7.2% in imports (1.9 Bn ECU) in 1996.

The analysis by the NIS countries reflected a marked concentration with Russia. In 1996, it accounted for 76.8% of EU exports to the NIS (19.1 Bn ECU) and 87.6% of imports (23.2 Bn ECU), while in the first six months of 1997, it accounted for 10.5 Bn ECU in imports and 13.2 Bn ECU in exports. The Ukraine was the second most important partner with shares of 10.6% in exports and 5.5% in imports in 1996 (2.6 Bn ECU and 1.5 Bn ECU respectively). However, in the first semester of 1997, it showed a small drop, reaching 0.7 Bn ECU resulting from higher imports (1.5 Bn ECU) than exports (0.9 Bn ECU). The permanently negative trade balance of the EU with Russia was responsible for the negative balance in the EU-NIS trade because all other NIS partners displayed figures almost in balance both in 1996 and in the first semester of 1997.

### EU trade with the NIS by NIS-countries

	(Bn ECU)												
	Exports					Imports					Trade Balance		
	1996 %	1995	1996	1996 I - II	1997 I - II	1996 %	1995	1996	1996 I - II	1997 I - II	1995	1996	1997 I - II
Ukraine	10.6	2.2	2.6	1.3	1.5	5.5	1.5	1.5	0.7	0.9	0.7	1.2	0.7
Belarus	3.7	0.9	0.9	0.4	0.6	1.6	0.6	0.4	0.2	0.2	0.3	0.5	0.4
Moldova	0.9	0.1	0.2	0.1	0.1	0.3	0.1	0.1	0.0	0.0	0.1	0.1	0.1
Russia	76.8	16.1	19.1	8.9	10.5	87.6	21.5	23.2	11.0	13.2	-5.4	-4.2	-2.7
Georgia	0.7	0.1	0.2	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Armenia	0.6	0.1	0.2	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Azerbaijan	0.7	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Kazakhstan	2.3	0.4	0.6	0.2	0.7	1.9	0.4	0.5	0.2	0.8	0.1	0.0	0.0
Turkmenistan	0.6	0.1	0.1	0.1	0.1	0.3	0.2	0.1	0.0	0.0	-0.1	0.1	0.1
Uzbekistan	2.8	0.4	0.7	0.3	0.3	2.0	0.5	0.5	0.3	0.3	-0.1	0.2	0.0
Tajikistan	0.1	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.0	0.0	0.0	-0.1	0.0
Kyrgyzstan	0.3	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
NIS	100.0	20.8	24.9	11.6	14.2	100.0	24.9	26.5	12.6	15.5	-4.1	-1.7	-1.4

Source: Comext

## 2. Imports from the NIS by product groups

EU imports from the NIS (26.5 Bn ECU) increased 6.4% in 1996 compared to 1995. This increase was just below the growth registered in extra-EU imports of 6.6% during the same period. Between the first six months of 1996 and those of 1997, EU imports increased dynamically (+23.7%), reaching 15.5 Bn ECU. Thus, 4.6% share of the NIS in 1996 increased to 4.9% during the first semester of 1997.

In the first six months of 1997, as well as in 1996, purchases of Raw materials were the main imports. In 1996, they increased by 26.4% compared to 1995, registering another increase (+19.9%) in the first six months of 1997. The increase in these products was mainly due to the increase in imports of Mineral fuels which registered a growth of 38.5% between 1995 and 1996 (11.1 Bn ECU) and of 18.8% between the first six months of 1996 and of 1997.

On the contrary, Manufactured products followed a different trend. EU imports of these products dropped by 18.0% from 1995 to 1996 to reach 8.3 Bn ECU, then increased in the next nine months of 1997 to reach 5.0 Bn ECU. The main reasons for the drop in 1996 were the decreases in Manufactured goods classified by material (-24.5%) and Chemicals (-16.3%). In the first semester of 1997 Machinery and transport equipment registered a very strong growth of 110% compared to the same period in 1996.

