

International trade in transportation services

In 2005, the EU maintained its position as the world's largest trader in transportation services

Statistics in focus

ECONOMY AND FINANCE

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Balance of payments

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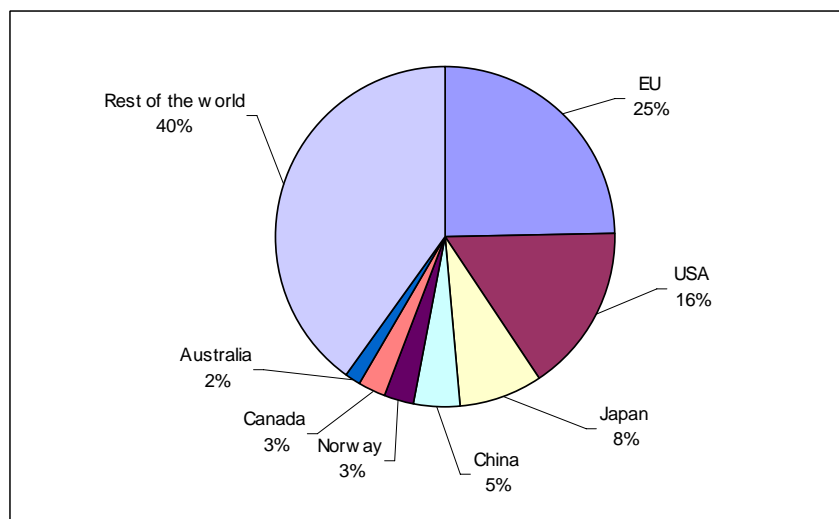
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In 2005, the EU¹ was responsible for 25% of total² worldwide³ transactions in *transportation services* and remained the world's largest operator in this area. Its external trade balance also improved by €4 billion between 2004 and 2005. Freight transport on sea and passenger transport by air (38% and 18% respectively) accounted for more than half of the EU's total transactions in *transportation services*. Both sea transport and air transport posted an improvement in their balance (by +€2.4 billion and +€ 2.1 billion respectively), while the deficit in other transport areas increased to €1.4 billion. The USA remained the EU's main foreign trading partner.

In 2005, the EU handled one quarter of all transactions in *transportation services* worldwide

The European Union remained the world's largest operator of *transportation services* in 2005, accounting for 25% (€188.3bn) of all transactions worldwide, excluding intra-EU trade flows. Over the same period, the USA's total transactions in *transportation services* amounted to €121.7bn and Japan's to €61.2 bn. Graph 1 shows the main importers and exporters of *transportation services*.

Graph 1: World* total transactions in *transportation services*, in 2005**



Source: Eurostat, IMF

* excludes intra-EU trade

** exports + imports

The age of globalization in which we live is all about increasing global connectivity, integration and interdependence in the economic and social spheres. Increasingly, goods and services produced in one part of the world are available in all parts of the world. Globalization is a process which is fuelled by, and generates in its turn, increasing cross-border flows of goods, services, money, people and information.



¹ If not mentioned, EU indicates EU-25

² Total transactions = exports + imports

³ Excludes intra-EU trade

Lower communication and transport costs and the abolition of artificial barriers to trade have prompted a worldwide expansion of the market economy, boosted trade in goods and services and enhanced mobility in

their production, while also creating considerable freedom for the movement of capital. All these developments seem to have had a sustainable positive influence on international transportation services.

The EU's balance of *transportation services* recorded a surplus of €18.4bn in 2005

Of all service items, *transportation* was the second most important service in value terms for the EU in 2005, accounting for 25% of *total services* transactions; first place went to *other business services*, with 27% of all services transactions. In terms of *current account* transactions, *transportation services* accounted for 5%.

