

**EMPOWERING  
BUSINESS  
THROUGH  
UNDERSTANDING**

**The Executive Training Programme's:  
EUROPEAN UNION TRADE  
WITH JAPAN & KOREA  
RESEARCH REPORT**  
Aggregate & Member State Profiles



**ETP**

EXECUTIVE TRAINING PROGRAMME

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# Introduction

*'The Executive Training Programme's: EU Trade with Japan & Korea'* report was conducted by Economist Ronan Lyons of Oxford University on behalf of the European Commission between 8<sup>th</sup> and 22<sup>nd</sup> August 2011. Detailed trade statistics from leading international data sources including Eurostat and the OECD were used as part of this analysis. For each of the 27 EU member states, and for the EU as a whole, trends in exports to both Korea and Japan over the period 2000-2010 were analysed. Through projection forward of existing trends, and comparisons with other countries, trade opportunities were highlighted at aggregate and sectoral levels.

# Report Highlights

## Exports to Japan

- EU exports to Japan have fallen from €45 in 2000 to €43bn in 2010. If this downward trend persists, annual exports may slip to €41bn by 2020.
- Figures from the first half of 2011, though, point to 15% year-on-year growth in exports from the EU to Japan. If growth in exports to Japan were to match the general trend in the EU's exports, EU exports to Japan could be as high as €68bn per year by 2020.
- The IMF forecasts Japanese imports of both goods and services to grow by 50% between 2011 and 2016.
- Improving exports to Japan by EU materials and machinery firms to match their exports elsewhere would create €1.9bn in new export opportunities in materials-based manufacturing and €4.5bn in machinery exports.
- If exports to Japan were to grow in line with exports to other countries, there would be additional export opportunities for EU firms in Japan of €25bn per year by 2020.

## Exports to Korea

- EU exports to South Korea have grown steadily over the past 10 years, from €16bn in 2000 to €27bn in 2010. This annual rate of growth of 5.4% is above the growth in general EU exports over the same period of 4.7%.
- With the coming into force of a free-trade agreement between the EU and South Korea in July 2011, trade may continue to expand rapidly over coming years. If recent growth in exports is sustained, exports could reach €47bn a year by 2020.

## Depth of trade

- For the typical EU member state, Japan is its 10<sup>th</sup> most important export market outside the EU (down from 6<sup>th</sup> in 2000), and now accounts for 2.4% of non-EU exports.
- South Korea is on average an EU member state's 16<sup>th</sup> most important market (down from 15<sup>th</sup> in 2000), accounting for 1.5% of exports outside the EU.
- Most EU member states trade significantly less with Korea and Japan, on a per capita basis, than with Australia, another developed economy that is about the same distance. The typical Japanese citizen consumes about €340 worth of EU imports each year, while the per capita consumption of EU imports in Korea is €570. By contrast, per capita imports by Australians are significantly higher, at €1,200. This shows the importance of factors other than distance, such as culture, language and business environment, in determining trade flows.

## Opportunities for trade

- If future trade growth is similar to recent trends, new export opportunities of between €20bn and €40bn a year could emerge for EU firms in Japan and Korea by 2020. If export growth to Korea and Japan is in line with the growth in non-EU exports over the last ten years, firms in all EU member states will enjoy significant new export opportunities over coming years.
- The six largest EU member states (with populations of 40 million or more) would typically enjoy new export opportunities of up to €2bn a year each, by 2020.
- For the seven smallest EU member states (with populations of 3 million or less), the new export opportunities for each country's exporters would be of the order of €100m, by 2020.
- For those member states with a population of between 5 and 20 million, the typical size of new opportunities for exporters by 2020 would be about €850m.

# 1. Overview

The European Union is the world's largest exporter, with €1,250bn exported from the EU to other countries in 2010<sup>1</sup>. Its exports to non-EU countries have grown by an annual average of 4.7% since 2000. However, during that period, exports to Japan fell from €45 to €43bn. If this downward trend persists, annual exports may slip to €41bn by 2020. Figures for the first half of 2011, though, point to 15% year-on-year growth in exports from the EU to Japan. If growth in exports to Japan were similar to growth in exports to other countries over coming years, EU exports to Japan could be as high as €68bn by 2020.

Exports to South Korea, on the other hand, have grown steadily over the past 10 years, from €16bn in 2000 to €27bn in 2010. With the coming into force of a free-trade agreement between the EU and South Korea in July 2011, trade may continue to expand rapidly over coming years. If recent growth in exports is sustained, exports could reach €47bn a year by 2020.

As the aggregate figures suggest, and as the country profiles below show, for most EU member states, exports to Japan have grown slowly if at all since 2000, while trade with Korea has grown faster than the average growth rate of exports outside the EU. For the typical EU member state, Japan is its 10<sup>th</sup> most important export market outside the EU (down from 6<sup>th</sup> in 2000), and now accounts for 2.4% of non-EU exports (down from 3.7%). South Korea is on average an EU member state's 16<sup>th</sup> most important market (down from 15<sup>th</sup>), accounting for 1.5% of exports outside the EU.

Typically, exports to Korea and Japan reflect the general health of a country's exporting sector. Exports from the UK and Ireland outside the EU grew slowly between 2000 and 2010 – and both countries have also seen their exports to both Korea and Japan contract since 2000. Meanwhile, each of the Baltic countries saw its non-EU exports increase more than six-fold, and concurrently there were dramatic increase in Estonia's exports to Japan Lithuania's exports to Korea and in the case of Latvia exports to both.

Despite the large increases in exports to Korea in particular over the last ten years, the vast majority of EU member states trade significantly less with Korea and Japan, on a per capita basis, than with Australia, another developed economy that is about the same distance. However, it is worth noting that a number of smaller countries such as Malta and Latvia actually trade more with both countries, albeit at low levels. At an aggregate level, the typical Japanese citizen consumes about €340 worth of EU imports each year, while the per capita consumption of EU imports in Korea is €570. By contrast, per capita imports by Australians are significantly higher, at €1,200. This shows the importance of factors other than distance, such as culture, language and business environment, in determining trade flows.

If future trade growth is similar to recent trends, new export opportunities of between €20bn and €40bn a year could emerge for EU firms in Japan and Korea by 2020. If export growth to Korea and Japan is in line with the growth in non-EU exports over the last ten years, firms in all EU member states will enjoy significant new export opportunities over coming years:

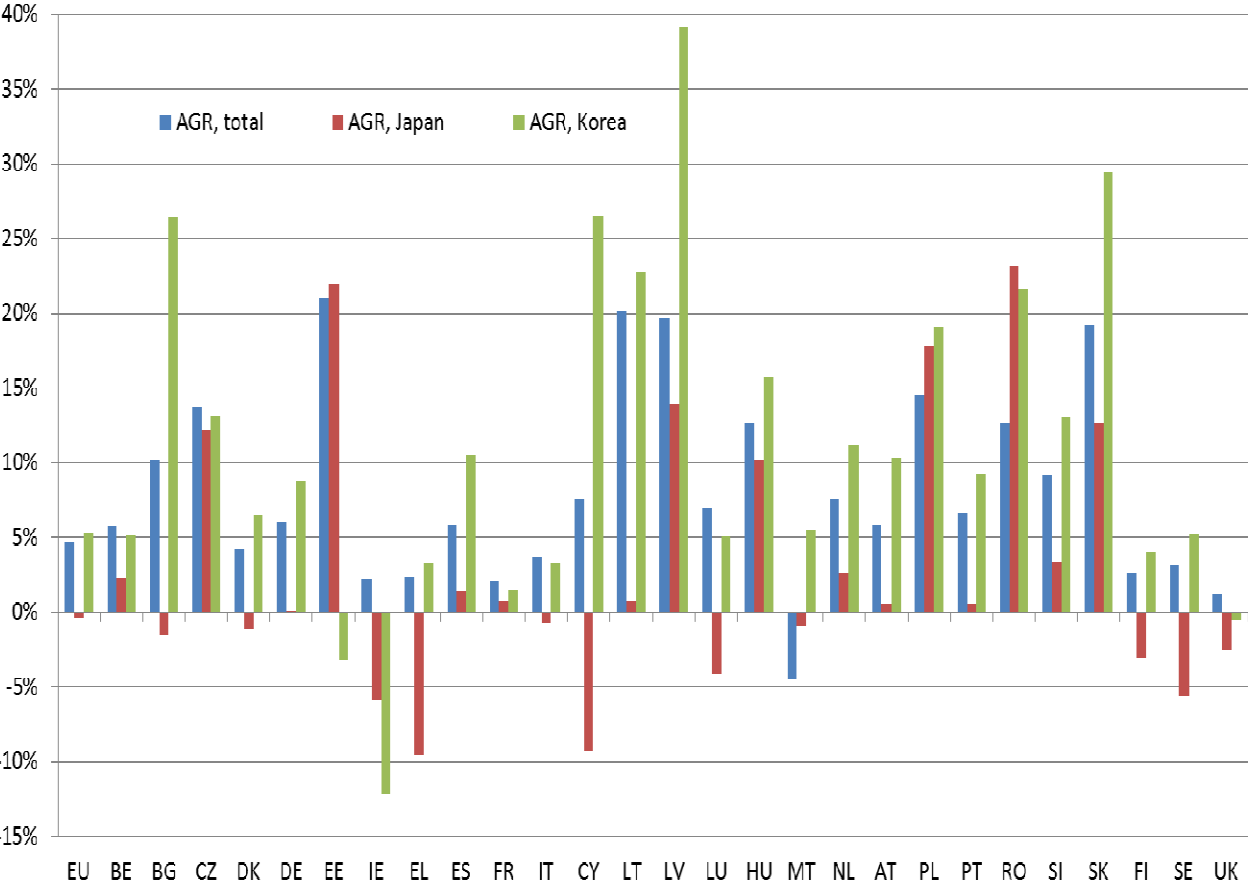
- The six largest EU member states (with populations of 40 million or more) will typically enjoy new export opportunities of up to €2bn a year each, by 2020.
- For the seven smallest EU member states (with populations of 3 million or less), the new export opportunities for each country's exporters will be of the order of €100m, by 2020.
- For those member states with a population of between 5 and 20 million, the typical size of new opportunities for exporters by 2020 is about €850m.

