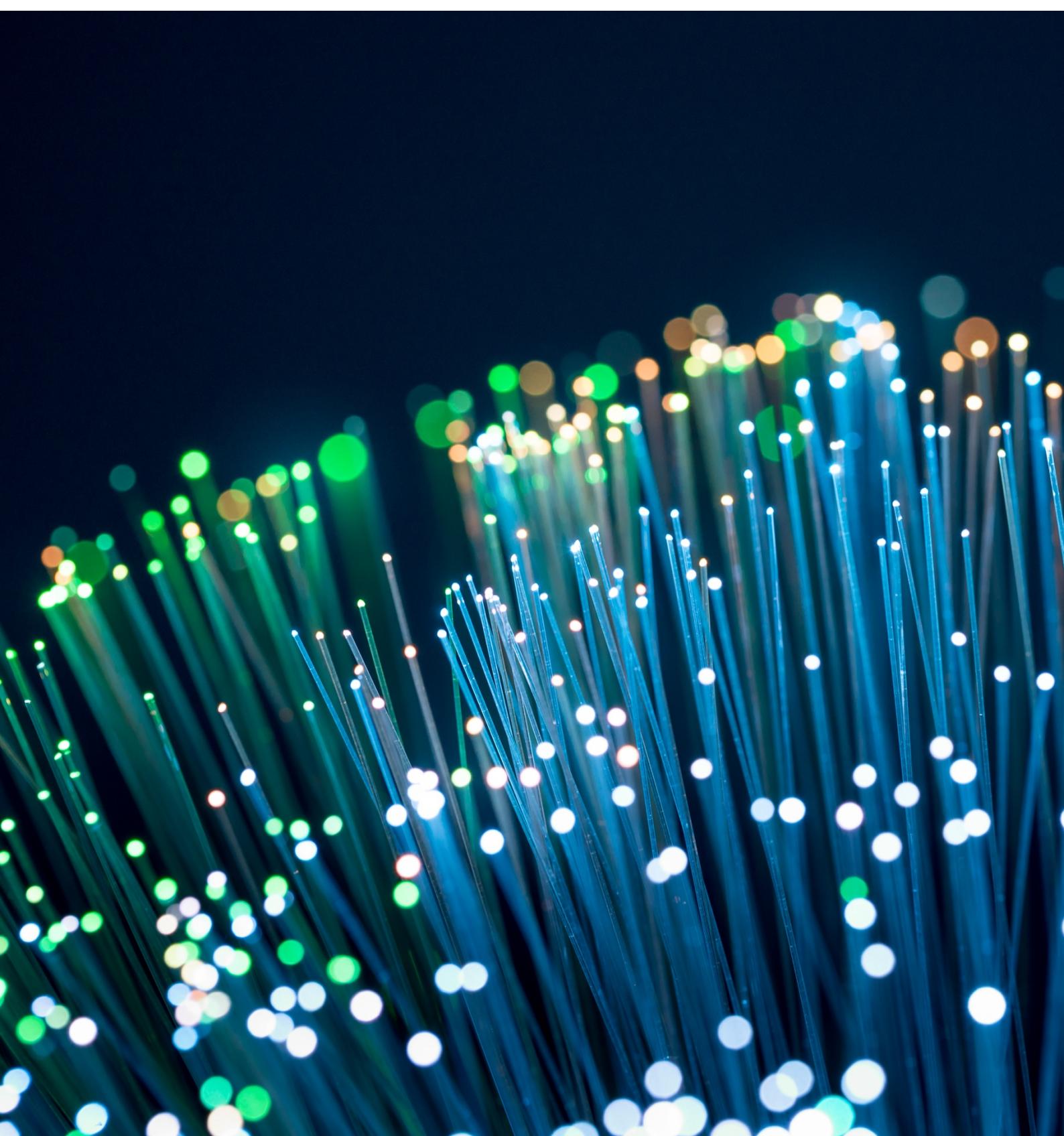


# CHINA TRADE TRACKER

Issue Three | May 2022



## CONTENTS

|  |    |
|--|----|
| Background                               | 2  |
| The Importance of China to UK Business   | 3  |
| Key Findings in Quarter Three            | 4  |
| Regional Goods Exports to China, Q3 2021 | 5  |
| Northern Ireland                         | 6  |
| Scotland                                 | 7  |
| Wales                                    | 8  |
| England – East                           | 9  |
| England – East Midlands                  | 10 |
| England – London                         | 11 |
| England – North East                     | 12 |
| England – North West                     | 13 |
| England – South East                     | 14 |
| England – South West                     | 15 |
| England – Yorkshire and the Humber       | 16 |
| England – West Midlands                  | 17 |

## Background

China-Britain Business Council (CBBC) is the UK's leading business and institution organisation promoting trade, investment and education links with China.