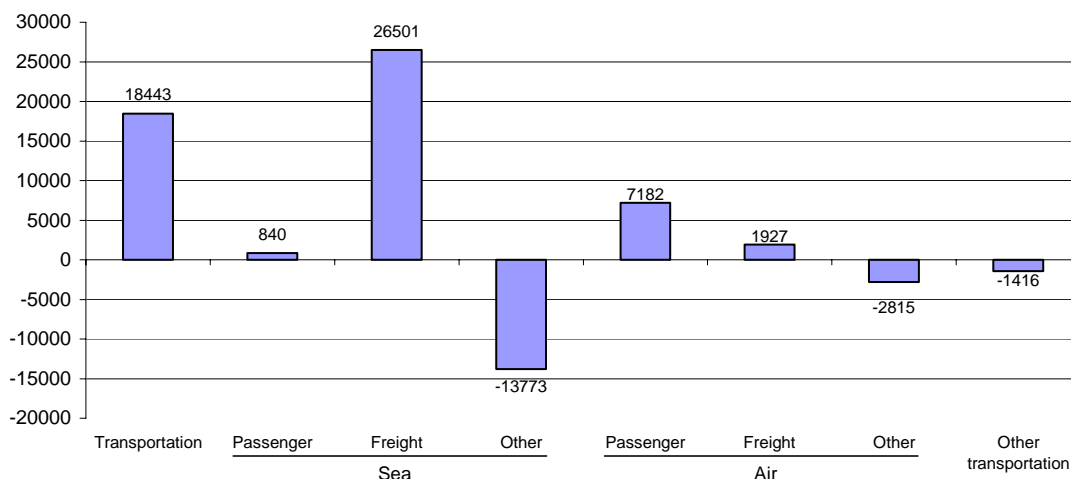
The balance of *transportation* between the EU and the rest of the world showed a surplus of €18.4bn in 2005, mostly due to the large surplus in *freight transport on sea* (€26.5bn) and a surplus in *passenger transport by air* (€7.2bn). *Passenger transport on sea* and *freight*

transport by air also recorded surpluses (€0.8bn and €1.9bn respectively).

These surpluses have been partially offset by the growing deficit in *supporting, auxiliary and other sea transport services* (€13.8bn) and by deficits in *supporting, auxiliary and other air transport services* and *other transportation*.

Greece, Denmark and the United Kingdom were the main contributors to the EU's balance of *transportation* surplus, with surpluses on net balance of €5.6bn, €4.6bn and €3.6bn respectively.

Graph 2: EU balance of *transportation services* with the rest of the world, in 2005 (in million euro)

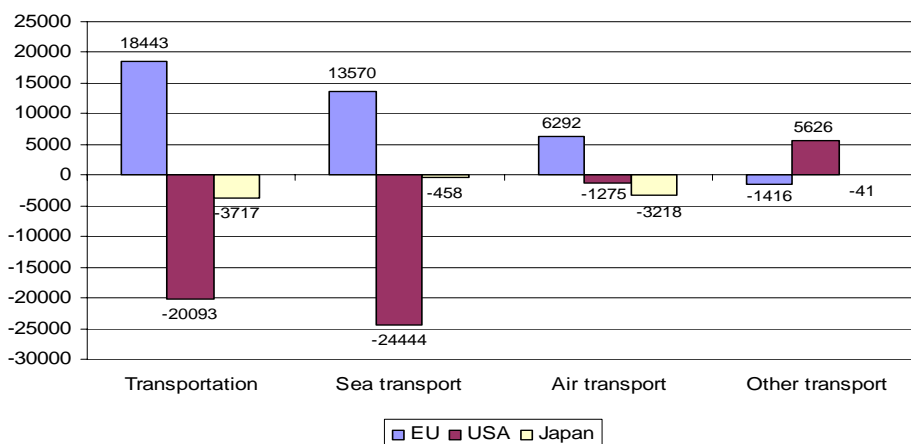


Source: Eurostat

In contrast, the USA has had a negative balance with the rest of the world in *transportation services* since 1998. Its deficit has grown continuously from €4.1bn in 1998 to €20.1bn in 2005. The USA recorded a significant negative balance in *sea transport* (-€24.4bn) in 2005, while posting a surplus (+€5.6bn) in *other*

transport for the same period. It also recorded a deficit of €1.3bn in *air transport services*. Japan posted deficits in all modes of *transport*: €3.2bn in *air transport*, €0.5bn in *sea transport* and €0.04 bn in *other transport*. Since 1996, Japan's deficit has decreased smoothly starting from €9.5bn in 1996 and reaching €3.7bn in 2005.