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<sup>1</sup> All figures in this report are based on Eurostat and OECD trade statistics, unless otherwise stated.

**Figure 1. Annual AGR (average growth rate) in exports from EU member states to all non-EU, Japan and Korea, 2000-2010**

Source: Eurostat



## 2. EU Trade with Japan

### 2.1 Profile of Japan

Japan has a population of 127.5 million inhabitants, with a per capita income of €32,300 in 2010. Adjusting for the cost of living, per capita income in Japan is about 7% higher than in the EU. Its total GDP in 2010 was €4,118bn and exports comprised 13% of GDP that year, making Japan relatively closed compared to other countries. The country runs a current account surplus (3.6% in 2010). Its economy contracted sharply in 2008 (-1.2%) and 2009 (-6.3%) but rebounded strongly in 2010, with real GDP growth of 3.9%. Over the last 20 years, industry has shrunk from 39% of the economy to 28%, while agriculture makes a small contribution to output (1.5% in 2010). Services have grown from 58% to 71% of the economy since 1990.

### 2.2 Japan-EU Trade

Japan is the EU's 6<sup>th</sup> largest trade partner, after the US, China, Russia, Switzerland and Norway, with almost €110bn being traded between the two regions in 2010. For Japan, the EU is its third most important trade partner, after China and the US. In 2010, Japan enjoyed a trade surplus with the EU of over €15bn in 2010. Reflecting sluggish growth in consumer expenditure generally in Japan, merchandise exports from the EU to Japan decreased slightly between 2000 and 2010, falling from €45.5bn to €43.7bn, although in the first quarter of 2011 there was strong growth in trade, 17% year-on-year. The decline in exports to Japan is in contrast to the overall trend for the EU's exports. Between 2000 and 2010, total exports by the EU grew 58%, from €850bn to €1,350bn. This is an annual average growth rate of 4.7%, compared to a -0.4% decline in exports to Japan.

### 2.3 Trade by Sector

The EU's most important export sector is machinery, including transport equipment and electronics, accounting for 43% of all exports. However, this sector accounts for just 30% of all exports to Japan. Likewise, the EU's second largest type of exports, chemicals including pharmaceuticals, accounts for 17.5% of EU exports globally but just 9% of exports to Japan. Instead, exports of fuels and other raw materials – which account for just over 5% of EU exports globally – comprise 25% of exports to Japan. Exports to Japan of material-based manufactures, which includes textiles, wood and iron products, the EU's third largest exporting sector globally, are in line with other countries (11% to Japan, vs. 13% globally).

Sectors where Japan is among the five largest importers of EU goods include food, pharmaceuticals, clothing and scientific instruments. However, there are a range of sectors where Japan does not feature among the EU's ten largest export destinations. These include iron/steel products and ICT and electronics goods such as telecommunications and office equipment.

### 2.4 Opportunities for Trade

In 2000, Japan constituted just over 5% of EU exports but this figure has since fallen to 3.2%. If action were taken and exports to Japan were to grow in line with exports to other countries, there would be additional export opportunities of €25bn for EU firms in Japan over coming years. However, if the typical growth rates seen since 2000 continued into the future, Japan would constitute just 1.9% of the EU's exports by 2020.

The size of new trading opportunities over coming years will be to some extent determined by economic growth in Japan. According to the IMF's World Economic Outlook, Japan's economy is expected to grow by about 18% between 2010 and 2020. Growth in international services trade will create further opportunities and the IMF forecasts Japanese imports of both goods and services to grow by 50% between 2011 and 2016.

Economic research has shown that distance is a significant barrier to trade and that is a very relevant factor for EU-Japanese trade. However, even accounting for distance, the EU is currently "under-trading" with Japan. In 2010, the EU exported about €330 worth of merchandise to every person in Japan. The same year, EU exports to Australia were nearly four times greater, the equivalent of €1,200 per head of population. This shows the importance of factors other than distance, such as language and culture.

There are particular sectors which are "under-exporting". Materials-based manufacturing (which includes textiles, iron and paper products) and machinery (principally electronics and transport equipment) comprise

55% of all EU exports to the rest of the world. In the case of Japan, however, the figure is just 40%. If EU firms increased exports in these sectors so that the proportion were in line with EU trade generally, this would create €1.9bn in new export opportunities in materials-based manufacturing and €4.5bn in machinery exports.

## 2.5 Services & Foreign Direct Investment

Largely due to improvements in information and communication technology, trade in commercial services is a growing area of world trade. According to the WTO, Japan imported just under €120bn of commercial services in 2010. In recent years, exports of services from the EU to Japan have been close to €18bn, just over 3.5% of total EU services exports.

Trade, both in merchandise and in services, is just one part of the commercial links between the EU and Japan. Investment, in particular foreign direct investment, presents a range of further opportunities for EU firms, in particular in the predominantly non-traded sectors of construction, healthcare and energy. Construction activity in Japan over coming years will be driven by the reconstruction following the 2011 earthquake, the most expensive natural disaster in history. The reconstruction package announced by the government is estimated at €36bn, most of which will be spent on housing and public infrastructure. Even without this unforeseen spur to activity, the construction sector in Japan would have been worth about €350bn in 2011.<sup>2</sup>

Japan's environment and energy sector is estimated to be the third largest in the world, after the US and China, worth over €650bn in 2011. A 2010 growth strategy aims to increase the sector in value by a further €450bn a year by 2020, in order to reduce carbon emissions by 25% by 2020 and in so doing create 1.4 million new environment sector jobs.<sup>3</sup> Japan also faces particular challenges in relation to healthcare, with 40% of its population predicted to be over the age of 65 by 2050 (the figure is currently 22%). The medical devices market in Japan, worth €20bn in 2009, is one where import penetration is deep (close to 50%), although currently it is predominantly American rather than EU firms in the market.<sup>4</sup>

While the sectors are significant, foreign direct investment by EU firms in Japan remains volatile. OECD figures show cumulative FDI by EU firms into Japan from 2000 to 2009 of \$41bn. However, recent Eurostat figures show that there was disinvestment by EU firms of €4bn in 2010.<sup>5</sup> The value of the total stock of EU firms' investments in Japan now stands at about €80bn.

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<sup>2</sup> EU Gateway Programme, Market Study on the Construction & Building Technologies Sector in Japan, 2011

<sup>3</sup> EU Gateway Programme, Environment & Energy-related technologies: Japan Market Study, 2010/2011

<sup>4</sup> EU Gateway Programme, Healthcare & Medical Technology: Japan Market Study, January 2011

<sup>5</sup> Source: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/6-26052011-AP/EN/6-26052011-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/6-26052011-AP/EN/6-26052011-AP-EN.PDF)

## 3. EU Trade with South Korea

### 3.1 Profile of South Korea

South Korea has a population of almost 50 million inhabitants, with a per capita income of €15,500 in 2010. Adjusting for the cost of living, per capita income in Korea is about 8% below the average in the EU. Its total GDP in 2010 was €760bn and exports comprised 42% of GDP that year. The country runs a current account surplus (2.8% in 2010) and, after recording much slower growth in 2008 and 2009, was one of the fastest growing OECD member states in 2010, with real GDP growth of 6.1%. Over the last 20 years, agriculture has gone from 9% to 3% of the economy, while services have grown from 50% to 61%; industry has shrunk slightly in the same period, from 42% to 37%.

### 3.2 South Korea-EU Trade

South Korea is the EU's 9<sup>th</sup> largest trading partner and 10<sup>th</sup> largest destination for exports, with over €65bn being traded between the two regions in 2010. For South Korea, the EU is set to become its second most important export market after China and fourth most important trade partner overall, after China, Japan and the US. In 2010, Korea enjoyed a merchandise trade surplus with the EU of over €10bn.

Merchandise exports from the EU to South Korea increased significantly between 2000 and 2010, from €16.4bn to €27.6bn, with further strong growth in the first quarter of 2011 of 30% year-on-year. The trend in exports from the EU to Korea is slightly ahead of the overall trend for the EU's exports. Between 2010 and 2011, total exports from the EU grew 58%, from €850bn to €1,350bn. This is an annual average growth rate of 4.7%, compared to average growth in exports to Korea of 5.4%.

### 3.3 Trade by Sector

The EU's most important export sector is machinery, including transport equipment and electronics, accounting for 43% of all exports. The sector accounts for just over half of all exports to Korea (50.9%). Exports to Korea of the EU's second largest type of exports, chemicals including pharmaceuticals, are in line with the global average (17.8% versus 17.5% for all non-EU). The third largest sector, material-based manufactures, including textiles, wood and iron, account for 10% of exports to Korea, but 13% of the EU's exports globally.

Some sectors outperform in exporting to Korea, while other underperform. Sectors where Korea is among the ten largest importers of EU goods include ores, chemicals excluding plastics and pharmaceuticals, integrated circuits and non-electrical machinery. However, there are a range of sectors where Korea ranks outside the EU's fifteen largest export destinations. These include food products, textiles, petroleum, other fuels, semi-manufactures, and ICT goods such as telecommunications and office equipment.

### 3.4 Opportunities for Trade

In 2000, Korea constituted just 1.9% of EU exports. By 2010, this figure had risen slightly to 2.0% and if current growth rates continued over the next decade, Korea would constitute 2.2% of the EU's exports by 2020. Indeed, if exports to Korea continue to grow by 5% per annum, as they have done in recent years, the coming decade will present EU firms with additional export opportunities to Korea of about €19bn per year by 2020.