The structures of EU imports from the NIS and from the extra-EU were quite different. In the case of the NIS, imports were more concentrated in Raw

Materials, while extra-EU imports were more concentrated in Manufactured goods. In 1996, more than 50% of EU imports from the NIS and, specifically, Russia were Raw materials. Within this product group, Mineral fuels was the most significant with shares of 41.9% for the NIS and 46.6% for Russia. By contrast, EU imports from Ukraine were more strongly concentrated in Manufactured goods (56.7%). Within the Manufactured products, EU imports from the NIS, Russia and the Ukraine were mostly concentrated in Manufactured goods classified by materials, with shares amounting to 19.3%, 18.8% and 20.6% respectively. This contrasts with the structure of the extra-EU imports where the Machinery and transport equipment (32.2%) was the most important product group.

### Import structure of the EU with the NIS and the extra-EU in 1996

TRADE BY PRODUCTS SITC Rev. 3	EU Imports in %			
	NIS	Russia	Ukraine	Extra-EU
<b>Sections 0-4</b>	<b>55.6</b>	<b>57.3</b>	<b>35.4</b>	<b>28.1</b>
0+1	2.1	1.7	5.8	7.9
2+4	11.7	9.0	21.3	6.5
3	41.9	46.6	8.3	13.8
<b>Sections 5-8</b>	<b>31.1</b>	<b>28.4</b>	<b>56.7</b>	<b>69.2</b>
5	6.2	5.8	14.2	7.7
6	19.3	18.8	20.6	13.0
7	2.9	2.2	7.5	32.3
8	2.7	1.5	14.5	16.2
<b>Section 9</b>	<b>13.3</b>	<b>14.2</b>	<b>7.8</b>	<b>2.7</b>
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### EU imports from the NIS by main products

TRADE BY PRODUCTS SITC Rev. 3 <sup>1</sup>	1995	1996	1996	1997	96/95	97/96
			I - II	I - II		I - II
	Bn ECU				% -var*	
<b>Raw materials (0-4)</b>	<b>11.7</b>	<b>14.8</b>	<b>6.7</b>	<b>8.1</b>	<b>26.4</b>	<b>19.9</b>
Food, beverage and tobacco (0+1)	0.5	0.6	0.3	0.3	6.6	2.3
Crude materials except fuels (2+4)	3.2	3.1	1.5	1.9	-3.1	26.7
Mineral fuels (3)	8.0	11.1	5.0	5.9	39.5	18.8
<b>Manufactured products (5-8)</b>	<b>10.1</b>	<b>8.3</b>	<b>4.2</b>	<b>5.0</b>	<b>-18.0</b>	<b>19.9</b>
Chemicals (5)	2.0	1.6	0.7	0.8	-16.3	3.9
Manufactured goods classified by material (6)	6.8	5.1	2.8	3.1	-24.5	11.6
Machinery and transport equipment (7)	0.8	0.8	0.3	0.7	1.4	110.0
Miscellaneous manufactured articles (8)	0.6	0.7	0.3	0.4	29.3	31.7
<b>Other not classified goods (9)</b>	<b>3.2</b>	<b>3.5</b>	<b>1.7</b>	<b>2.5</b>	<b>10.5</b>	<b>48.9</b>
<b>TOTAL</b>	<b>24.9</b>	<b>26.5</b>	<b>12.6</b>	<b>15.5</b>	<b>6.4</b>	<b>23.7</b>
<b>MEMORANDUM ITEMS</b>						
Extra-EU-15	545.1	580.9	289.4	318.9	6.6	10.2
NIS as % of Extra-EU-15	4.6	4.6	4.3	4.9	-	-

All figures in ECU have been rounded, but the % variation has been calculated using the full figures.

(1) Source: Comext. The Standard International Trade Classification is an analytical trade nomenclature introduced by the United Nations for the purposes of economic analysis. In this document, the third revision of the nomenclature (SITC Rev. 3), introduced in 1988, is used.