The China Trade Tracker was launched by CBBC in October 2021. It acts as an 'always-on' reference tool to provide the facts and analysis on the importance of UK trade with China the world's second largest economy – including all regions of the UK.

Produced every quarter, this Tracker provides an overview of the impact of trade with China, a quarterly summary of findings, and a UK region-by-region breakdown, to help inform businesses, commentators, and policy makers.

This issue provides an analysis of UK-China trade in 2021, the impact on the Q3 '21 trade flows and the impact on each region across the UK.

“British businesses are increasingly taking advantage of the opportunities presented by the fast growing and dynamic Asian markets. The growth of China's middle class – estimated to be over 400 million in the coming decade – is at the heart of this opportunity. It is vital for the health of the UK economy that UK business does not miss out.

“Our China Trade Tracker illustrates the opportunities for British companies to do business in, and with, the Chinese market. And it highlights the importance of trade with China to the economies of regions right across the UK.”

**Andrew Seaton, Chief Executive of China-Britain Business Council (CBBC)**



## The Impact of the Chinese market on UK business

- ◆ **China is the world's second largest economy** with a nominal GDP of £13.6 trillion in 2021, a growth of 8.1% - equivalent to the economic size of the UK.
- ◆ **The IMF estimates China will grow by 4.8% in 2022** presenting real opportunity for UK business.
- ◆ **In 2021, China was the UK's 3rd largest goods trading partner**, after the U.S. and Germany. It was the UK's 6th largest export market for goods and the single largest source of imports
- ◆ **The UK's links to China via goods trade, tourism and education support an estimated 114,000 to 129,000 jobs** across the country, according to 2020 research by Cambridge Econometrics.
- ◆ **The UK's goods exports to China continues its year-on-year steady growth** seeing a rise of 0.8% year-on-year in 2021 to a total of £18.1 billion. Meanwhile, imports from China increased 16.2% year-on-year to £63.5 billion showing a continued healthy trade relationship between the two nations.
- ◆ **Exports of essential goods (excl. crude oil and gold) were up 11.4%** compared to a much weaker recovery of comparable exports to other major trading partners - USA (1.7%), EU (2.0%), Japan (1.7%). The UK shipped 12.6% of its road vehicle exports, and 6.6% of its machinery and transport equipment exports to China.

IMF estimates China, the second largest economy in the world, will grow by 4.8% in 2022 representing opportunity for UK business

---

Exports to China

£18.1 billion (0.8% YoY)

---

Imports from China

£63.5 billion (16.2% YoY)

---

China was the UK's sixth largest export destination in 2021

## Key Findings

- ▶ **Q3 2021 saw UK exports to China rise by 1.2%** compared to July to September 2020- despite a marked period of continued fluctuation as global trade continues to react to the ongoing pandemic.
- ▶ More recently, the conflict in Ukraine and the re-emergence of Covid in China have created further economic uncertainties. But such insecurities highlight the importance of China as a market, despite the economic headwinds, as the world's fastest growing major economy.
- ▶ Across the UK this has been illustrated with many UK regions seeing Chinese exports grow YoY, with the devolved nations of Wales, Scotland and Northern Ireland in particular seeing strong growth; Wales saw exports jump by 59.2%.
- ▶ Northern Ireland continued to be among the biggest beneficiaries of Chinese demand, witnessing continuously strong export growth, and potentially benefiting from its special status in the post-Brexit UK.
- ▶ Road vehicles and power generating machinery remain among the most important markets for UK-China trade, and while there was a decline in car exports for the West Midlands, demand is expected to recover over the coming months.
- ▶ Scottish oil exports resumed after disruption as a result of Covid and it is anticipated that global fuel demands will see this trend continue.
- ▶ As a whole, regional trends indicate that continued industrial investment and focus on China will continue to drive demand for UK expertise, particularly across healthcare, professional services, and scientific instruments.
- ▶ China is the third largest export market for the North West, with figures remaining above pre-pandemic level.
- ▶ Exports from London to China are higher than to any G7 nation except the US.