Since July 2011, a free-trade agreement has been in force between the EU and South Korea, the first such agreement in the current round of EU free-trade agreements. A 2007 study on the potential impact of a freetrade agreement found that it should boost EU exports to South Korea by 48 percent, or nearly €20bn.<sup>6</sup> The study also found that the free-trade agreement will produce sectoral winners and losers, based on current

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<sup>6</sup> Copenhagen Economics & Prof. J. F. Francois, "Economic Impact of a Potential Free Trade Agreement (FTA) Between the European Union and South Korea", March 2007

market structures and barriers to trade. In particular, the EU's motor vehicles and electrical machinery sectors are predicted to face the toughest increase in competition, while the EU's food & drinks sector is predicted to benefit most from reduction of barriers to trade in Korea.

The size of new trading opportunities over coming years will be to some extent determined by economic growth in Korea. According to the IMF's World Economic Outlook, Korea's economy is expected to grow by about 53% between 2010 and 2020. Growth in international services trade will create further opportunities and the IMF forecasts Korean imports of both goods and services to grow by 75% between 2011 and 2016.

Economic research has shown that distance is a significant barrier to trade and that is a very relevant factor for EU-Korean trade. However, even accounting for distance, and despite growth over the past decade, the EU is still "under-trading" with Korea. In 2010, the EU exported about €570 worth of merchandise to every person in Korea. While this figure is greater than for Japan (€330), the same year EU exports to Australia were over twice as much, the equivalent of €1,200 per head of population. This shows the importance of factors other than distance in determining export volumes, such as language and culture.

Materials-based manufacturing (which includes textiles, iron and paper products) comprise 13% of all EU exports to the rest of the world but just 10% in the case of Korea. If EU firms increased exports so the sector was in proportion to EU trade generally, this would create €660m in new export opportunities for EU firms engaged in materials-based manufacturing. Likewise, a €1.1bn opportunity exists in the fuels and energy sector, where exports constitute just 4% of the total to Korea, compared to 8% generally.

### 3.5 Services & Foreign Direct Investment

Trade in commercial services is a growing area of world trade. According to the WTO, South Korea imported €70bn of commercial services in 2010. In recent years, exports of services from the EU to Korea have been close to €7bn, about 1% of total EU services exports.

In addition to exports, there are a range of investment opportunities for EU firms in Korea, including in the predominantly non-traded sectors of construction, healthcare and energy. Construction activity in Korea in 2011 is estimated to be worth €34.4bn. While the property market is no longer booming, the government's "Low Carbon, Green Growth" strategy and its €11.5bn economic stimulus package, both of which date from 2009, provide a platform for future growth. For example, the Government has targeted an increase in the number of green households from 160,000 in 2009 to 1.5 million by 2020.<sup>7</sup>

Related to this, the Government has set targets for a reduction in CO2 emissions of 30% by 2020. As a result, its environment and green tech sector is booming, with the Ministry for the Environment in Korea predicting that it will double in size to €45bn between 2008 and 2013. The government's priority segments of the green sector are water, waste, recycling, air cleaning and soil.<sup>8</sup> The European Commission also estimates that Korea's healthcare sector, which was worth €38bn in 2007, will grow rapidly in coming years, by an average growth rate of 12-15% per annum.<sup>9</sup>

According to Korea's Ministry of Knowledge Economy, EU companies are responsible for nearly half of all foreign direct investment into the country since the 1960s. Total investment by EU firms into Korea over the past fifty years is €36.2bn, €19.2bn of which has occurred since 2005.<sup>10</sup> Three quarters of this investment by EU firms is in the services sector, with financial services the single biggest sector for FDI by EU firms in Korea.

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<sup>7</sup> EU Gateway Programme, Market Study on the Construction & Building Technologies Sector in Korea, 2011

<sup>8</sup> EU Gateway Programme, Market Study on Environmental & Energy-related Technologies Sector in Korea, 2011

<sup>9</sup> EU Gateway Programme, Healthcare & Medical Technology: Korea Market Study, 2011

<sup>10</sup> Source: [http://www.delkor.ec.europa.eu/home/popup/EU24p\\_f.pdf](http://www.delkor.ec.europa.eu/home/popup/EU24p_f.pdf)

## 4. EU Member State Trade Profiles

### 4.1 Austria

#### Overview of current trade

- Austria's exports outside the EU have grown 77% over the last decade, from €18bn in 2000 to €33bn in 2010. Just under €1bn of exports in 2010 was to Japan, while €700m went to Korea.
- In 2010, Japan was Austria's 7th largest destination for exports outside the EU, down from 3<sup>rd</sup> biggest in 2000.
- In 2010, Korea was Austria's 9th largest destination for exports outside the EU, up from 13<sup>th</sup> biggest export destination in 2000.
- Austria's exports outside the EU have grown at an average rate of 6% per year over the past decade. Exports to Japan, however, have grown at an annual average of just 0.6% in the same period. Exports to Korea have grown rapidly, by an average of 10.3% each year.

#### Trade in 2020

- If current trends continue, Austria's exports outside the EU are likely to almost double over the coming decade from €33bn to €58bn.
- Such an increase over the coming decade would present about €1.5bn in new export opportunities to Japan and Korea for Austrian firms in coming years.
- The share of Austrian exports outside the EU that went to Japan fell from 5% in 2000 to 3% in 2010. With no change in trend, this could fall further to 1.7% by 2020.
- The proportion of Austria's exports going to Korea increased from 1.4% to 2.1% between 2000 and 2010 and, if current trends continued, would increase to 3% by 2020.

#### Opportunities for Austria

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Austria "under-trades" with both Japan and Korea. Its per capita exports to Korea are €14 and those to Japan even lower (€7.30). In contrast, exports to Australia are worth just under €30 per person, highlighting the importance of other factors, including culture and language.
- Machinery, including electronics and transport, comprise 40% of all Austria's exports outside the EU but account for just over one quarter (28%) of its trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €140m opportunity for Austria's electronics and transport firms.
- Exports of chemicals and pharmaceuticals comprise 17% of all Austria's exports outside the EU but account for just 9% of its trade with Korea. An increase in chemical exports to Korea to 17% of the total would present a €50m opportunity for Austria's chemicals and pharma firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.2 Belgium

### Overview of current trade

- Belgium's exports outside the EU have grown 76% over the last decade, from €47bn in 2000 to €84bn in 2010. Just over €3bn of exports in 2010 was to Japan, while €1.2bn went to Korea.
- In 2010, Japan was Belgium's 7th largest destination for exports outside the EU, down from 5th biggest in 2000.
- In 2010, Korea was Belgium's 16th largest destination for exports outside the EU, down from 13<sup>th</sup> biggest in 2000.
- Belgium's exports outside the EU have grown at an average rate of just under 6% per year over the past decade. Exports to Japan have grown substantially slower, at an average rate of 2.4% per year. Exports to Korea have grown by an average of 5.1%.

### Trade in 2020

- If current trends continue, Belgium's exports outside the EU are likely to almost double over the coming decade from €84bn to €147bn.
- Such an increase over the coming decade would present about €3.3bn in new export opportunities to Japan and Korea for Belgian firms in coming years.
- The share of Belgian exports outside the EU that went to Japan fell from 5.1% in 2000 to 3.7% in 2010. With no change in trend, this could fall further to 2.6% by 2020.
- The proportion of Belgium's exports going to Korea was largely static between 2000 and 2010 (down from 1.6% to 1.5%) and, if current trends continued, would fall to 1.4% by 2020.

### Opportunities for Belgium

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Belgium "under-trades" with both Japan and Korea. Its per capita exports to Korea are €25 and those to Japan €24. In contrast, exports to Australia are worth just under €75 per person, highlighting the importance of other factors, including culture and language.
- Machinery, including electronics and automotives, comprise 19% of all Belgium's exports outside the EU but account for just 10% of its trade with Japan. An increase in machinery exports to Japan to 19% of the total would present a €140m opportunity for Belgium's electronics and automotive firms.
- Materials-based manufactures, including textiles, paper and iron, comprise 23% of all Belgium's exports outside the EU but account for just 13% of its trade with Korea. An increase in exports of these manufactures to Korea to 23% of the total would present a €250m opportunity for Belgian firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.3 Bulgaria

### Overview of current trade

- Bulgaria's exports outside the EU have grown 165% over the last decade, from €2.3bn in 2000 to €6.1bn in 2010. Just €17m of exports in 2010 was to Japan, while €94m went to Korea.
- In 2010, Japan was Bulgaria's 37th largest destination for exports outside the EU, down substantially from 12th biggest in 2000.
- In 2010, Korea was Bulgaria's 10th largest destination for exports outside the EU, up significantly from 24th biggest in 2000.
- Bulgaria's exports outside the EU have grown at an average rate of just over 10% per year over the past decade. Exports to Japan have actually shrunk by an average of 1.6% per year in that period. Exports to Korea, on the other hand, have grown by an average of 26%.

### Trade in 2020

- If current trends continue, Bulgaria's exports outside the EU are likely to more than double over the coming decade from €6.1bn to €16.2bn.
- Such an increase over the coming decade would present almost €200m in new export opportunities to Japan and Korea for Bulgarian firms in coming years, provided the shrinking trend in Japanese exports is reversed.
- The share of Bulgarian exports outside the EU that went to Japan fell from 0.8% in 2000 to 0.3% in 2010. With no change in trend, this could fall further to just 0.1% by 2020.
- The proportion of Bulgaria's exports going to Korea increased from 0.4% to 1.5% between 2000 and 2010. If current trends continued, this share would rise to 6% by 2020.