Graph 3: Balance of *transportation services* for the EU, the USA and Japan in 2005 (in million euro)



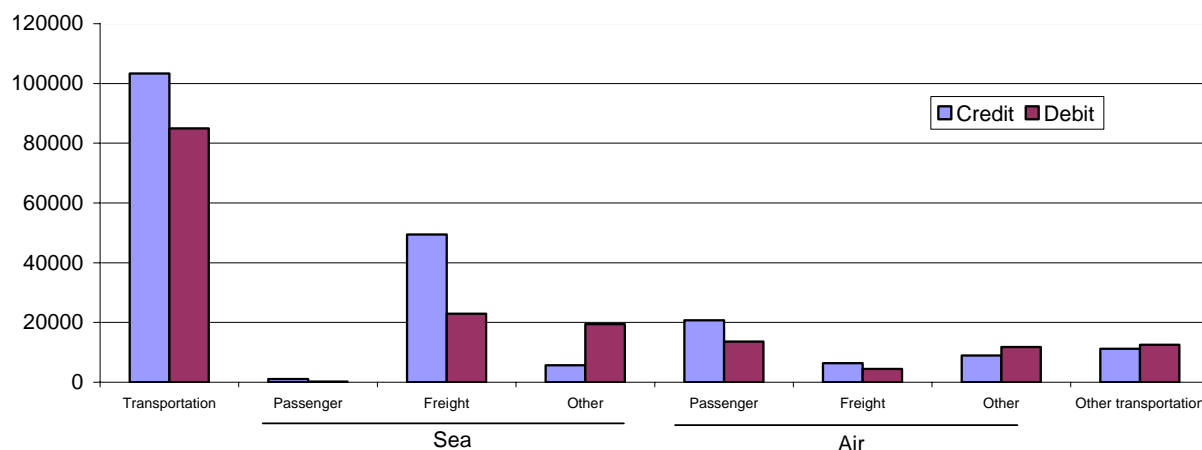
Source: Eurostat, IMF, Bank of Japan

Sea freight transport is the major component of transportation in the EU

The structure of credits and debits in EU trade with the rest of the world in 2005 reveals that *sea freight* is the largest component of transportation (48% of credits and 27% of debits), followed by *air passenger transport* (20% of credits and 16% of debits) and *other transport* (11% of credits and 15% of debits). *Air freight transport* between the EU and the rest of the world is the smallest

component of *transportation services*. *Sea transport* concentrates on *freight transport*, whereas *air transport* is mainly concerned with *passenger transport*. *Other transportation* - which includes *space, rail, road, inland waterway, pipeline and other supporting and auxiliary transport services* - is also appreciable, accounting for 13% of all *transportation* transactions.

Graph 4: EU structure of *transportation services* with the rest of the world, in 2005 (in million euro)