---

Exports in Jan – Sep 2021

£13.5bn (+3.1% YoY)

---

Imports in Jan – Sep 2021

£46.2bn (+28% YoY)

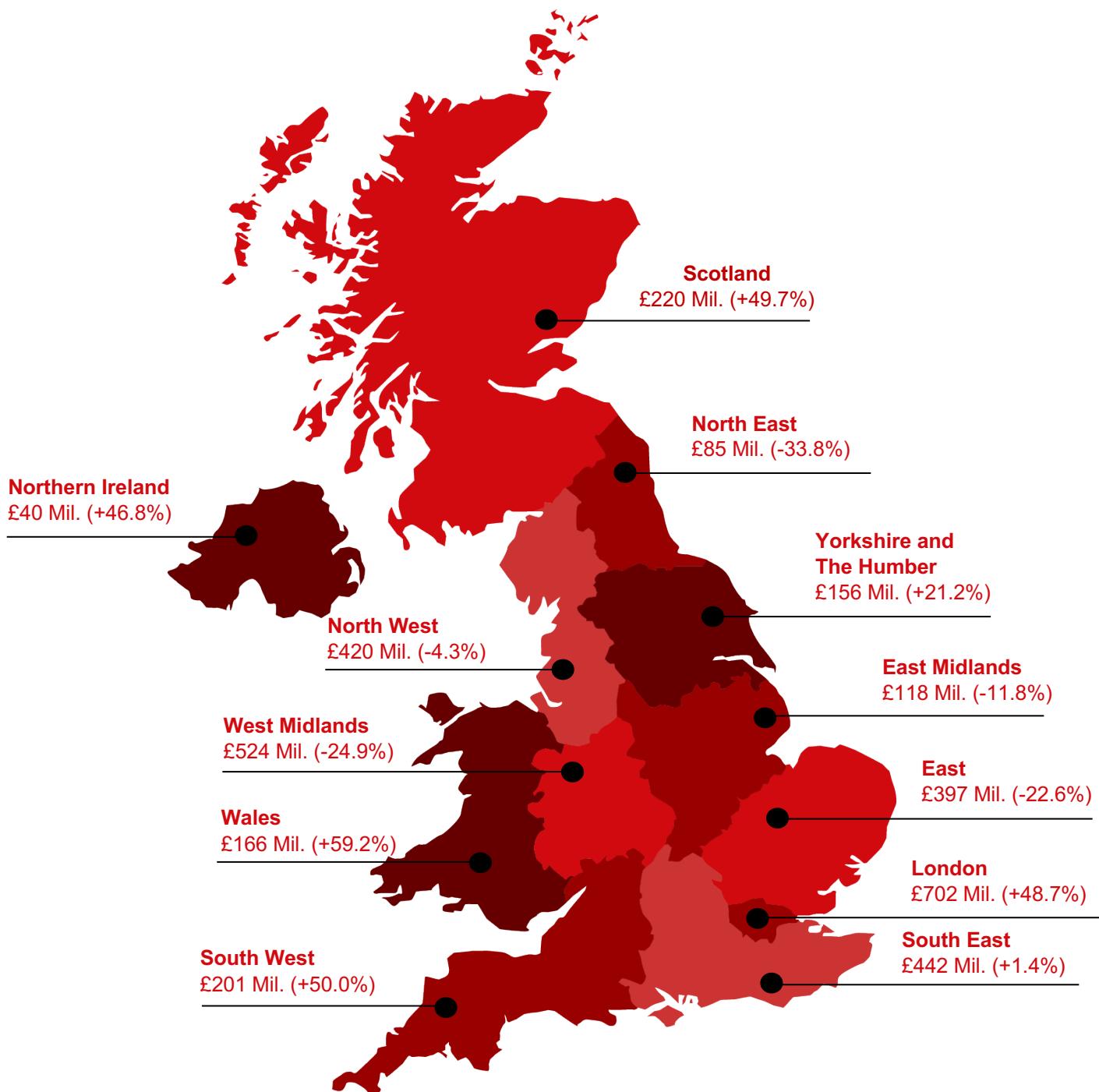
---

China's upgrade of its energy market has led to strong demand for associated British expertise and products, including generating and measuring instruments

---

Market opportunity even more significant with expected increase of over 400 million to China's middle class