### 3. Exports to the NIS by product groups

EU exports to the NIS increased (from 20.8 Bn ECU in 1995 to 24.9 Bn ECU in 1996) 19.4%. In the first six months of 1997, the increase was even larger, standing at 22.3% compared to the same period in 1996. Both of these variations were much higher than the growth rates for extra-EU during the corresponding periods (9.0% and 12.3% respectively). However, the share of EU exports to the NIS in the total extra-EU exports increased only slightly from 4.0% in 1996 to 4.2% in the first six months of 1997.

The main exports were mostly concentrated in Manufactured products with a value of 18.4 Bn ECU in 1996, a growth of 18.4% compared to 1995. In addition, the value registered during the first six months of 1997 was already 10.6 Bn ECU, i.e. 26.2% over the same period in 1996. Machinery and transport equipment showed the largest export values, accounting for 8.7 Bn ECU in 1996 and 5.2 Bn ECU (a growth rate of 32.8%) in the first two quarters of 1997. Chemicals and Manufactured goods classified by material displayed notable growths of 41.2% and 31.3% respectively from 1995 to 1996 and 33.8% and 14.8% for the first six months of 1996 and those of 1997. As far as Raw materials are concerned, EU exports amounted to 5.8 Bn ECU in 1996 and 3.2 Bn ECU in the first two quarters of 1997. These exports were heavily concentrated in Food, beverage and tobacco with steady increases in the past years.

In 1996, EU exports to the NIS, Russia and Ukraine were all strongly concentrated in

Manufactured products, registering shares of around three quarters of all exports. These shares are, however, slightly lower than that in the extra-EU exports (87.5%). Exports of Machinery and transport equipment were responsible for high values, with shares of around 35.0% for the NIS, Russia and Ukraine. For the extra-EU exports, this share was, however, even higher (45.3%). Further, also exports of Miscellaneous manufactured articles were slightly more significant for the NIS (15.5%) and Russia (16.9%) than for Ukraine (12.2%). Within Raw materials, EU exports to the NIS were on the other hand, more concentrated in Food, beverage and tobacco (ranging from 15.7% to 21.0%) than the same exports to the extra-EU (6.6%).

#### Export structure of the EU with the NIS and the extra-EU in 1996

TRADE BY PRODUCTS	EU Exports in %			
	SITC Rev. 3	NIS	Russia	Ukraine
<b>Sections 0-4</b>	<b>23.3</b>	<b>23.3</b>	<b>19.2</b>	<b>11.2</b>
0+1	20.9	21.0	15.7	6.6
2+4	1.7	1.7	2.3	2.2
3	0.7	0.5	1.2	2.5
<b>Sections 5-8</b>	<b>74.1</b>	<b>74.4</b>	<b>76.7</b>	<b>87.5</b>
5	10.4	10.1	12.5	12.9
6	13.3	12.8	17.0	16.6
7	35.0	34.5	35.0	45.3
8	15.5	16.9	12.2	12.7
<b>Section 9</b>	<b>2.6</b>	<b>2.3</b>	<b>4.2</b>	<b>1.3</b>
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### EU exports to the NIS by main products