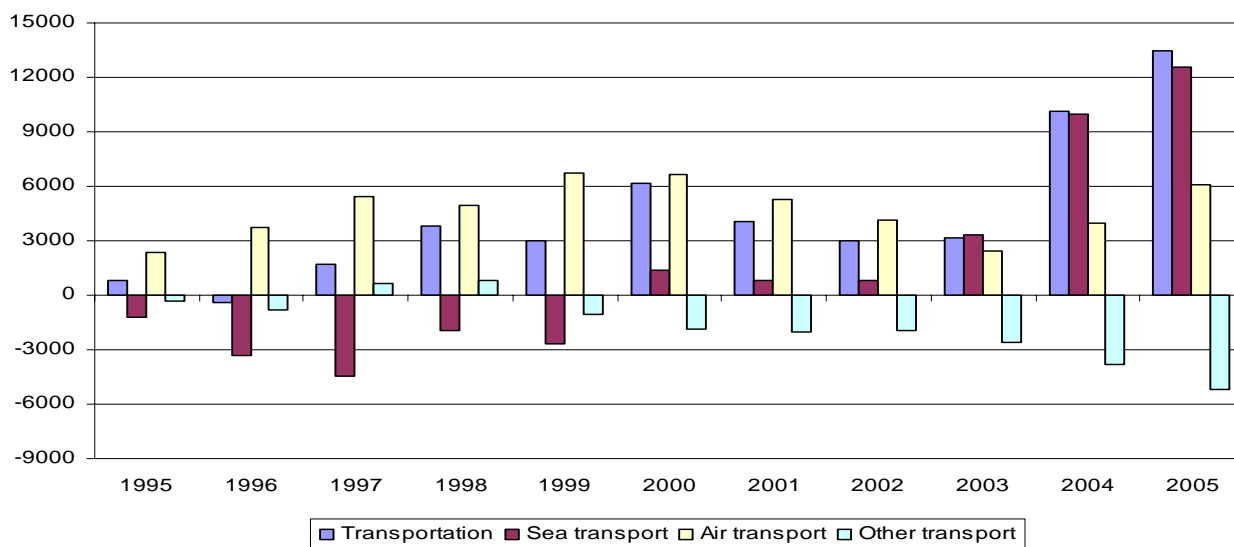
Source : Eurostat

Positive balance of transportation services since 1997 for EU-15

The trend in the EU-15 balance of *transportation services* (for which a much longer time series is available) shows that, following a small deficit in 1996, the balance of *transportation* for EU-15 improved and has continued to record surpluses, the highest of these being in 2005 (€13.4bn). This was mainly due to surpluses in the *air transport* balance achieved during

the years 1995 to 2005. Also, since 2000 the EU-15 *sea transport* balance has turned from deficit to surplus, the highest surplus (€12.6bn) being recorded in 2005. On the other hand, *other transport* balances continually posted deficits, except for 1997 and 1998. The deficit for *other transport* grew over a four-year period to reach €5.2bn in 2005.

Graph 5: Trend in the EU-15 balance of *transportation services* (in million euro)



Source: Eurostat

The United States continued to be the EU's main trading partner in *transportation services*

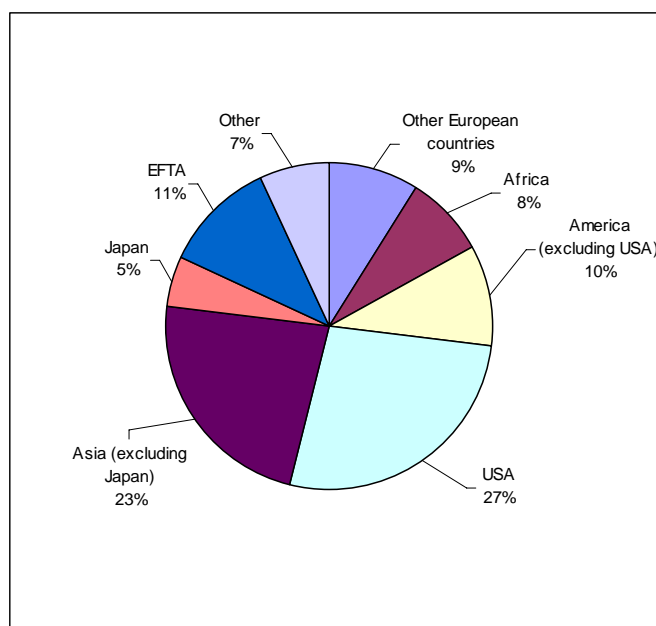
The bulk of EU trade in *transportation services* took place inside the EU: 53% of EU trade in *transportation services* in 2005 was between Member States.

