Annex G

Foreign trade

Introduction
G.1 This section brings together detailed figures on imports and exports of fuels and related materials, generally, in terms of both quantity and value. Table G.1 gives an overall view for all fuels, Tables G.3 to G.6 present more detailed figures for crude oil, petroleum products, gas, and coal and other solid fuels. Table G.2 presents a long term view of the value of imports and exports of fuels, from 1970 to 2007.

G.2 The information in this section is largely derived from returns made to HM Revenue and Customs (HMRC), and corresponds to that published in the Overseas Trade Statistics of the United Kingdom (O.T.S.). The figures for 2007 are provisional. Work continues to minimise differences between data reported by industry to HMRC (published in this annex) and that reported by industry to BERR (published in DUKES).

Imports and exports of fuel and related materials (Table G.1)
G.3 This table presents import, export and net export figures in quantity and value terms, broken down by the main fuel groups for the years 2001 to 2007.

G.4 To allow the values of imports and exports to be compared, additional series are included presenting import values on a "free on board" (f.o.b.) basis. Import values are normally recorded in "cost, insurance and freight" (c.i.f.) prices whereas f.o.b. prices are always used for export values. This approach is similar to that used by the Office for National Statistics in the overall trade figures when they compile the Balance of Payments. Fuller descriptions of the c.i.f. and f.o.b. methods of valuing imports and exports are given in paragraph G.29 of the Technical Notes.

Chart G.1: Net exports of fuel 2001 to 2007

G.5 Chart G.1 illustrates the recent trends in the trade balance in fuels, both in terms of value and quantity. Trends in the value of the trade balance since 1970 can be seen in Chart G.3, whilst figures are given in Table G.2.

G.6 In 2007 the United Kingdom remained a net importer of fuels, in financial terms, with a deficit, on a balance of payments (f.o.b.) basis, of £7.1 billion. This is compared to a £0.3 billion surplus in
2004. The deficit of crude oil and petroleum products in 2007 was £3.9 billion compared to a £0.9 billion surplus in 2004.

G.7 In volume terms the United Kingdom became a net importer of fuels in 2004 with imports exceeding exports by 12.6 million tonnes of oil equivalent (mtoe). In 2007 net imports rose to 52.8 mtoe.

*Chart G.2: Imports and exports by fuel 2007*

G.8 The figures for trade in individual fuels in 2006 are illustrated in Chart G.2. This shows the extent to which the United Kingdom’s trading position for all fuels is dominated by petroleum.

**Value of imports and exports of fuels 1970 to 2007 (Table G.2)**

G.9 Values of imports (c.i.f.) and exports (f.o.b.) broken down by the main fuel groups are given in Table G.2 which is based on Table G.1 with the series extended back to 1970. Import values on a f.o.b. basis are also included, enabling net exports to be presented on a comparable f.o.b. basis over the same period.

G.10 Although between 1989 and 1992 and again since 2004 the United Kingdom was a net importer of fuels in volume terms, there has tended to be a financial surplus in fuels, on a balance of payments (f.o.b.) basis. This is because the unit values of our exports have tended to be higher than that of our imports. However this trend changed in 2005 with the difference between unit values for imports being much closer to the export unit values.

G.11 Chart G.3 below shows net exports of fuels since 1970. The United Kingdom’s trade in fuels was dominated by imports until exports started to grow substantially in the mid-1970s, when production from the North Sea started coming on line, achieving a trade surplus in 1981. This surplus was sustained between 1981 and 2004, except for a small deficit in 1989, and amounted to just under £80 billion over that period. However, these surpluses were reduced by the fall in oil prices in 1986, and then by the fall in North Sea production following the Piper Alpha accident in 1988 and the resulting safety work. Although the trade surplus increased steadily from 1992 to 1996, there were falls in 1997 and 1998 due to the fall in the price of crude oil. Prices of crude oil and petroleum products increased in 1999 and again in 2000 giving it, in current price terms, the highest net surplus. In 2001 the value of the trade surplus fell, reflecting falls in the price of crude oil and petroleum products; however, this was partly reversed by a 9 per cent increase in the net trade surplus during 2002. In the last three years the UK has been a net importer of fuel with deficits recorded both for oil and for the other fuels series. In 2007 the deficit for both series increased by 14 per cent.
UK imports and exports of crude oil and petroleum products (Table G.3)

G.12 The data in this table outlines the pattern of trade in oil in the United Kingdom. Table G.3 shows quantities in thousands of tonnes, of crude oil and refined petroleum products, and unit values per tonne, with import values on a c.i.f. basis and export values on a f.o.b. basis. The total values of crude oil imports, on a f.o.b. basis, are shown in Table G.1.