### Opportunities for Bulgaria

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Bulgaria "under-trades" with Japan. Its per capita exports to Korea are about €2, while exports to Japan are worth just 13 cents per head.
- Materials-based manufactures, including textiles, iron and paper, comprise 22% of all Bulgaria's exports outside the EU but account for just 6% of its trade with Japan. An increase in exports of these manufactures to Japan to a proportion in line with other countries would present a €3m opportunity for Bulgarian materials firms.
- Machinery, including electronics and transport equipment, comprise 12% of all Bulgaria's exports outside the EU but account for just 7% of its trade with Korea. An increase in machinery exports to Japan to 12% of the total would present a €5m opportunity for Bulgaria's machinery firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.4 Cyprus

### Overview of current trade

- Cyprus's exports outside the EU have doubled over the last decade, from €174m in 2000 to €361m in 2010. Less than €1m of exports in 2010 was to Japan, while about €4m went to Korea.
- In 2010, Japan was Cyprus's 51st largest destination for exports outside the EU, down from 34th biggest in 2000. There is significant scope for growth, as for the typical EU member state, Japan is the 10<sup>th</sup> most important trading partner outside the EU.
- In 2010, Korea was Cyprus's 21<sup>st</sup> largest destination for exports outside the EU, having been its 40<sup>th</sup> biggest export destination in 2000.
- Cyprus's exports outside the EU have grown at an average rate of 7.5% per year over the past decade. Exports to Japan have actually shrunk in that period. Exports to Korea, on the other hand, have grown by an average of 26% year-on-year.

### Trade in 2020

- If current trends continue, Cyprus's exports outside the EU are likely to more than double over the coming decade from €360m to almost €750m.
- Such an increase over the coming decade would present about €5m in new export opportunities to Japan and Korea for Cypriot firms in coming years, provided the shrinking trend in Japanese exports is reversed.
- The share of Cypriot exports outside the EU that went to Japan fell from 0.5% in 2000 to 0.1% in 2010. With no change in trend, this could fall further by 2020.
- The proportion of Cyprus's exports going to Korea increased from 0.2% to 1.2% between 2000 and 2010. If the current high rate of growth in exports to Korea from Cyprus continued, this share could rise to 6% by 2020.

### Opportunities for Cyprus

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Cyprus "under-trades" with both Japan and Korea. Its per capita exports to Korea are below 10 cents, while those to Japan are below 1 cent. In contrast, exports to Australia are worth almost 30 cent per person, highlighting the importance of other factors, including culture and language.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.5 Czech Republic

### Overview of current trade

- The Czech Republic's exports outside the EU have increased nearly four-fold over the last decade, from €4.4bn in 2000 to €16.1bn in 2010. Nearly €400m of exports in 2010 went to Japan, while over €200m went to Korea.
- In 2010, Japan was the Czech Republic's 10th largest destination for exports outside the EU, down from 9<sup>th</sup> biggest in 2000.
- In 2010, Korea was the Czech Republic's 19<sup>th</sup> largest destination for exports outside the EU, up from 18<sup>th</sup> biggest export destination in 2000.
- The Czech Republic's exports outside the EU have grown rapidly since 2000, at an average rate of 13.7% per year. Exports to both Japan and Korea have grown at a slightly slower rate (12.2% to Japan, 13.1% to Korea).

### Trade in 2020

- If current trends continue, the Czech Republic's exports outside the EU are likely to reach €58bn per year over the next decade.
- Such an increase over the coming decade would present about €1.4bn in new export opportunities to Japan and Korea for Czech firms in coming years.
- The share of Czech exports outside the EU that went to Japan decreased marginally from 2.8% in 2000 to 2.5% in 2010. With no change the declining trend of exports to Japan, this will fall to 2.2% by 2020.
- The proportion of the Czech Republic's exports going to Korea stayed essentially static at 1.2% in 2000 and 2010 and, if current trends continued, would remain at that level in 2020.

### Opportunities for the Czech Republic

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, the Czech Republic "under-trades" with both Japan and Korea. It exports around €3.10 per person in Japan and €4.20 to Korea. In contrast, exports to Australia are worth €10.30 per person, highlighting the importance of other factors, including culture and language, in determining long-distance trade.
- Materials-based manufactures, including iron, paper and textiles, account for 17.5% of the Czech Republic's exports outside the EU but just 7% of its trade with Japan. An increase in these exports to Japan to 18% of the total would present a €40m opportunity for Czech firms.
- Machinery, including electronics, comprises 58% of all the Czech Republic's exports outside the EU but for just 49% of trade with Korea. An increase in machinery exports to Korea to a proportion in line with other countries would present an €18m opportunity for Czech machinery firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.6 Denmark

### Overview of current trade

- Denmark's exports outside the EU have grown 51% over the last decade, from €16.6bn in 2000 to €25.1bn in 2010. Over €1.4bn of exports in 2010 went to Japan, while €514m went to Korea.
- In 2010, Japan was Denmark's 4th largest destination for exports outside the EU, down from 3rd biggest in 2000.
- In 2010, Korea was Denmark's 10<sup>th</sup> largest destination for exports outside the EU, up from 11<sup>th</sup> biggest export destination in 2000.
- Denmark's exports outside the EU have grown at an average rate of 4.2% per year over the past decade. Exports to Japan have declined slowly at a rate of 1.1% per year. Exports to Korea have grown faster than the average, at a rate of 6.5% a year.

### Trade in 2020

- If current trends continue, Denmark's exports outside the EU are likely to reach €37.9bn per year over the next decade.
- Such an increase over the coming decade would present new export opportunities of up to €980m in Japan and Korea for Danish firms, provided the fall in exports to Japan were reversed and trade with both countries matched recent export growth to the rest of the world.
- The share of Danish exports outside the EU that went to Japan decreased substantially from 9.5% in 2000 to 5.6% in 2010. With no change the declining trend of exports to Japan, this will fall to 3.3% by 2020.
- The proportion of Denmark's exports going to Korea increase from 1.7% in 2000 to 2% in 2010 and, if current trends continued, would reach 2.5% by 2020.

### Opportunities for Denmark

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Denmark "under-trades" with both Japan and Korea. It exports around €11 per person in Korea or Japan. In contrast, exports to Australia are worth €29 per person, highlighting the importance of other factors, including culture and language, in determining long-distance trade.
- Machinery exports, including electronics, comprise nearly one third of all Denmark's exports outside the EU but account for just 12% of its trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €275m opportunity for Denmark's firms.
- Chemicals comprise 21% of all Denmark's exports outside the EU but account for only 13% of its trade with Korea. An increase in chemicals exports to Korea to 21% of the total would present a €45m opportunity for Danish firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.7 Estonia

### Overview of current trade

- Estonia's exports outside the EU have grown nearly seven-fold over the last decade, the fastest rate in the EU, from €410m in 2000 to €2.8bn in 2010. Nearly €50m of exports in 2010 was to Japan, while €21m went to Korea.
- In 2010, Japan was Estonia's 10th largest destination for exports outside the EU, up from 12th biggest in 2000.
- In 2010, Korea was Estonia's 16<sup>th</sup> largest destination for exports outside the EU, down from 5<sup>th</sup> biggest export destination in 2000.
- Estonia's exports outside the EU have grown at an average rate of 21% per year over the past decade, with exports to Japan growing at a slightly faster rate (21.9%). Total exports to Korea have actually declined by 3.2% a year, driven by a fall in fuel exports since 2000. Exports of materials-based manufactures from Estonia to Korea, though, have grown by 24% per year.

### Trade in 2020

- If the current high growth rate in exports outside the EU were to continue over coming years, Estonia's non-EU exports would increase from €2.8bn to €18.5bn per year by 2020.
- Such an increase over the coming decade would present about €400m in new export opportunities to Japan and Korea for Estonian firms in coming years.
- The share of Estonian exports outside the EU that went to Japan increased marginally from 1.6% in 2000 to 1.7% in 2010. With no change in trend, this could increase further to 1.9% by 2020.
- The proportion of Estonia's exports going to Korea decreased from 7.1% in 2000 to 0.8% in 2010 and, if current trends continued, would decline to 0.4% by 2020.

### Opportunities for Estonia

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Estonia "under-trades" with both Japan and Korea. It exports around 40 cents per person in Korea or Japan. In contrast, exports to Australia are worth over €1 per person, highlighting the importance of other factors, including culture and language, to long-distance trade.
- Machinery comprises 22% of all Estonia's exports outside the EU but account for less than 2% of its trade with Japan. An increase in machinery exports to Japan to 22% of the total would present an €10m opportunity for Estonian firms.
- Chemicals comprise nearly 8% of all Estonia's exports outside the EU but account for just 1% of its trade with Korea. An increase in chemical exports to Korea to a proportion in line with other countries would present a €1m opportunity for Estonia's chemical firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.8 Finland

### Overview of current trade

- Finland's exports outside the EU have grown 30% over the last decade, from €18.5bn in 2000 to €24bn in 2010. €628m of exports in 2010 was to Japan, while €611m went to Korea.
- In 2010, Japan was Finland's 5<sup>th</sup> largest destination for exports outside the EU, the same position it held in 2000.
- In 2010, Korea was Finland's 7<sup>th</sup> largest destination for exports outside the EU, up from 11<sup>th</sup> biggest export destination in 2000.
- Finland's exports outside the EU have grown at an average rate of 2.6% per year over the past decade. Exports to Japan, however, have fallen by 2.1% per year. Exports to Korea have increased at a quicker pace than the global average, by 4% yearly.

### Trade in 2020

- If current trends continue, Finland's exports outside the EU are likely to reach €31bn per year over the next decade.
- Such an increase over the coming decade would present about €370m in new export opportunities to Japan and Korea for Finnish firms in coming years, provided trade growth with both countries matched recent export growth to other countries.
- The share of Finnish exports outside the EU that went to Japan decreased from 4.7% in 2000 to 2.6% in 2010. With no change the declining trend of exports to Japan, this will fall to 1.5% by 2020.
- The proportion of Finland's exports going to Korea grew from 1.5% in 2000 to 2.2% in 2010 and, if current trends continued, would reach 2.6% by 2020.