## Regional goods exports to China, Q3 2021



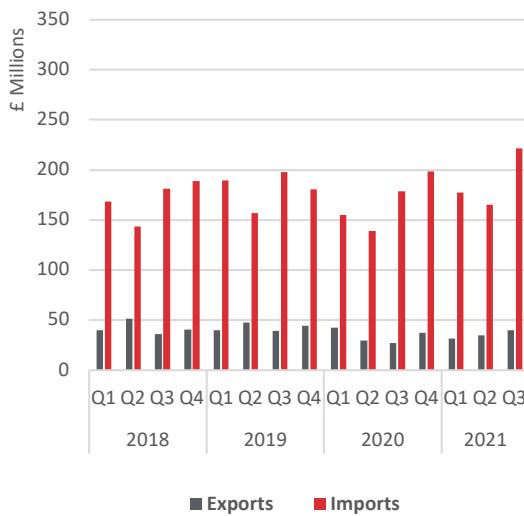
YoY change in %

Source: HMRC and CBBC analysis ©CBBC

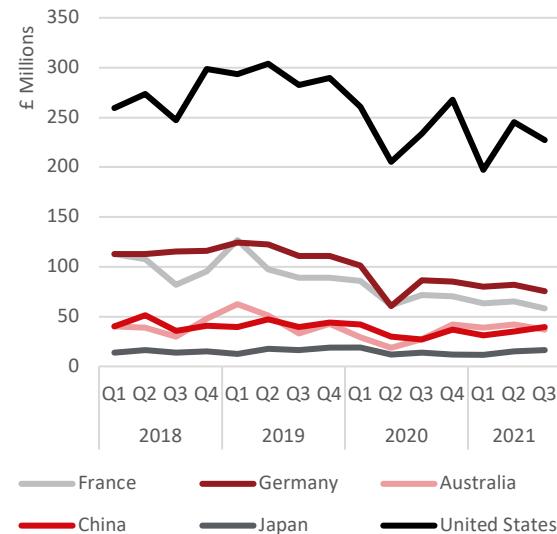
### Northern Ireland

Like Wales, Northern Ireland witnessed strong export growth to China throughout the first nine months of 2021. Goods exports to China increased by 46.8% YoY in the third quarter of 2021, with dairy products (+1.619% YoY) and furniture (+458% YoY) being the main drivers of NI sales to China.

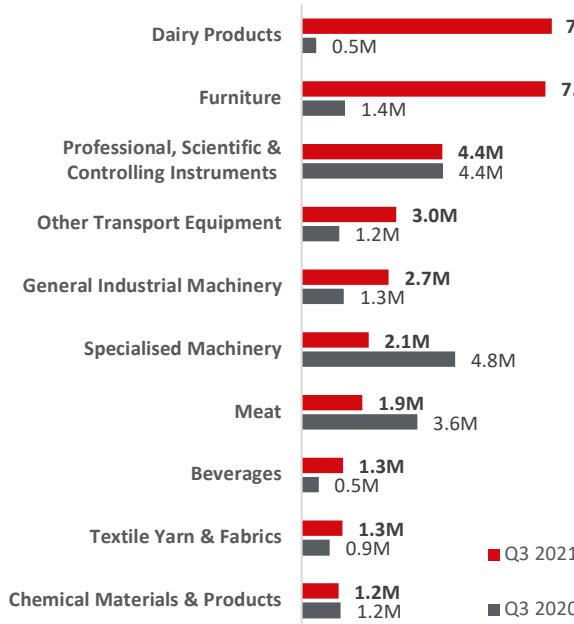
#### Trade with China since 2018



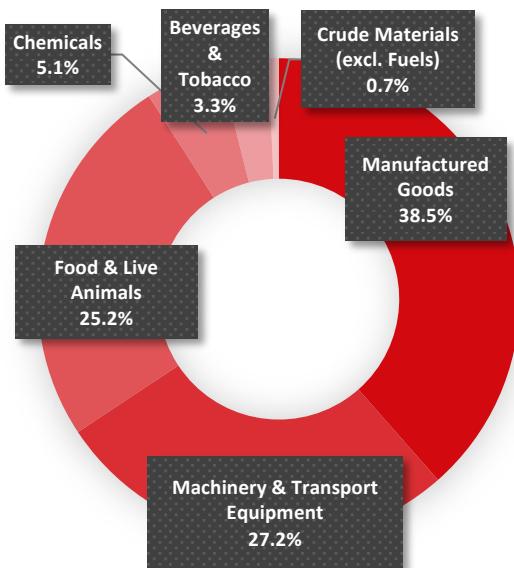
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3