TRADE BY PRODUCTS SITC Rev. 3	1995	1996	1996	1997	96/95	97/96
			I - II	I - II	%	I - II
	Bn ECU				% -var*	
<b>Raw materials (0-4)</b>	<b>4.8</b>	<b>5.8</b>	<b>2.8</b>	<b>3.2</b>	<b>21.2</b>	<b>12.2</b>
Food, beverage and tobacco (0+1)	4.2	5.2	2.6	2.8	23.1	10.9
Crude materials except fuels (2+4)	0.4	0.4	0.2	0.3	5.3	28.3
Mineral fuels (3)	0.2	0.2	0.1	0.1	10.5	11.1
<b>Manufactured products (5-8)</b>	<b>15.6</b>	<b>18.4</b>	<b>8.4</b>	<b>10.6</b>	<b>18.4</b>	<b>26.2</b>
Chemicals (5)	1.8	2.6	1.2	1.6	41.2	33.8
Manufactured goods classed by material (6)	2.5	3.3	1.6	1.8	31.3	14.8
Machinery and transport equipment (7)	8.0	8.7	3.9	5.2	8.5	32.8
Miscellaneous manufactured articles (8)	3.2	3.9	1.7	2.0	19.9	16.4
<b>Other not classified goods (9)</b>	<b>0.5</b>	<b>0.6</b>	<b>0.3</b>	<b>0.4</b>	<b>36.2</b>	<b>8.0</b>
<b>TOTAL</b>	<b>20.8</b>	<b>24.9</b>	<b>11.6</b>	<b>14.2</b>	<b>19.4</b>	<b>22.3</b>
<b>MEMORANDUM ITEM</b>						
Extra-EU-15	572.8	624.4	299.5	336.5	9.0	12.3
NIS as % of Extra-EU-15	3.6	4.0	3.9	4.2	-	-

Source: Comext

\*All figures in ECU have been rounded, but the % variation has been calculated using the full figures.

## 4. EU-NIS trade balance by product group

### EU-NIS trade balance

TRADE BY PRODUCTS SITC Rev. 3	1995	1996	1997	1995	1996	1997	1996	1996
			I - II			I - II	Russia	Ukraine
	Bn ECU			cover ratio = [(exp/imp)*100]				
<b>Raw materials (0-4)</b>	-6.9	-9.0	-4.9	41	39	40	33	97
Food, beverage and tobacco (0+1)	3.7	4.6	2.5	805	928	978	1 016	486
Crude materials except fuels (2+4)	-2.8	-2.7	-1.6	13	14	14	16	19
Mineral fuels (3)	-7.8	-10.9	-5.8	2	1	1	1	27
<b>Manufactured products (5-8)</b>	<b>5.5</b>	<b>10.2</b>	<b>5.6</b>	<b>155</b>	<b>223</b>	<b>213</b>	<b>215</b>	<b>243</b>
Chemicals (5)	-0.1	0.9	0.9	93	157	214	142	158
Manufactured goods classified by material (6)	-4.3	-1.8	-1.3	37	65	59	56	148
Machinery and transport equipment (7)	7.2	7.9	4.5	1 041	1 114	714	262	841
Miscellaneous manufactured articles (8)	2.7	3.1	1.6	582	540	487	918	151
<b>Other not classified goods (9)</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-2.1</b>	<b>15</b>	<b>18</b>	<b>14</b>	<b>13</b>	<b>95</b>
<b>TOTAL</b>	<b>-4.1</b>	<b>-1.7</b>	<b>-1.4</b>	<b>83</b>	<b>94</b>	<b>91</b>	<b>82</b>	<b>180</b>
<b>MEMORANDUM ITEM</b>								
Extra-EU15	27.7	43.4	17.6	105	107	106	107	107

Source: Comext

The EU's trade balance with the NIS has registered negative figures since 1995. The EU-NIS trade balance recorded -4.1 Bn ECU in 1995 and improved to reach -1.7 Bn ECU in 1996 (in the first six months of 1997 -1.4 Bn ECU). The cover ratio therefore displayed figures below 100 for the NIS-EU trade. However, the cover ratio differs according to the NIS partners. In 1996, the cover ratio of the EU with Russia was 82 while with Ukraine it was much higher at 180 reflecting the high EU exports in comparison to the imports.

By products, Manufactured goods showed positive balances for the EU since 1995, registering a very high value in 1996 (10.2 Bn ECU). Machinery and transport equipment was the main reason for the

surplus. The very high cover ratio reflected the ten times higher exports in comparison to the imports in 1995 and 1996, and up to seven times higher in the first semester of 1997. The EU exports to Ukraine were the main reason for this high cover ratio in Machinery and transport equipment.