### Opportunities for Finland

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Finland "under-trades" with both Japan and Korea. It exports about €5 per person to Japan and €12.50 to Korea. In contrast, exports to Australia are worth almost €20 per person, highlighting the importance of other factors, including culture and language, to international trade.
- Machinery exports, including electronics, comprise 44% of all Finland's exports outside the EU but for just one-fifth of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €144m opportunity for Finnish machinery firms.
- Chemicals are 8% of all Finland's exports outside the EU but account for less than 1% of its trade with Korea. An increase in chemicals exports to Korea to 8% of the total would present a €43m opportunity for Finnish firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.9 France

### Overview of current trade

- France's exports outside the EU have grown 23% over the last decade, from €125bn in 2000 to €154bn in 2010. €5.9bn of exports in 2010 was to Japan, while over €3.2bn went to Korea.
- In 2010, Japan was France's 6<sup>th</sup> largest destination for exports outside the EU, down from 3<sup>rd</sup> in 2000.
- In 2010, Korea was France's 16<sup>th</sup> largest destination for exports outside the EU, down from 11<sup>th</sup> biggest export destination in 2000.
- France's exports outside the EU have grown at an average rate of 2.1% per year over the past decade. Exports to Japan have been largely static, however, growing only by 0.7% per year. Exports to Korea also grew more slowly than average, at 1.5% year-on-year.

### Trade in 2020

- If current trends continue, France's exports outside the EU are likely to reach €190bn per year over the next decade.
- Such an increase over the coming decade would present nearly €1bn in new export opportunities to Japan and Korea for French firms in coming years, or if growth in exports to both countries matched general export growth, an opportunity of closer to €2bn.
- The share of French exports outside the EU that went to Japan decreased from 4.4% in 2000 to 3.8% in 2010. With no change the declining trend of exports to Japan, this will fall to 3.3% by 2020.
- The proportion of France's exports going to Korea decreased marginally from at 2.2% in 2000 to 2.1% in 2010 and, if current trends continued, would reach 2% by 2020.

### Opportunities for France

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, France "under-trades" with both Japan and Korea. It exports around €46 per person in Japan and €66 to Korea. In contrast, exports to Australia are worth €147 per person, highlighting the importance of other factors, including culture and language, to long-distance trade.
- Machinery exports, including electronics, comprise 43% of all France's exports outside the EU but merely a fifth of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €1.4bn opportunity for French firms.
- Food and drink are 10% of all France's exports outside the EU but account for 6% of its trade with Korea. An increase in food and drink exports to Korea in line with its exports globally would present an €124m opportunity for French food and drinks firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.10 Germany

### Overview of current trade

- Germany's exports outside the EU have grown 79% over the last decade, from €210bn in 2000 to €380bn in 2010. €13bn of exports in 2010 was to Japan, while over €10bn went to Korea.
- In 2010, Japan was Germany's 6<sup>th</sup> largest destination for exports outside the EU, down from 3<sup>rd</sup> biggest in 2000.
- In 2010, Korea was Germany's 8<sup>th</sup> largest destination for exports outside the EU, up from 10<sup>th</sup> biggest export destination in 2000.
- Germany's exports outside the EU have grown at an average rate of 6% per year over the past decade. Exports to Japan have essentially stagnated during the same period, growing 0.1% per year. Exports to Korea, on the other hand, have increased at a quicker pace than average of 8.8%.

### Trade in 2020

- If the current growth rate in exports were to continue over coming years, Germany's exports outside the EU are likely to reach €680bn per year by 2020.
- Such an increase by 2020 would present about €13.5bn in new export opportunities to Japan and Korea for German firms in coming years.
- The share of German exports outside the EU that went to Japan decreased from 6.1% in 2000 to 3.4% in 2010. With no change the declining trend of exports to Japan, this will fall to 1.9% by 2020.
- The proportion of Germany's exports going to Korea grew from at 2.1% in 2000 to 2.7% in 2010 and, if current trends continued, would reach 3.5% by 2020.

### Opportunities for Germany

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Germany "under-trades" with both Japan and Korea. It exports around €100 per person to Japan and just over €200 per person to Korea. In contrast, exports to Australia are worth over €350 per person, highlighting the importance of other factors, including culture and language, to international trade patterns.
- Machinery exports, including electronics and transport, comprise 57% of all Germany's exports outside the EU but for just 49% of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €920m opportunity for German machinery firms.
- Materials-based manufactures, including iron, paper and textiles, are more than 11% of all Germany's exports outside the EU but account for only 8% of its trade with Korea. An increase in manufactures exports to Korea to 11% of the total would present an €330m opportunity for German materials firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.11 Greece

### Overview of current trade

- Greece's exports outside the EU have grown 23% over the last decade, from €4.8bn in 2000 to €6.1bn in 2010. €34m of exports in 2010 was to Japan, while €31m went to Korea.
- In 2010, Japan was Greece's 27<sup>th</sup> largest destination for exports outside the EU, down from 10<sup>rd</sup> in 2000.
- In 2010, Korea was Greece's 31<sup>th</sup> largest destination for exports outside the EU, down from 28<sup>th</sup> biggest export destination in 2000.
- Greece's exports outside the EU have grown at an average rate of 2.5% per year over the past decade. However, exports to Japan have fallen rapidly, by 9.5% per year. Exports to Korea on the other hand grew at a faster than average 3.3%.

### Trade in 2020

- If current trends continue, Greece's exports outside the EU are likely to reach €7.7bn per year over the next decade.
- Such an increase over the coming decade would present €21m in new export opportunities to Japan and Korea for Greek firms in coming years, provided trade growth with both countries is in line with the change in exports to the rest of the world.
- The share of Greek exports outside the EU that went to Japan decreased from 1.9% in 2000 to 0.6% in 2010. With no change the declining trend of exports to Japan, this will fall to just 0.2% by 2020.
- The proportion of Greece's exports going to Korea stayed at 0.5% from 2000 to 2010 and, if current trends continued, would reach 0.6% by 2020.

### Opportunities for Greece

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Greece "under-trades" with both Japan and Korea. It exports around 30 cents per person in Japan and 60 cents to Korea. In contrast, exports to Australia are worth €4.20 per person, highlighting the importance of other factors, including culture and language, in international trade.
- Machinery, including electronics, comprises 15% of all Greece's exports outside the EU but just 3.5% of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €4m opportunity for Greek firms.
- Chemicals are 10% of all Greece's exports outside the EU but account for only 3% of its trade with Korea. An increase in chemicals exports to Korea to 10% of the total would present an €2m opportunity for Greek firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.12 Hungary

### Overview of current trade

- Hungary's exports outside the EU have more than trebled over the last decade, from €5bn in 2000 to €16.5bn in 2010. €463m of exports in 2010 was to Japan, while €224m went to Korea.
- In 2010, Japan was Hungary's 9<sup>th</sup> largest destination for exports outside the EU, the same position it held in 2000.
- In 2010, Korea was Hungary's 14<sup>th</sup> largest destination for exports outside the EU, up from 16<sup>th</sup> biggest export destination in 2000.
- Hungary's exports outside the EU have grown at an average rate of 12.7% per year over the past decade. Exports to Japan have grown slightly more slowly at 10.2% per year. Exports to Korea have increased at a quicker pace than average of 15.7% yearly.

### Trade in 2020

- If current growth rates in non-EU exports were to continue, Hungary's exports outside the EU could reach more than €54bn a year by 2020.
- Such an increase between now and 2020 would present about €1.5bn in new export opportunities to Japan and Korea for Hungarian firms in coming years.
- The share of Hungarian exports outside the EU that went to Japan decreased from 3.5% in 2000 to 2.8% in 2010. With no change the declining trend of exports to Japan, this will fall to 2.3% by 2020.
- The proportion of Hungary's exports going to Korea grew from at 1% in 2000 to 1.4% in 2010 and, if current trends continued, would reach 1.8% by 2020.

### Opportunities for Hungary

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Hungary "under-trades" with both Japan and Korea. It exports around €3.60 per person in Japan and €4.60 to Korea. In contrast, exports to Australia are worth €10 per person, highlighting the importance of other factors, including culture and language, in international trade.
- Electronics comprise 27% of all Hungary's exports outside the EU but for just 6% of exports to Japan. An increase in electronics exports to Japan to a proportion in line with other countries would present a €98m opportunity for Hungarian firms.
- Likewise, electronics are only 14% of Hungarian trade with Korea. An increase in electronics exports to Korea to 27% of the total would present an €28m opportunity for Hungarian electronics firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.13 Ireland

### Overview of current trade

- Ireland's exports outside the EU have grown 25% over the last decade, from €29bn in 2000 to €37bn in 2010. €1.8bn of exports in 2010 was to Japan, while €290m went to Korea.
- In 2010, Japan was Ireland's 3<sup>rd</sup> largest destination for exports outside the EU, down from 2<sup>nd</sup> in 2000.
- In 2010, Korea was Ireland's 15<sup>th</sup> largest destination for exports outside the EU, down from 4<sup>th</sup> biggest export destination in 2000.
- Ireland's exports outside the EU have grown at an average rate of 2.3% per year over the past decade. Exports to Japan have actually declined by 5.8% per year. Exports to Korea performed even worse, with an average decline of 12.1% yearly.

### Trade in 2020

- If current trends continue, Ireland's exports outside the EU are likely to reach more than €46bn per year over the next decade.
- Such an increase over the coming decade would present over €500m in new export opportunities to Japan and Korea for Irish exporters in coming years, but only if recent declines were reversed and export growth to both countries was in line with growth in exports with the rest of the world.
- The share of Irish exports outside the EU that went to Japan decreased rapidly from 10.8% in 2000 to 4.8% in 2010. With no change the declining trend of exports to Japan, this will fall to 2.1% by 2020.
- The share of Irish exports outside the EU that went to Korea decreased from 3.6% in 2000 to 0.8% in 2010. With no change in this trend, trade with Korea would be an insignificant proportion of Ireland's non-EU exports by 2020.