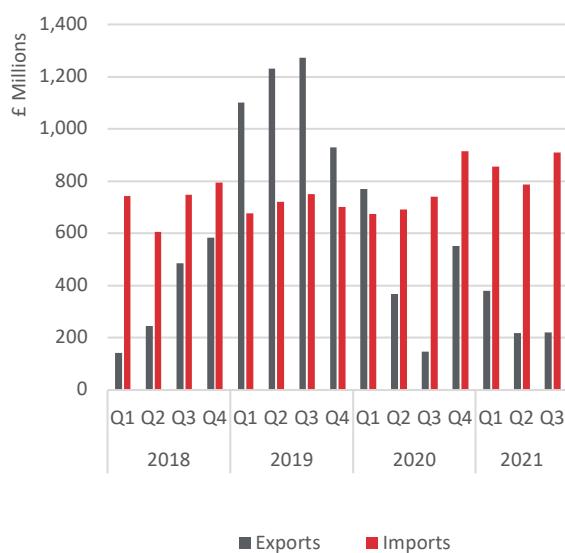


Source: HMRC ©CBBC

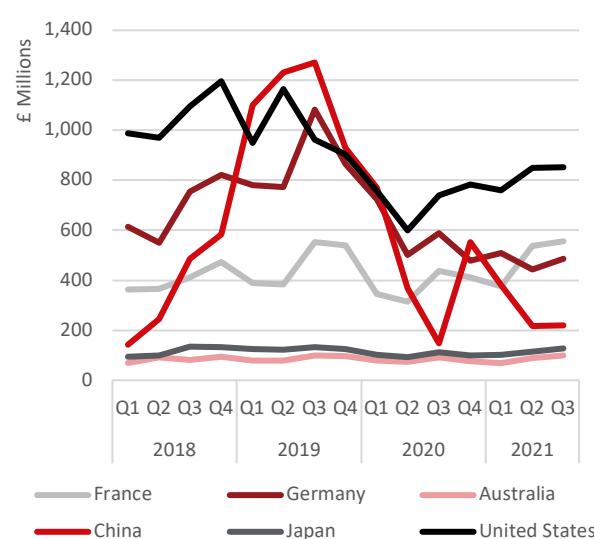
### Scotland

Scottish exports to China stabilised in the third quarter of 2021 as strong petroleum exports – which were virtually zero in the same period in 2020 – jumped back to £33.5 million. The instability of Scotland's trade with China depends heavily on oil, meaning volatility will likely remain as global fuel demands alter post-Covid and in light of recent geopolitical tensions leading to unpredictable demand. However, whisky exports to China continued to show strong growth and improved by 58.2% YoY.

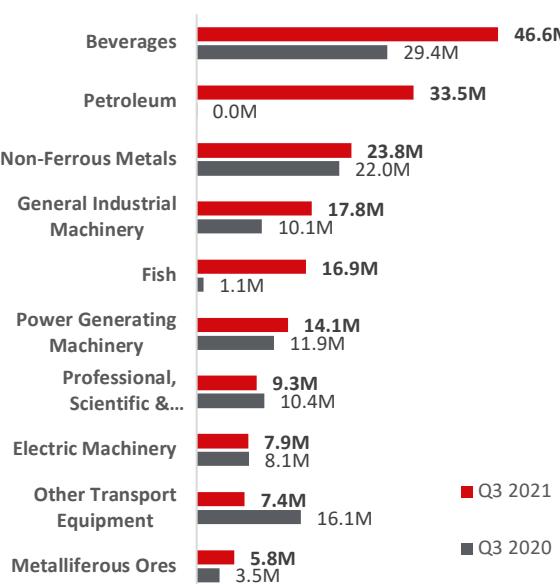
Trade with China since 2018



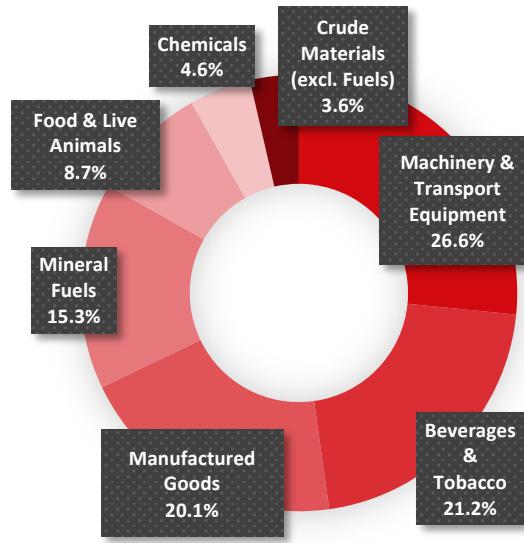
Regional Goods Exports to Major Trading Partners