G.13 The United Kingdom has generally been a net exporter of total oil and petroleum products since 1981. Broadly, the level of crude oil exports reflects North Sea production. Exports were reduced because the Piper Alpha accident reduced production from 1988 and then production levels remained lower until 1992, as higher levels of maintenance and safety work prolonged platform shutdowns. Chart G.4 shows the level of imports, exports and net exports in f.o.b. value terms from 2001 to 2007.

G.14 The main products imported into the United Kingdom in 2007 were aviation turbine fuel (kerosene), and gas & fuel oil. The main product exported in 2007 was fuel oil, which accounted for 26 per cent, followed by motor and aviation spirit which accounted for a further 24 per cent of the volume of exports.

G.15 Imports of petroleum products remained broadly unchanged between 2006 and 2007 at 31.7 million tonnes. Exports of petroleum products fell in 2007 to 32.1 million tonnes from 34.0 million tonnes in 2006. The largest contribution to this fall came from a reduction of 16 per cent in exports of fuel oil.
UK imports and exports of crude oil by country (Table G.4)

G.16 The data in Table G.4 show details of trade in crude oil by country. The import data are on a 'country of origin' (or production) basis as far as possible. Since the introduction of 'Intrastat' at the start of 1993, recording of country of origin for Intra-EU trade has been optional, so a small amount may be recorded as country of consignment i.e. the country from which the goods were consigned to the United Kingdom as opposed to the true country of origin. This change has had little impact, as virtually all of the UK's imported crude oil is supplied direct from countries outside the EU, in particular Norway.

G.17 Norway supplied 81 per cent of the United Kingdom's imports of crude oil in 2007, up from 72 per cent in 2006. The majority of the remaining imports came from Russia, Algeria and Venezuela. The Middle East accounted for 0.4 per cent of imports, down from their 5 per cent share in 2000. In 2007, 69 per cent of the United Kingdom exports of crude oil went to EU countries, a similar level to that seen in 2006. Most of the non-EU export trade was with the United States of America. The UK's two largest markets in the EU are Germany and the Netherlands; the bulk of the exports to Germany are for refining and consumption there, whilst the exports to the Netherlands include oil destined for onward trade to other countries.

G.18 In most years, the average value per tonne of crude oil exported from the UK is higher than that for imported crude oil. However, there are a couple of exceptions in recent years (2001 and 2003) when the import value per tonne was marginally higher than the export figure.

Imports and exports of solid fuels (Table G.5)

G.19 Table G.5 gives a breakdown of imports and exports of steam coal, coking coal, anthracite and other solid fuels by country of origin or destination. The imports and exports data are provided by HM Revenue and Customs, but where there have been apparent misclassifications by the importers of the types of coal (eg because the country of origin does not produce that type of coal) BERR has made adjustments.

G.20 In 2007, the UK imported 44 million tonnes of coal and other solid fuels, 13 per cent lower than the level in 2006, as a number of electricity generators switched from using coal to gas fired stations. Eighteen per cent of coal imports were of coking coal, of which only limited amounts are produced in the United Kingdom. The figures for imports of coal by grade are illustrated in Chart G.5.
G.21 In 2007, 46 per cent of the United Kingdom's imports of coal came from Russia, with 18 per cent from South Africa. A further 29 per cent of coal imports came from four additional countries: Australia (mainly coking coal), Colombia (steam coal), USA (mainly coking coal) and Canada (coking coal). Steam coal imports came mainly from Russia (56 per cent), South Africa (22 per cent) and Colombia (11 per cent). Imports of steam coal from Russia in 2007 were more than five times the volume imported in 2001. The majority of UK coking coal imports came from Australia (54 per cent), Canada (21 per cent) and the USA (18 per cent). Imports of coal by country of origin are illustrated in Chart G.6.

G.22 Exports of coal and other solid fuel amounted to 0.8 million tonnes in 2007, up 0.2 million tonnes on 2006 volumes. More than a third of UK coal exports went to the Irish Republic.

2001

- **Russia**: 11%
- **South Africa**: 29%
- **Australia**: 20%
- **Colombia**: 19%
- **US**: 7%
- **EU**: 1%
- **Indonesia**: 0.2%
- **Other**: 13%

Total: 35.7 million tonnes

2007

- **Russia**: 45%
- **South Africa**: 18%
- **Australia**: 11%
- **Colombia**: 9%
- **US**: 6%
- **Indonesia**: 3%
- **Other**: 6%
- **EU**: 2%

Total: 43.9 million tonnes
Imports and exports of natural gas (Table G.6)

G.23 Table G.6 gives a breakdown of imports and exports of natural gas by country of origin or destination. The data are physical flows as reported by the pipeline or terminal operators to BERR. As such the data presented in this table differ from the nominated flows reported in Chapter 4 although the overall net flows (be they net imports or net exports) are essentially the same.