### Opportunities for Ireland

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Ireland "under-trades" with both Japan and Korea. It exports around €13.70 per person in Japan and €5.90 to Korea. In contrast, exports to Australia are worth €35.50 per person, highlighting the importance of other factors, including culture and language.
- Chemicals comprise 62% of all Ireland's exports outside the EU but for just 42% of trade with Japan. An increase in chemicals exports to Japan to a proportion in line with other countries would present a €354m opportunity for Irish firms.
- Likewise, chemicals are an even lower 26% of Irish trade with Korea. An increase in chemicals exports to Korea to 62% of the total would present an €100m opportunity for Irish chemical firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.14 Italy

### Overview of current trade

- Italy's exports outside the EU have grown 44% over the last decade, from €100bn in 2000 to €144bn in 2010. €4bn of exports in 2010 was to Japan, while over €2.5bn went to Korea.
- In 2010, Japan was Italy's 6<sup>th</sup> largest destination for exports outside the EU, down from 4<sup>th</sup> biggest in 2000.
- In 2010, Korea was Italy's 18<sup>th</sup> largest destination for exports outside the EU, down from 13<sup>th</sup> biggest export destination in 2000.
- Italy's exports outside the EU have grown at an average rate of 3.7% per year over the past decade. Exports to Japan have actually declined by 0.7% per year. Exports to Korea have increased at a 3.3% yearly.

### Trade in 2020

- If current trends continue, Italy's exports outside the EU are likely to reach €207bn per year over the next decade.
- Such an increase over the coming decade would present about €2.8bn in new export opportunities to Japan and Korea for Italian firms in coming years, provided exports to Japan reverted to a growth rate in line with the rest of the world.
- The share of Italian exports outside the EU that went to Japan decreased from 4.3% in 2000 to 2.8% in 2010. With no change the declining trend of exports to Japan, this will fall to 1.8% by 2020.
- The proportion of Italy's exports going to Korea fell slightly from at 1.8% in 2000 to 1.7% in 2010 and will stay at that value in 2020 if the trend does not change.

### Opportunities for Italy

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Italy "under-trades" with both Japan and Korea. It exports around €31 per person in Japan and €51 to Korea. In contrast, exports to Australia are worth €123 per person, highlighting the importance of other factors, including culture and language, in determining levels of international trade.
- Machinery, including electronics, comprises 39% of all Italy's exports outside the EU but for a significantly lower 21% of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €720m opportunity for Italian machinery firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.15 Latvia

### Overview of current trade

- Latvia's exports outside the EU have increased more than six-fold over the last decade, going from less than €400m in 2000 to over €2.3bn in 2010. €33m of exports in 2010 was to Japan, while €10m went to Korea.
- In 2010, Japan was Latvia's 10<sup>th</sup> largest destination for exports outside the EU, down from 9<sup>th</sup> in 2000.
- In 2010, Korea was Latvia's 20<sup>th</sup> largest destination for exports outside the EU, up from 34<sup>th</sup> biggest export destination in 2000.
- Latvia's exports outside the EU have grown rapidly, at an average rate of almost 20% per year, over the past decade. Exports to Japan increased substantially, but at a slower rate of just 14% per year. Exports to Korea, however, have increased at a markedly faster pace than average, almost 40% growth year-on-year since 2000.

### Trade in 2020

- If current growth rates in exports continued over coming years, Latvia's exports outside the EU could reach more than €14bn per year over the next decade.
- Such an increase over the coming decade would present nearly €300m in new export opportunities to Japan and Korea for Latvian firms in coming years.
- The share of Latvian exports outside the EU that went to Japan decreased from 2.3% in 2000 to 1.4% in 2010. With no change in the trend of exports to Japan, the share will decline to 0.9%.
- The proportion of Latvia's exports going to Korea went from at 0.1% in 2000 to 0.4% in 2010 and, if current rapid growth rates continued, would reach 1.8% by 2020.

### Opportunities for Latvia

- Latvia is one of the few countries in the European Union for which trade with a similarly distant developed country, Australia (at 10 cents per capita), is lower instead of higher than with Japan (30 cents per capita) and Korea (20 cents per capita).
- Latvia's exports to both Japan and Korea are dominated by food and drink, which accounted for €37m of €43m (86%) in exports to both countries in 2010. Its trade with China and Australia, equally distant trading partners, was much more diversified, with machinery and materials-based manufactures contributing greater shares.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.16 Lithuania

### Overview of current trade

- Lithuania's exports outside the EU have grown more than six-fold over the last decade, going from less than €1bn in 2000 to over €6bn in 2010. Just €4m of exports in 2010 was to Japan, while €20m went to Korea.
- In 2010, Japan was Lithuania's 23<sup>rd</sup> largest destination for exports outside the EU, down from 8<sup>th</sup> in 2000.
- In 2010, Korea was Lithuania's 19<sup>th</sup> largest destination for exports outside the EU, up from 22<sup>nd</sup> biggest export destination in 2000.
- Lithuania's exports outside the EU have grown at an average rate of just over 20% per year over the past decade. Exports to Japan were largely stagnant, however, with growth of 0.7% per year. Exports to Korea have increased slightly faster than the average, with year-on-year growth of 22.8% since 2000.

### Trade in 2020

- If the current rapid growth in exports outside the EU were to continue over coming years, Lithuania's exports outside the EU could reach more than €38bn per year by 2020.
- Such an increase over the coming decade would present in the region of €138m in new export opportunities to Japan and Korea for Lithuanian firms in coming years.
- The share of Lithuanian exports outside the EU that went to Japan decreased from 1.3% in 2000 to 0.2% in 2010. With no change the stagnant trend of exports to Japan, exports to Japan will be an insignificant share of total exports by 2020.
- The proportion of Lithuania's exports going to Korea stayed at 0.3% in 2000 and 2010 and, if current trends continued, would reach 0.4% by 2020.

### Opportunities for Lithuania

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Lithuania "under-trades" with both Korea but in particular Japan. It exports around 10 cents per person in Japan and 40 cents to Korea. In contrast, exports to Australia are worth 50 cents per person, highlighting the importance of other factors, including culture and language, in determining levels of international trade.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.17 Luxembourg

### Overview of current trade

- Luxembourg's exports outside the EU have nearly doubled in the past decade, from €1.2bn in 2000 to almost €2.4bn in 2010. €39m of exports in 2010 went to Japan, while €23m went to Korea.
- In 2010, Japan was Luxembourg's 16th largest destination for exports outside the EU, down from 4th biggest in 2000.
- In 2010, Korea was Luxembourg's 19<sup>th</sup> largest destination for exports outside the EU, down from 15<sup>th</sup> biggest export destination in 2000.
- Luxembourg's exports outside the EU have grown at an average rate of 7% per year over the past decade. Exports to Japan, however, have declined at 4.2% per year. Exports to Korea increased at a lower than average rate of 5.1%.

### Trade in 2020

- If current trends continue, Luxembourg's exports outside the EU are likely to increase from €2.4bn to €4.6bn.
- Such an increase over the coming decade would present about €52m in new export opportunities to Japan and Korea for Luxembourg firms in coming years, if exports to both countries were to grow in line with trade with the rest of the world.
- The share of Luxembourg's exports outside the EU that went to Japan decreased substantially from 5% in 2000 to 1.7% in 2010. With no change in trend, this could fall further to 0.5% by 2020.
- The proportion of Luxembourg's exports going to Korea decreased marginally from 1.1% in 2000 to 1% in 2010 and, if current trends continued, would decline to 0.8% by 2020.

### Opportunities for Luxembourg

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Luxembourg "under-trades" with both Japan and Korea. It exports around 30 cents per person in Japan and 50 cents per person in Korea. In contrast, exports to Australia are worth over €1 per person, highlighting the importance of other factors, including culture and language, to long-distance trade.
- Machinery, including electronics, comprises 56% of all Luxembourg's exports outside the EU but account for just 6% of its trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €19m opportunity for Luxembourg firms.
- Likewise, machinery exports comprise only 44% of Luxembourg's exports to Korea. An increase in these exports to Korea in line with other countries would present a €3m opportunity for Luxembourg firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.18 Malta

### Overview of current trade

- Malta's exports outside the EU have declined over the last decade, from €1.8bn in 2000 to €1.1bn in 2010. €93m of exports in 2010 was to Japan, while about €32m went to Korea.
- In 2010, Japan was Malta's 4th largest destination for exports outside the EU, which is the same rank it had in 2000.
- In 2010, Korea was Malta's 8<sup>th</sup> largest destination for exports outside the EU, having been its 7<sup>th</sup> biggest export destination in 2000.
- Malta's exports outside the EU have declined at an average rate of 4.5% per year over the past decade. Exports to Japan have been largely static since 2000, falling by 0.5% yearly. Exports to Korea, on the other hand, have grown by an average of 5.5%.

### Trade in 2020

- If current trends continue, Malta's exports outside the EU will continue to fall over the coming decade from €1.1bn a year to €700m.
- Maintaining current growth in exports to Korea would present €23m per year in new export opportunities for Maltese firms by 2020, but these will partly offset by declining exports to Japan, unless action is taken.
- The share of Maltese exports outside the EU that went to Japan grew from 5.7% in 2000 to 8.4% in 2010. With no change in trend, this would increase further to 12.2% in 2020.
- The proportion of Malta's exports going to Korea increased from 1.1% to 2.9% between 2000 and 2010. If current trends continued, this share would rise to 7.9% by 2020.

### Opportunities for Malta

- Economic research shows that distance is one of the most significant barriers to trade. Interestingly, Malta is one of the few countries in the European Union which trades more on per capita basis with Japan and Korea than with Australia, with exports of 70 cents per capita in contrast with 50 cents for Australia. Trade with Japan and Korea is relatively more important for Malta.
- Machinery, including electronics (€58m), and food & drinks (also €58m) comprise almost all of Malta's exports to Korea and Japan (€125m in 2010).