Top 10 Goods Exports to China in Q3 (Change YoY)



Export Distribution in Q3



Source: HMRC ©CBBC

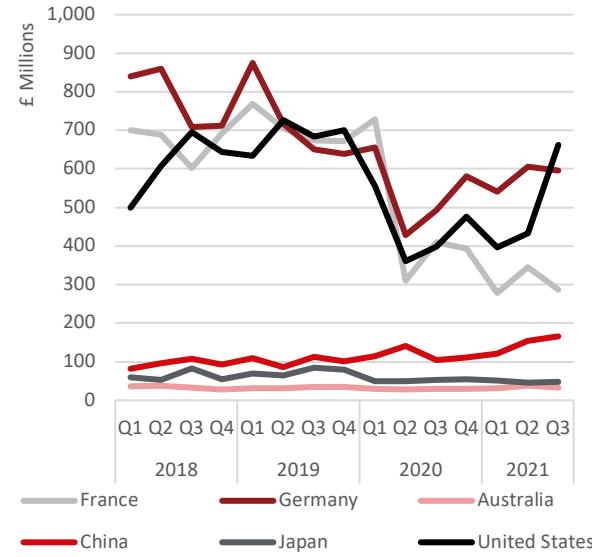
### Wales

The streak of strong Welsh exports to China continues. The region saw the strongest increase in trade with China amongst all UK regions (+59.2% YoY), bettering its already strong Q2 figures. Like in the previous quarter, power generating machinery (+101.1% YoY) witnessed strong Chinese demand, while exports of plastics and specialised machinery both quadrupled compared to the third quarter of 2020.

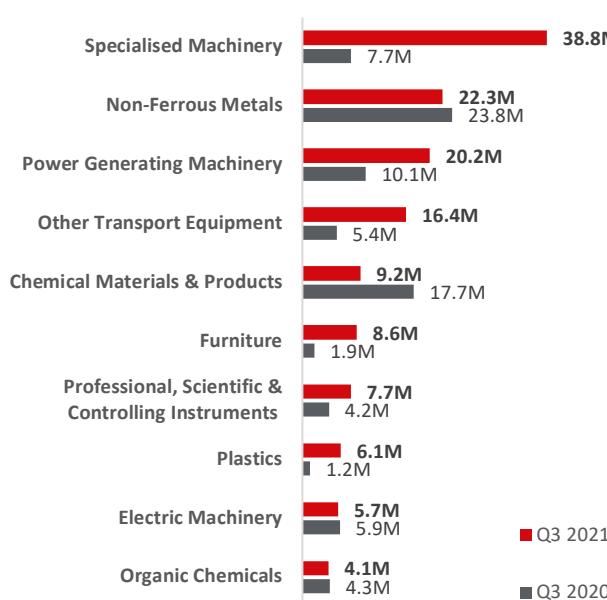
Trade with China since 2018



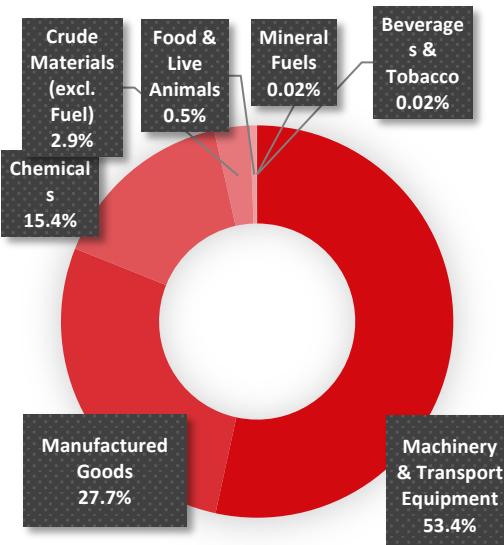
Regional Goods Exports to Major Trading Partners



Top 10 Goods Exports to China in Q3 (Change YoY)