By contrast, Raw materials has registered negative trade balances since 1995. This was due to the deficits recorded by Mineral fuels (implying very low cover ratios) which were more or less compensated by a small surplus registered by Food, beverage and tobacco. Within the latter group, the EU had very high exports in comparison the imports whereby the high exports to Russia were mostly responsible for the high cover ratio.

## 5. Intra-industry trade index between EU and the Member States and the NIS

In 1996, the Grubel-Lloyd intra-industry trade index (GL-index) for trade between the EU and NIS showed a value of 18. Such a value near to zero indicates a strongly inter-industry specialised trade. Exchange of goods between different industries is a characteristic for trade relations between two partners at different development levels.

Calculations of the GL-indices for the trade with the NIS by Member State showed that there are no large differences in the pattern of trade specialization. Only Austria's GL-index with the NIS - which was higher than for the total EU - indicated a lower inter-industry specialization than that of the total EU. In contrast, Spain, Ireland and Portugal were strongly specialised in inter-industry trade with the NIS. Similarly, the GL-indices of the EU with each NIS country or country group do not showed strong variations. The GL-index in the EU trade with Russia was lower compared to

the NIS average. Central Asia (Kazakhstan, Kyrgyzstan, Uzbekistan, Turmenistan and Tajikistan) had the lowest GL-index, whereas France proved an exception indicating a stronger intra-industry specialization with this country group. The indices for Belarus, Ukraine and Transcaucasus (Georgia, Armenia, Azerbaijan) were clearly higher than for the NIS group as a whole. This was especially true for the trade between BLEU and Transcaucasus.

Finally, the inter-industry trade specialization in the trade between most EU Member States and most NIS countries or groups was characterised by low values of the GL-indices. Spain, Portugal, Ireland, Sweden and Finland even had in some cases a GL-index of zero, indicating total inter-industry specialization with the corresponding NIS partner. Only Ukraine and Belarus maintained higher values of the GL-indices in quite a few cases.

## Grubel-Lloyd intra-industry trade index\*, 1996

	NIS	Russia	Ukraine	Belarus	Moldova	Central Asia**	Transcaucasus***
BLEU	18	11	21	32	4	8	61
Denmark	14	11	6	21	1	1	1
Germany	16	12	24	31	8	6	10
Greece	16	10	12	4	27	1	26
Spain	7	6	8	5	0	0	4
France	16	12	22	21	6	37	11
Ireland	3	3	2	1	2	0	0
Italy	12	10	19	29	34	2	17
Netherlands	10	5	18	26	10	4	7
Austria	27	8	28	16	7	7	11
Portugal	1	1	2	0	1	0	0
Finland	19	20	9	11	0	4	1
Sweden	12	11	8	13	1	0	0
United Kingdom	14	11	21	35	7	7	15
EU15	18	14	27	37	17	12	28

\* The Grubel-Lloyd intra-industry trade index is calculated using the SITC divisions from 00 to 97. Source: Comext

\*\* Central Asia: Kazakhstan, Kyrgyzstan, Uzbekistan, Turmenistan and Tadjhikistan;\*\*\* Transcaucasus: Georgia, Armenia and Azerbaijan

### The Grubel-Lloyd intra-trade index:

The intra-industry trade index shows whether the trade between partners is specialised in different industries (inter-industry specialisation) or within the same industry (intra-industry trade). A value near 100 means that the trade between two partners is taking place within one industry. A value near zero indicates a strong inter-industry specialisation. The index has, however, geographical and sectoral biases if the underlying data is insufficiently disaggregated. Geographical bias arises when several partner countries are aggregated; therefore a bilateral analysis is preferred. The sectoral bias arises when an industry is considered as a whole, because different types of goods (intermediate and final goods) are aggregated. The Grubel-Lloyd intra-industry trade index can be downward biased if the global trade balance is in disequilibrium (surplus or deficit).