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.19 Netherlands

### Overview of current trade

- Exports from the Netherlands outside the EU have doubled over the last decade, from €48bn in 2000 nearly €100bn in 2010. €2.9bn of exports in 2010 went to Japan, while over €3.2bn went to Korea.
- In 2010, Japan was the Netherlands' 9<sup>th</sup> largest destination for exports outside the EU, down from 3<sup>rd</sup> biggest in 2000.
- In 2010, Korea was The Netherlands' 8<sup>th</sup> largest destination for exports outside the EU, up from 9<sup>th</sup> biggest export destination in 2000.
- The Netherlands's exports outside the EU have grown at an average rate of 7.6% per year over the past decade. Exports to Japan have grown at a substantially slower rate of 2.6% per year. Exports to Korea have grown substantially faster, by an average of 11.2% per year.

### Trade in 2020

- If current growth in exports continues, exports from the Netherlands to countries outside the EU are likely to reach over €200bn per year by 2020.
- Such an increase over the coming decade would present about €6.8bn in new export opportunities to Japan and Korea for Dutch firms in coming years.
- The share of Dutch exports outside the EU that went to Japan decreased from 4.7% in 2000 to 2.9% in 2010. With no change the declining trend of exports to Japan, this will fall to 1.8% by 2020.
- The proportion of exports from the Netherlands going to Korea grew from 2.3% in 2000 to 3.2% in 2010 and, if current trends continued, would reach 4.5% by 2020.

### Opportunities for the Netherlands

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, the Netherlands "under-trades" with Japan. It exports around €23 per person in Japan, compared to exports to Korea (€66 per person) and Australia (€60 per person).
- Fuels and other raw materials comprise over a fifth of all the Netherlands's exports outside the EU but for just 8% of trade with Japan and Korea. An increase in fuel exports to Japan and Korea a proportion in line with other countries would present a €950m opportunity for Dutch firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.20 Poland

### Overview of current trade

- Poland's exports outside the EU have almost quadrupled over the last decade, going from €6.4bn in 2000 to over €25bn in 2010. €347m of exports in 2010 was to Japan, while €210m went to Korea.
- In 2010, Japan was Poland's 10th largest destination for exports outside the EU, up from 18th biggest in 2000.
- In 2010, Korea was Poland's 18th largest destination for exports outside the EU, up from 26<sup>th</sup> biggest export destination in 2000.
- Poland's exports outside the EU have grown rapidly since 2000, at an average rate of 14.6% per year over the past decade. Exports to both Japan and Korea have grown even faster, at an average rate of 18% per year (to Japan) and 19% (to Korea).

### Trade in 2020

- If current growth rates in exports were to continue over coming years, Poland's exports outside the EU could reach nearly €100bn per year by 2020.
- Such an increase over the coming decade would present about €2.5bn in new export opportunities to Japan and Korea for Polish firms in coming years.
- The share of Polish exports outside the EU that went to Japan increased from 1% in 2000 to 1.4% in 2010. With no change in trend, this would increase further to 1.8% by 2020.
- The proportion of Poland's exports going to Korea increased between 2000 and 2010, from 0.6% to 0.8% and, if current trends continued, would reach 1.2% by 2020.

### Opportunities for Poland

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Poland "under-trades" with both Japan and Korea. Its per capita exports to Korea are €4.30 and those to Japan €2.70. In contrast, exports to Australia are worth almost €10 per person, highlighting the importance of other factors, including culture and language, in international trade.
- General manufactures comprise over a fifth of all Poland's exports outside the EU but account for just 15% of its trade with Japan. An increase in machinery exports to Japan to 19% of the total would present a €20m opportunity for Poland's electronics and automotive firms.
- Chemicals comprise 12% of all Poland's exports outside the EU but account for just 6% of its trade with Korea, with the trend being that of a continued fall in chemical exports. An increase in manufactures exports to Korea to 12% of the total would present a €13m opportunity for Polish chemicals firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.21 Portugal

### Overview of current trade

- Portugal's exports outside the EU almost doubled over the last decade, from €4.9bn in 2000 to €9.2bn in 2010. €127m of exports in 2010 went to Japan, while €47m went to Korea.
- In 2010, Japan was Portugal's 13<sup>th</sup> largest destination for exports outside the EU, down from 7<sup>th</sup> in 2000.
- In 2010, Korea was Portugal's 26<sup>th</sup> largest destination for exports outside the EU, up slightly from 27<sup>th</sup> position in 2000.
- Portugal's exports outside the EU have grown at an average rate of 6.6% per year over the past decade. Exports to Japan have stagnated growing at 0.6% per year. Exports to Korea have grown faster than the average, though, by 9.3% yearly.

### Trade in 2020

- If current trends continue, Portugal's exports outside the EU are likely to reach more than €17bn per year by 2020.
- Such an increase over the coming decade would present about €74m in new export opportunities to Japan and Korea for Portuguese firms in coming years.
- The share of Portuguese exports outside the EU that went to Japan decreased from 2.5% in 2000 to 1.4% in 2010. With no change the declining trend of exports to Japan, this will fall to 0.8% by 2020.
- The proportion of Portugal's exports going to Korea stayed at a similar value between 2000 and 2010 (from 0.4% to 0.5%) and, if current trends continued, would reach 0.6% by 2020.

### Opportunities for Portugal

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Portugal "under-trades" with both Japan and Korea. It exports around €1 per person in both Japan and Korea. In contrast, exports to Australia are worth over €3 per person, highlighting the importance of other factors, including culture and language, to trade outside the EU.
- General manufactures, including textiles, comprise 24% of all Portugal's exports outside the EU but for a lower 9% of trade with Japan. An increase in these exports to Japan to a proportion in line with other countries would present a €18m opportunity for Portuguese manufacturing firms.
- Fuels and other raw materials comprise 17% of Portuguese trade exports outside the EU, but just 2% of trade with Korea. An increase in these exports to Korea to 17% of the total would present an €8m opportunity for Portuguese energy firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.22 Romania

### Overview of current trade

- Romania's exports outside the EU have more than trebled over the last decade, from €3.1bn in 2000 to €10.4bn in 2010. €141m of exports in 2010 was to Japan, while €216m went to Korea.
- In 2010, Japan was Romania's 19<sup>th</sup> largest destination for exports outside the EU, up from 28<sup>th</sup> in 2000.
- In 2010, Korea was Romania's 10<sup>th</sup> largest destination for exports outside the EU, up from the 20<sup>th</sup> position in 2000.
- Romania's exports outside the EU have grown at an average rate of 12.7% per year over the past decade. Exports to both Japan and Korea have significantly more rapidly, at 23.2% per year for exports to Japan and 21.7% for exports to Korea.

### Trade in 2020

- If current growth rates in exports continued over coming years, Romania's exports outside the EU could reach over €30bn per year by 2020.
- Such an increase – particularly if rapid growth in exports to Japan and Korea continued – would present in excess of €2bn in new export opportunities to Japan and Korea for Romanian firms in coming years.
- The share of Romanian exports outside the EU that went to Japan increased from 0.6% in 2000 to 1.4% in 2010. With no change the trend of exports to Japan, this will rise to 3.3% by 2020.
- The proportion of Romania's exports going to Korea more than doubled between 2000 and 2010 (going from 1% to 2.1%) and, if current trends continued, would reach 4.5% by 2020.

### Opportunities for Romania

- Economic research shows that distance is one of the most significant barriers to trade. Interestingly, Romania is one of the few countries in the European Union which trades more on per capita basis with Japan (€1.1 per capita) and Korea (€4.4 per capita) than with Australia (70 cents per capita). Trade with Japan and Korea then is relatively more important for Romania than for the rest of the EU.
- Romanian exports to Japan are dominated by fuels. Machinery exports, including electronics and transport, comprise 38% of all Romania's exports outside the EU but for just 5% of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €46m opportunity for Romanian firms.
- Fuels and other raw materials comprise nearly a quarter of Romanian exports outside the EU, but just 5% of trade with Korea. An increase in fuels exports to Korea in line with Romania's exports elsewhere would present an €16m opportunity for Romanian firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.23 Slovakia

### Overview of current trade

- Slovakia's exports outside the EU have grown almost five-fold over the last decade, from €1.3bn in 2000 to €7.6bn in 2010. €43m of exports in 2010 went to Japan, while €93m went to Korea.
- In 2010, Japan was Slovakia's 21<sup>st</sup> largest destination for exports outside the EU, down from 16<sup>th</sup> in 2000.
- In 2010, Korea was Slovakia's 10<sup>th</sup> largest destination for exports outside the EU, up very substantially from the 26<sup>th</sup> position it had in 2000.
- Slovakia's exports outside the EU have grown at an average rate of almost 20% per year over the past decade. Exports to Japan have grown more slowly at 12.7% per year. Exports to Korea have increased at a faster than average 29.5% yearly.

### Trade in 2020

- Were current trends in export growth to continue over coming years, Slovakia's exports outside the EU could reach over €40bn per year by 2020.
- Such an increase over the coming decade would present over €1.2bn in new export opportunities to Japan and Korea for Slovak firms in coming years.
- The share of Slovak exports outside the EU that went to Japan decreased substantially from 1% in 2000 to 0.6% in 2010. With no change the trend of exports to Japan, this would fall to 0.3% by 2020.
- The proportion of Slovakia's exports going to Korea increased from 0.5% in 2000 to 1.2% in 2010 and, if current trends continued, would reach 2.8% by 2020.