Export Distribution in Q3



Source: HMRC ©CBBC

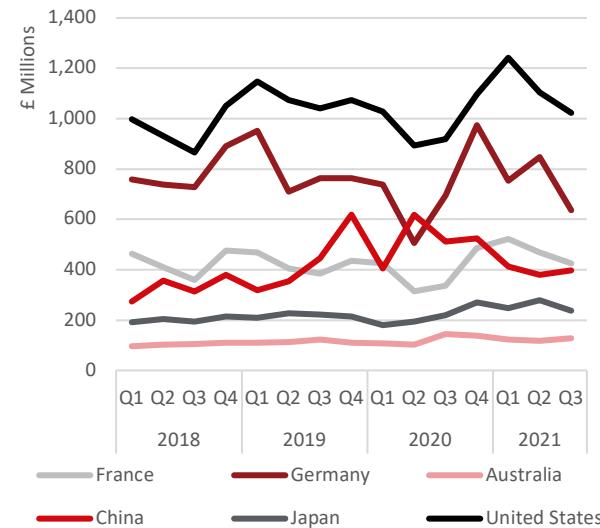
### England – East

The East saw its goods exports to China decline by -22.6% between July and September 2021 compared to the same period in 2020, even though it recovered slightly on a quarter-to-quarter basis. On the positive side, exports of office machines (+233.6% YoY) and power generating machinery (+81.7%) all saw significant gains.

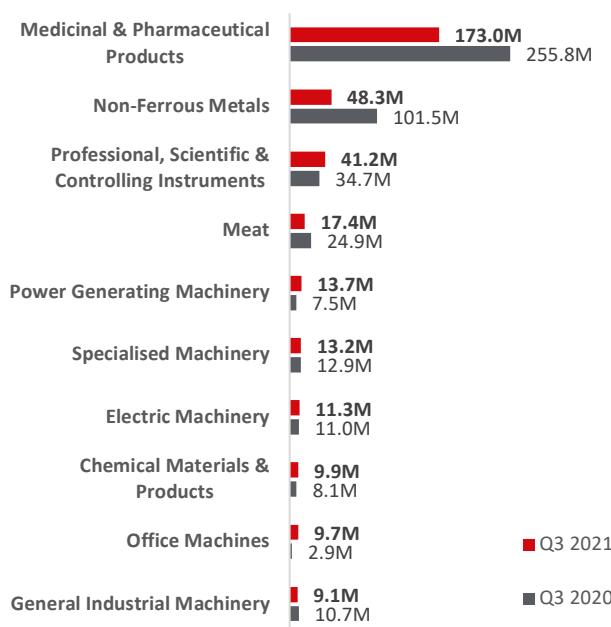
#### Trade with China since 2018



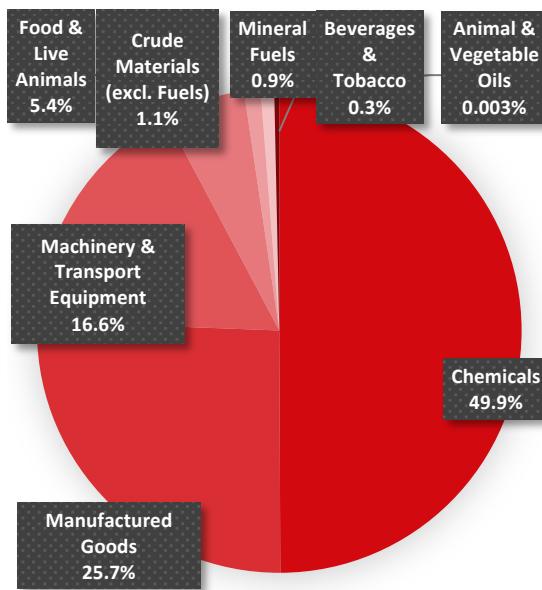
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3