The EU's main foreign trading partner was America, which was responsible for 37% of its external transactions. The USA alone accounted for 27% of EU external transactions. Asia was in second place with 28% (5% for Japan). The balance of *transportation* between the EU and USA amounted to a surplus of €9.1bn in 2004, and reached a surplus of €11.5bn in 2005 (on the contrary, the USA registered a deficit of €10.2bn with the EU). *Sea transport* accounted for more than half of EU external transport transactions (credit + debit in value terms) with the USA.

The majority of EU transactions were within the Union, accounting for 50% of total air transport transactions (credit + debit in value terms) with the world.

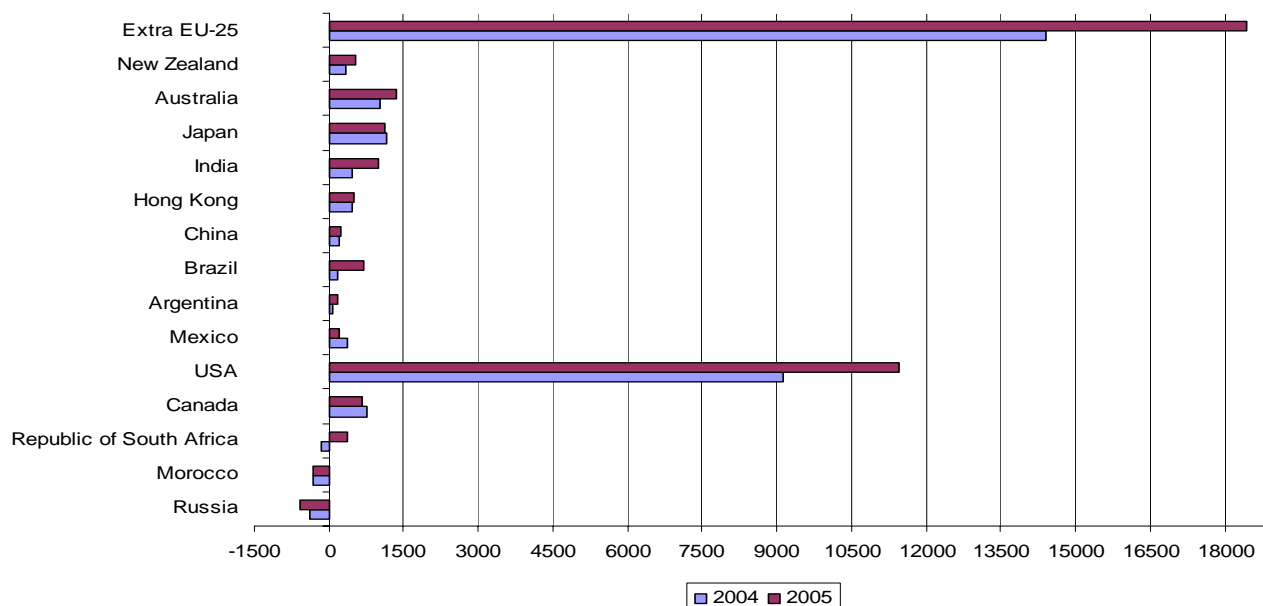
After the intra-EU zone, America was the main geographical partner zone, accounting for 20% of the total trade in *air transport*, of which the United States' share was 72%. Asia was the third most important geographical zone, representing 14% of the total trade in *air transport*, with Japan taking an 18% share of the Asian total. Finally, Africa accounted for 5% of all EU *air transport* transactions, followed by EFTA 4% and other European countries 3% (see table 1).