## 6. Trade in services between the EU and the NIS

In 1995, flows of services between the EU and the NIS recorded 3.1 Bn ECU in exports and 4.7 Bn ECU imports. Therefore, the NIS accounted for respectively 1.7% and 2.8% of the total extra-EU exports and imports of services. The EU balance of trade in services with the NIS was negative.

In 1995 Germany recorded the highest transactions both in exports (1.3 Bn ECU) and in

imports (2.3 bn ECU), with a negative trade balance. Furthermore, Germany made up 46.7% of the EU exports of services to the NIS and 48.5% of the EU imports from the NIS. Also the United Kingdom and Italy played an important role in the EU exports of services to the NIS (respectively 15.8% and 9.7%) as well as in the EU imports of services from the NIS (8.5% and 8.2%).

### Exports, imports and balance of services

	Exports			Imports			Balance		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
BLEU	44	54	55	74	84	70	- 29	- 29	-16
Germany	1 198	1 164	1 336	1 319	2 051	2283	- 121	- 887	-947
Spain	:	62	69	:	81	71	:	- 19	-2
France	*	*	*	*	*	*	- 288	- 684	- 535
Italy	140	111	298	499	426	388	- 359	- 315	-90
Austria	193	*	44	86	*	129	107	- 144	-85
Portugal	1	1	1	1	2	2	0	0	-1
Finland	:	125	241	:	200	221	:	- 75	19
United Kingdom	365	501	483	569	639	402	- 204	- 138	81
EU-15	2 558	2 097	3 060	3 744	4 918	4737	-1 185	-2 821	-1677

\*Data is not published because of non disclosure practice. Figures for Denmark, Greece, Ireland, Netherlands and Sweden were not available. Source: New Cronos, BOP - ITS statistics. Figures are calculated according to a harmonized methodology.

In 1995, Russia was the main trading partner for the EU-NIS trade in services, as it recorded 70.3% of the EU exports to the NIS and 66.1% of the EU imports from the NIS. In 1995, exports of EU services to the NIS were mainly concentrated in Construction services (38.4%), followed by Transportation (20.2%) and Travel with 20.2%. The EU imports of services from the NIS are clearly concentrated in Transport, with a share of 53.3%, followed by Travel services (15.9%), Other business services (13.1%) and Construction services (10.2%).

Russia's important trading role is further confirmed when analyzed by the structure of the trade in services. In 1995, Russia made up the bulk of the EU exports in Construction services (78.3%), Transportation (75.3%) and Travel (84.5%). Also in several sub-groups of the EU imports Russia played a very significant role recording 73.4% of Travel imports, 91.5% of Construction imports and 81.5% of Other business service imports from the NIS. Although the trade balance in services both with the NIS and with Russia was negative for the EU, certain sub-balances such as Construction services were positive for the EU in 1995.

### EU trade in services with the NIS, 1995

(Mio ECU)

Products	Exports		Imports		Balance	
	NIS	Russia	NIS	Russia	NIS	Russia
<b>Services</b>	<b>3 060</b>	<b>2 152</b>	<b>4 737</b>	<b>3 131</b>	<b>-1 677</b>	<b>- 979</b>
<b>Transportation</b>	<b>619</b>	<b>466</b>	<b>2 529</b>	<b>1 370</b>	<b>-1 909</b>	<b>- 904</b>
Sea transport	205	180	1 250	903	-1 045	- 723
Air transport	278	173	449	316	- 170	- 143
Other transport	136	113	830	151	- 694	- 39
<b>Travel</b>	<b>586</b>	<b>495</b>	<b>753</b>	<b>553</b>	<b>- 167</b>	<b>- 57</b>
<b>Other services</b>	<b>1 833</b>	<b>1 176</b>	<b>1 437</b>	<b>1 193</b>	<b>395</b>	<b>- 17</b>
Communications services	88	70	128	78	- 39	- 8
Construction services	1 174	919	483	442	691	447
Insurance services	205	204	13	12	193	192
Financial services	63	51	25	23	37	28
Computer and information services	94	84	30	28	63	56
Royalties and license fees	19	17	13	11	6	7
Other business services	104	*	622	*	- 519	*
Pers., cultural & recreational services	27	25	44	33	- 16	- 8
Government services	59	39	79	57	- 20	- 18
<b>Services not allocated</b>	<b>22</b>	<b>15</b>	<b>18</b>	<b>16</b>	<b>5</b>	<b>- 1</b>