G.24 In 2007 the UK imported 324 thousand GWh of gas, up by nearly 40 per cent on 2006 levels. Over two thirds of the imports came directly from Norway. The second largest source of imports was the Bacton-Balgzand interconnector which was commissioned at the end of 2006, which accounted for nearly a quarter of imports. LNG shipments again arrived from four countries: Algeria, Egypt, Trinidad and Qatar. The other main source of imports was from Belgium via the Bactor Zeebrugge interconnector. The exact source country of these imports is not known due to the many transactions that occur so all flows from this route are assigned to Belgium. Time series of imports and exports by country are shown in Chart G.7.

G.25 In 2007 the UK exported 109 thousand GWh of gas, down marginally on 2006 levels. Just under half of UK exports were transported to mainland Europe via the interconnector with Belgium. Again the eventual destinations of these shipments are not known, so UK statistics show the destination as Belgium. The other main destination of UK exports was the Republic of Ireland.

G.26 Between 1997 and 2003 the UK was a net exporter of gas. However, since 2000 UK gas production has declined. With UK consumption remaining broadly flat this has increased the demand for imported gas. In 2007 the UK was a net importer of 215 thousand GWh, a sharp reversal from the net export level of 120 thousand GWh recorded in 2000.

Chart G.7: Imports and exports of natural gas 1996 to 2007
Technical notes and definitions

G.27 The figures of imports and exports quoted are largely derived from notifications to HM Revenue and Customs, and may differ from those for actual arrivals and shipments, derived from alternative and/or additional sources, in the sections of the Digest dealing with individual fuels. Data in Table G.1 also include unpublished revisions to Customs data, which cannot be introduced into Tables G.3 to G.5.

G.28 All quantity figures in Table G.1 have been converted to million tonnes of oil equivalent to allow data to be compared and combined. This unit is a measure of the energy content of the individual fuels; it is also used in the Energy section of this Digest and is explained in Annex A, paragraphs A.45 to A.46. The quantities of imports and exports recorded in the Overseas Trade Statistics in their original units of measurement, are converted to tonnes of oil equivalent using weighted gross calorific values and standard conversion factors appropriate to each division of the Standard International Trade Classification (SITC). The electricity figures are expressed in terms of the energy content of the electricity traded.

G.29 Except as noted in Table G.1, values of imports are quoted “c.i.f.” (cost, insurance and freight); briefly this value is the price that the goods would fetch at that time, on sale in the open market between buyer and seller independent of each other, with delivery to the buyer at the port of importation, the seller bearing freight, insurance, commission and all other costs, etc, incidental to the sale and delivery of the goods with the exception of any duty or tax chargeable in the United Kingdom. Values of exports are “f.o.b.” (free on board), which is the cost of the goods to the purchaser abroad, including packing, inland and coastal transport in the United Kingdom, dock dues, loading charges and all other costs, charges and expenses accruing up to the point where the goods are deposited on board the exporting vessel or at the land boundary of Northern Ireland.

G.30 Figures of the value of net exports in Tables G.1 and G.2 are derived from exports and imports measured on a Balance of Payments (B.O.P) basis. The figures are consistent with the European System of Accounts 1995, the basis on which they are published by the Office for National Statistics. This means exports as recorded by HM Revenue and Customs, will differ from those recorded by the Office for National Statistics on a B.O.P basis. Table G.1 shows figures on both basis.

G.31 Figures correspond to the following items of S.I.T.C (Rev 3).

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<tr>
<td>Other solid fuels</td>
<td>322.1 and 325 (part)</td>
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<td>Crude oil</td>
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<td>Petroleum products</td>
<td>334, 335, 342 and 344 (plus Orimulsion reclassified to division 278 during 1994)</td>
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<tr>
<td>Natural gas</td>
<td>343</td>
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<tr>
<td>Electricity</td>
<td>351</td>
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G.32 Figures for trade within the European Union given in Tables G.4 and G.5 cover trade between the other Member States belonging to the Union in 2006.

G.33 In 1993, the Single European Market was created. At that time, a new system for recording the trade in goods between member states, called INTRASTAT, was introduced. As part of this system only obliges small traders to report their annual trade and as some trading supply returns are late, it is necessary to include adjustments for unrecorded trade. This is particularly true of 1993, the first year of the system and of coal imports in that year.

Annex G Foreign Trade main tables

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