Graph. 6: Total extra-EU transactions (exports + imports) in *transportation services* by geographic partner zone in 2005



Source: Eurostat

Graph 7: Geographical breakdown of the EU's balance of *transportation services* by partner - comparison 2004-2005 (in million euro)



Source: Eurostat

Table 1: EU geographical breakdown by mode of *transportation services* in 2005 (in million euro)

	Transportation			Sea transport			Air transport			Other transport		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
WORLD	207524	191486	16038	92397	77018	15379	69340	61804	7536	45787	52663	-6876
INTRA EU⁽¹⁾	104145	106548	-2403	36175	34367	1808	33334	32088	1245	34635	40095	-5460
EXTRA EU	103381	84938	18443	56222	42652	13570	36007	29715	6292	11152	12568	-1416
EFTA	10929	9768	1161	5275	5273	2	3059	2113	946	2592	2384	209
Other European countries	6854	9392	-2537	1706	3814	-2108	1911	2517	-606	3239	3061	178
Croatia	324	489	-166	70	207	-137	104	117	-13	148	165	-17
Russia	2899	3486	-587	424	1712	-1289	550	707	-158	1924	1066	858
Turkey	1366	2381	-1015	657	1088	-431	470	968	-497	240	324	-84
Africa	6748	8395	-1647	3230	3728	-498	3083	3995	-912	437	671	-234
North Africa	2114	4175	-2061	911	1792	-881	1001	2079	-1079	201	301	-100
Egypt	698	1519	-822	311	835	-523	362	644	-282	24	40	-16
Morocco	477	795	-318	212	236	-23	184	446	-262	82	112	-30
Other African countries	4634	4221	414	2318	1935	382	2082	1914	168	234	371	-137
America	41122	27570	13552	24478	13433	11045	14195	11450	2744	2448	2685	-237
Canada	2370	1694	676	778	594	183	1407	999	408	185	102	84
United States of America	31067	19596	11471	18976	9446	9530	10194	8366	1827	1897	1784	113
Central American countries	2997	3398	-401	2077	1877	200	688	932	-244	236	589	-353
South American countries	4656	2857	1799	2621	1499	1123	1906	1151	755	129	209	-80
Argentina	583	420	163	216	188	28	351	184	167	17	48	-32
Brazil	1972	1267	705	1093	642	452	813	562	251	65	61	5
Asia	27546	24923	2623	15658	13688	1970	10464	7943	2521	1425	3292	-1866
Near and Middle East countries	4415	3885	530	1979	1624	354	2091	1854	238	344	406	-62
Other Near and Middle East countries	621	569	52	218	212	6	334	309	24	69	50	19
Other Asian countries	23133	21039	2094	13679	12063	1616	8372	6089	2283	1082	2885	-1804
China	3760	3505	254	2337	2212	125	1255	918	337	169	374	-206
Hong Kong	3110	2625	485	1816	1707	109	1203	701	502	91	216	-125
Indonesia	359	328	31	232	213	19	108	83	25	18	31	-13
India	2218	1212	1006	991	568	423	1150	573	577	75	72	4
Japan	5262	4154	1108	2738	2771	-33	2300	981	1319	225	402	-177
Oceania and Polar regions	3475	1623	1851	2401	1031	1370	929	518	411	143	73	70
Australia	2541	1192	1349	1639	758	880	793	394	399	110	40	70
New Zealand	751	233	518	612	133	479	115	95	21	22	5	17
ACP countries	4710	5115	-405	2459	2398	60	1920	2144	-224	333	571	-238
OECD countries	159120	144360	14760	67858	54406	13452	52093	45957	6136	39170	44001	-4831
OPEC	4648	4617	31	2380	2248	132	1873	1867	6	394	502	-108
CIS countries	4055	5922	-1867	872	2173	-1301	989	1178	-189	2193	2569	-376
Maghreb countries	1201	2296	-1095	542	841	-298	488	1215	-727	173	241	-68
Machrek countries	1090	1897	-807	391	993	-602	619	809	-190	78	94	-16