### Opportunities for Slovakia

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Slovakia "under-trades" with both Japan and Korea. Its per capita exports to Korea are €1.90 and those to Japan barely 30 cents. In contrast, exports to Australia are worth €3.60 per person, highlighting the importance of other factors, including culture and language, for long-distance trade.
- Electronics comprise 15% of all Slovakia's exports outside the EU but for only 5% of trade with Japan. An increase in electronics exports to Japan to a proportion in line with other countries would present a €5m opportunity for Slovak electronics firms.
- General manufactures comprise 14% of Slovak trade exports outside the EU, but just 4% of trade with Korea. An increase in electronics exports to Korea to 14% of the total would present an €9m opportunity for Slovak firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.24 Slovenia

### Overview of current trade

- Slovenia's exports outside the EU have grown 140% over the last decade, from €2.6bn in 2000 to €6.4bn in 2010. €18m of exports in 2010 was to Japan, while €49m went to Korea.
- In 2010, Japan was Slovenia's 34<sup>th</sup> largest destination for exports outside the EU, down from 22<sup>nd</sup> in 2000.
- In 2010, Korea was Slovenia's 15<sup>th</sup> largest destination for exports outside the EU, up substantially from the 21<sup>st</sup> position it had in 2000.
- Slovenia's exports outside the EU have grown at an average rate of 9.2% per year over the past decade. Exports to Japan have grown more slowly at 3.3% per year. Exports to Korea have increased at a faster than average 13.1% yearly.

### Trade in 2020

- If current high growth rates in exports continued, Slovenia's exports outside the EU could reach more than €44bn per year over the next decade.
- Such an increase over the coming decade would present over €120m in new export opportunities to Japan and Korea for Slovenian firms in coming years.
- The share of Slovenian exports outside the EU that went to Japan decreased from 0.5% in 2000 to 0.3% in 2010. With no change the trend of exports to Japan, this would fall to 0.2% by 2020.
- The proportion of Slovenia's exports going to Korea increased from 0.5% in 2000 to 0.8% in 2010 and, if current trends continued, would reach 1.1% by 2020.

### Opportunities for Slovenia

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Slovenia "under-trades" with both Japan and Korea. Its per capita exports to Korea are €1 and those to Japan barely 10 cents. In contrast, exports to Australia are worth €1.30 per person, highlighting the importance of other factors for trade with distant countries, including culture and language.
- Chemicals comprise about one quarter of Slovenia's exports outside the EU, but only 9% of trade with Korea. An increase in chemicals exports to Korea to a proportion in line with other countries would present an €7m opportunity for Slovenian firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.25 Spain

### Overview of current trade

- Spain's exports outside the EU have grown 77% over the last decade, from €34bn in 2000 to €60bn in 2010. Just over €1.4bn of exports in 2010 was to Japan, while €750m went to Korea.
- In 2010, Japan was Spain's 10th largest destination for exports outside the EU, down from 6th biggest in 2000.
- In 2010, Korea was Spain's 23<sup>rd</sup> largest destination for exports outside the EU, having been its 27<sup>th</sup> biggest export destination in 2000.
- Spain's exports outside the EU have grown at an average rate of just under 6% per year over the past decade. Exports to Japan have grown substantially slower, at an average rate of 1.4% per year. Exports to Korea have grown significantly faster, by an average of 10.5%.

### Trade in 2020

- If current trends continue, Spain's exports outside the EU are likely to almost double over the coming decade from €60bn to €106bn.
- Such an increase over the coming decade would present about €1.7bn in new export opportunities to Japan and Korea for Spanish firms in coming years.
- The share of Spanish exports outside the EU that went to Japan fell from 3.6% in 2000 to 2.3% in 2010. With no change in trend, this could fall further to 1.5% by 2020.
- The proportion of Spain's exports going to Korea increased from 0.8% in 2000 to 1.3% in 2010 and, if current trends continued, would reach 1.9% by 2020.

### Opportunities for Spain

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Spain "under-trades" with both Japan and Korea. Its exports €11 worth of exports to each person in Japan and €15 to each Korean. In contrast, exports to Australia are worth over €50 per person, highlighting the importance of other factors, including culture and language.
- Machinery, including electronics and transport, comprise almost 30% of all Spain's exports outside the EU but account for just 12% of its trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €250m opportunity for Spain's machinery firms.
- Materials-based manufactures, including textiles and paper, comprise 18% of all Spain's exports outside the EU but account for just over 10% of its trade with Korea. An increase in these exports to Korea up to 18% of the total would present a €50m opportunity for Spanish firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.26 Sweden

### Overview of current trade

- Sweden's exports outside the EU have grown 36% over the last decade, from €38bn in 2000 to €51bn in 2010. €1.4bn of exports in 2010 was to Japan, while €834m went to Korea.
- In 2010, Japan was Sweden's 6<sup>th</sup> largest destination for exports outside the EU, down from 3<sup>rd</sup> in 2000.
- In 2010, Korea was Sweden's 14<sup>th</sup> largest destination for exports outside the EU, up from the 17<sup>th</sup> in 2000.
- Sweden's exports outside the EU have grown at an average rate of 3.1% per year over the past decade. Exports to Japan have actually declined by 5.6% per year during that period. Exports to Korea have increased at a faster than average 5.2% yearly.

### Trade in 2020

- If current trends continue, Sweden's exports outside the EU are likely to reach more than €95bn per year over the next decade.
- If exports to Japan returned to growth, such an increase over the coming decade would present over €1bn in new export opportunities to Japan and Korea for Swedish firms in coming years.
- The share of Swedish exports outside the EU that went to Japan decreased substantially from 6.8% in 2000 to 2.8% in 2010. With no change the trend of exports to Japan, this would fall to 1.2% by 2020.
- The proportion of Sweden's non-EU exports that went to Korea increased from 1.3% in 2000 to 1.6% in 2010 and, if current trends continued, would reach 2% by 2020.

### Opportunities for Sweden

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, Sweden "under-trades" with both Japan and Korea. Its per capita exports to Korea are €17 and those to Japan €11. In contrast, exports to Australia are worth almost €70 per person, highlighting the importance of other factors, including culture and language.
- Electronics comprise 15% of all Sweden's exports outside the EU but just 10% of trade with Japan. An increase in electronics exports to Japan to a proportion in line with other countries would present a €74m opportunity for Swedish electronics firms.
- Fuels and raw materials comprise 12% of Swedish trade exports outside the EU, but just 3% of trade with Korea. An increase in these exports to Korea in line with its exports elsewhere would present an €77m opportunity for Swedish firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 4.27 United Kingdom

### Overview of current trade

- UK exports outside the EU have grown by 23% over the last decade, from €126bn in 2000 to €141bn in 2010. €4.7bn of exports in 2010 was to Japan, while €2.3bn went to Korea.
- In 2010, Japan was UK's 5<sup>th</sup> largest destination for exports outside the EU, down from 2<sup>nd</sup> in 2000.
- In 2010, Korea was UK's 16<sup>th</sup> largest destination for exports outside the EU, down from 13<sup>th</sup> biggest export destination in 2000.
- UK exports outside the EU have grown at an average rate of 1.2% per year over the past decade. Exports to Japan, however, have actually declined by 2.5% per year, while exports to Korea also declined but at a slower rate (0.5% year-on-year).

### Trade in 2020

- If current trends continue, UK's exports outside the EU are likely to reach €160bn per year over the next decade.
- Such an increase over the coming decade would present nearly €900m in new export opportunities to Japan and Korea for UK firms in coming years, provided trade growth with both countries is in line with the change in exports to the rest of the world.
- The share of UK exports outside the EU that went to Japan decreased from 4.8% in 2000 to 3.3% in 2010. With no change the declining trend of exports to Japan, this will fall to 2.3% by 2020.
- The proportion of UK exports going to Korea decreased from 2.0% in 2000 to 1.7% in 2010 and, if current trends continued, would reach 1.4% by 2020.

### Opportunities for UK

- Economic research shows that distance is one of the most significant barriers to trade. However, even allowing for distance, UK "under-trades" with both Japan and Korea. It exports around €37 per person in Japan and €48 to Korea. In contrast, exports to Australia are worth €164 per person, highlighting the importance of other factors than distance, including culture and language, to international trade.
- Machinery, including electronics, comprises 41% of all UK's exports outside the EU but 32% of trade with Japan. An increase in machinery exports to Japan to a proportion in line with other countries would present a €390m opportunity for UK firms.
- Fuels comprise over 10% of all the UK's exports outside the EU but account for just 4% of its trade with Korea. An increase in fuel exports to Korea in line with its exports globally would present an €146m opportunity for UK fuel firms.

*Notes: All figures, including totals, are for trade outside the EU and are based on Eurostat and OECD figures from 2000-2010. Per capita figures are based on the population of the destination country.*

## 5. About the Author

### Ronan Lyons, Economist with Oxford University

Ronan Lyons is an economist with expertise in macroeconomics, economic development, globalization, international competitiveness and urban economics, with wide-ranging experience in the public, private and academic sectors. Between 2006 and 2007, Ronan worked as Economist to Ireland's National Competitiveness Council and as a Policy Analyst at Forfás. There he was engaged in evidence-based policy analysis and research on a range of enterprise policy issues, including productivity, costs of doing business, and international competitiveness. In 2007, he joined IBM as Managing Consultant and a founding member of its Global Centre for Economic Development, where he advised governments, city administrations and private sector clients on a range of economic development issues and also engaged in research and thought leadership.

Ronan is a founding member and director of the Public Policy Advisors Network ([www.ppan.ie](http://www.ppan.ie)) and through his role at Gerson Lehrman Group, he consults to a wide range of international private sector clients on Irish economic affairs. He has written extensively on economic issues, including opinion pieces, academic papers, book chapters and through weekly analysis on his award-winning personal website [ronanlyons.com](http://ronanlyons.com). He has been interviewed and quoted widely on these topics, including by Sky News, the Financial Times, Reuters, the International Herald Tribune, The Sunday Times, and The New York Times.

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