### 7. Foreign Direct Investments between the EU and the NIS

The EU foreign direct investment (FDI) to the NIS amounted to 309 Mio in 1995 (1996 figures will not be used as they are not complete), representing a share of 0.7% of the total extra-EU outward flows. The bulk of the EU FDI outward flows (302 Mio ECU) went to Russia in 1995, a share of 97.7%. Apart from Russia, the NIS seems not yet to be interesting for the European investors. On the other hand, the EU FDI inward flows originating from the NIS were negligible, recording 122 Mio ECU in 1995, i.e. a share of 0.03% in the total extra-EU inward flows.

In 1995, the EU FDI outward flows to the NIS came mainly from Germany, France and the Netherlands which accounted together for 75.1% of the total EU

FDI outward flows to the NIS. These Member States displayed quite similar volumes of transaction with respectively 81 Mio ECU, 79 Mio ECU and 72 Mio ECU. These investments were mainly targeted on Russia. Finland and the UK followed with respectively 32 Mio and 29 Mio ECU. The NIS is, however, an important investment target for Finland, as Russia made up 8.7% of Finland's total extra-EU FDI outward flows in 1995.

The bulk of the FDI inward flows to the EU went to Germany (79 Mio ECU) which accounted for 64.8% of total inward flows from the NIS (mostly from Russia). Spain recorded an amount of 38 Mio ECU FDI inward flows from the NIS which also came mostly from Russia.

## FDI flows between the EU and the NIS

(Mio ECU)

	Outward flows					Inward flows				
	Extra-EU	NIS		Russia		Extra-EU	NIS		Russia	
	1995	1995	1996	1995	1996	1995	1995	1996	1995	1996
BLEU	2 555	0	12	20	5	1 894	- 22	13	2	11
Denmark	1 345	0	6	0	4	609	1	0	1	0
Germany	10 512	81	95	62	64	4 887	79	3	79	2
Spain	2 091	- 2	3	- 2	3	978	38	41	37	39
France	5 379	79	62	78	57	7 013	3	1	3	1
Italy	783	5	9	4	4	1 112	1	1	1	1
Netherlands	4 847	72	104	60	84	3 891	11	11	:	:
Austria*	533	5	11	4	8	194	1	1	0	0
Portugal	115	0	0	0	0	117	0	0	0	0
Finland	369	32	:	32	58	152	4	:	4	- 4
Sweden	3 388	8	21	8	20	8 354	:	:	:	:
United Kingdom	9 948	29	:	36	:	8 762	6	:	6	:
EU15	44 472	309	:	302	:	37 706	122	:	143	:

Source: New Cronos, BoP - FDI statistics. Data for Greece and Ireland are not available

\* Austria's figures include only equity capital

: Information is not available

### Note on statistical sources

Statistical information on the trade in goods is based on the Comext data base which relies on customs data. The Comext data base allows both geographical and product level breakdown of the figures. Imports are valued on a cif basis (including cost+insurance+freight) and exports on a fob basis (free on board). The information on trade in services is, however, based on the balance of payments statistics in which both exports and imports are drawn on a fob basis (free on board). The data on services is collected by means of complex systems combining enterprises direct declarations, surveys, census of bank transactions and estimates. Finally, the FDI data is taken from the financial account of the balance of payments statistics.

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