Source: Eurostat

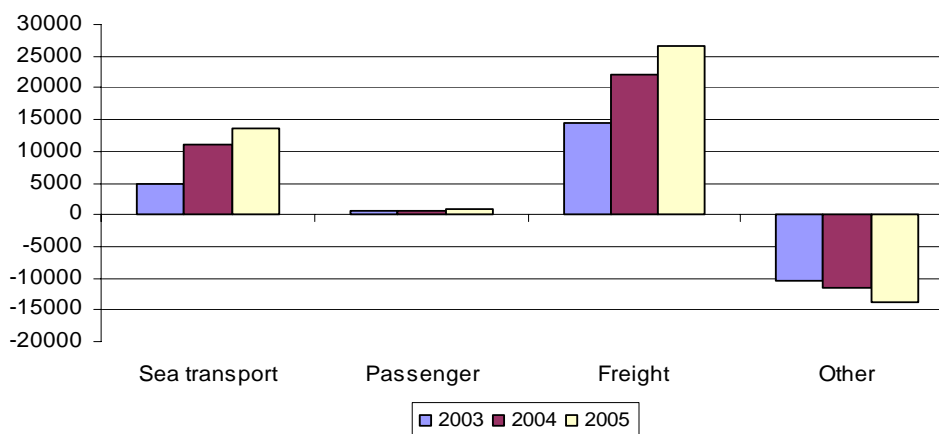
(1) Due to asymmetries total intra-EU receipts are not equal to total intra-EU expenditures. For details, see "Asymmetries in EU current account data", Eurostat Working Papers and Studies, 2006

Sea transport services: balance up by €2.4bn between 2004 and 2005

In terms of its geography, its history and globalisation, the European Union is still very dependent on maritime transport. Nearly 90% of its external trade and more than 40% of its internal trade goes by sea; altogether nearly 2 billion tonnes of freight are loaded and unloaded in EU ports every year; maritime companies owned by European Union nationals control nearly 40%

of the world fleet; the majority of EU trade is carried on vessels controlled by EU interests; and, finally, the maritime transport sector in the European Union – which also includes shipbuilding, ports, fishing and related industries and services - employs some 3 million people (Source Energy and Transport DG/Maritime Transport).

Graph 8: Trend in the balance of sea transport structure (in million euro)



Source: Eurostat

Sea transport is the principal mode of transport, accounting for 53% of total transactions in transportation. This is mostly due to freight, as shown in graph 8. From 2004 to 2005 the balance of freight transport on sea, which accounted for 73% of all sea transport transactions in 2005, recorded an

improvement in its surplus of €4.4bn. This sea transport surplus has been partially offset by the deficit in supporting, auxiliary and other sea transport services grew by €2.2bn reaching €-13.8bn in 2005. For the three periods presented in graph 8, passenger transport services remained stable.

Air transport services: passenger transport was the largest contributor to the surplus in 2005

In 2005, 35% of all EU transactions in transportation services were in the field of air transport.

From 2003 to 2005, the EU's transactions in air transport services were in surplus and imports and exports continued to grow. Air passenger transport was the largest operator, recording a surplus of €7.2bn for 2005. The positive and stable surplus in freight transportation by air also contributed to the surplus in air transport. On the other hand, from 2003 onwards, supporting, auxiliary and other services recorded deficits. In 2005, the deficit contracted slightly to €2.8bn.

Transport sector statistics provide confirmation of the trend in air transport. In 2005, the total number of passengers transported by air in the EU rose by 8.5% compared to 2004 to more than 700 million. London/Heathrow processed the most passengers, thus remaining the EU's busiest airport in terms of passengers: it handled 68 million passengers in 2005 (Source: Eurostat News Release 11/2007 – Air transport in the EU-25).

Graph 9: Trend in the balance of air transport structure (in million euro)



Source: Eurostat

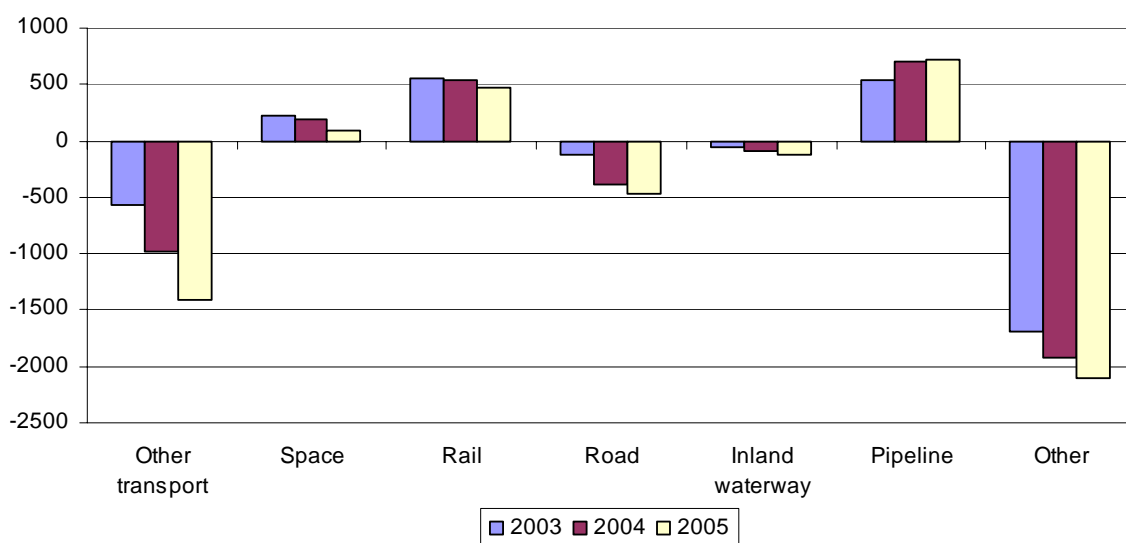
Other transportation: deficit continued to grow in 2005

Other transportation covers mainly transport by inland waterway, space, rail, road, pipeline and other.

Other transportation services accounted for 13% of total transactions in transportation services in 2005. Over the past three years, the size of the deficit in other transportation services has continued to grow (see graph 10).

The deficit in other transportation was mainly due to the large deficit in other supporting and auxiliary transport services, which rose as high as €2.1bn in 2005. Road transport and inland waterway transport deficits also contributed to the deficit in other transportation services. That deficit could not be offset by the surplus achieved in space, rail and pipeline transport.

Graph 10: Trend in the balance of *other transportation structure* (in million euro)



Source: Eurostat

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The results presented in this publication are based on balance of payments statistics. The balance of payments records all economic transactions between a country (i.e. its residents) and foreign countries or international organisations (i.e. the non-residents of that country) during a given period. As part of the balance of payments, the current account records real resources and is subdivided into four basic components: goods, services, income and current transfers. Transactions in "services" include transportation, travel and "other services". Transport services are further broken down by mode of transport:

- Sea and air transport:

- **Passenger services:** covers all services provided between the compiling economy and abroad or between two foreign economies, relating to the international transport of non-residents by resident modes of transport (income) and to the international transport of residents by non-resident modes of transport (expenditure).











- **Freight services:** refers mainly to the transport of goods and to chartering (or long-term rental) by residents to non-residents.
- **Supporting and auxiliary services:** this category covers a range of services provided in ports, airports and other terminal facilities (air terminals, terminuses, etc.). It includes cargo handling (loading and unloading of containers, etc.), storage and warehousing, packaging and repackaging, various services such as towage, pilotage and navigational guidance for carriers, maintenance and cleaning of transport equipment, and salvage operations.

- **Other transport:** covers transport by space, rail, road, inland waterways (rivers, canals and lakes) and pipelines.

The methodological framework used is that of the fifth edition of the International Monetary Fund Balance of Payments Manual (BPM5). The EU balance of payments is compiled by Eurostat in accordance with a methodology agreed with the European Central Bank (ECB).

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Data: [EUROSTAT Website/Home page/Economy and finance/Data](#)

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