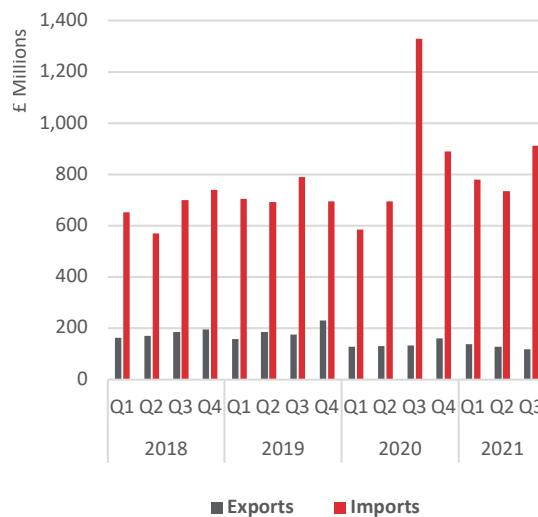


Source: HMRC ©CBBC

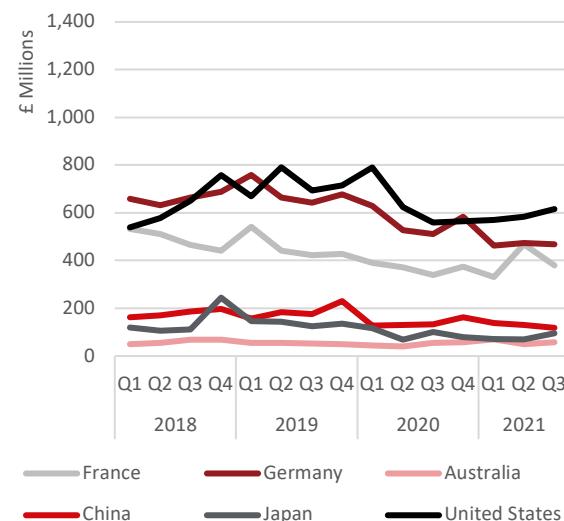
### England – East Midlands

Goods exports from the East Midlands to China declined by -11.8% compared to the previous year for Q3 2021. Most of decline though is due to lower sales in power generating machinery dropping -43% YoY. Exports of miscellaneous manufactured articles increased a staggering +186% YoY, while manufactures of metal grew +138.3% YoY.

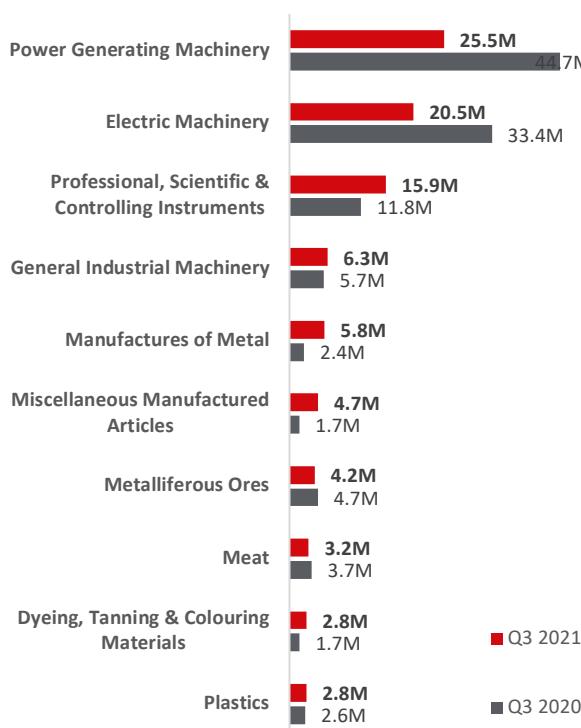
Trade with China since 2018



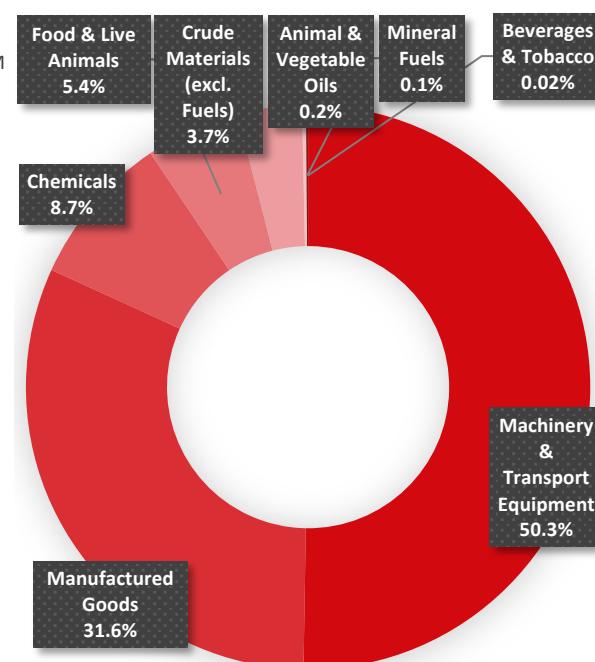
Regional Goods Exports to Major Trading Partners



Top 10 Goods Exports to China in Q3 (Change YoY)



Export Distribution in Q2

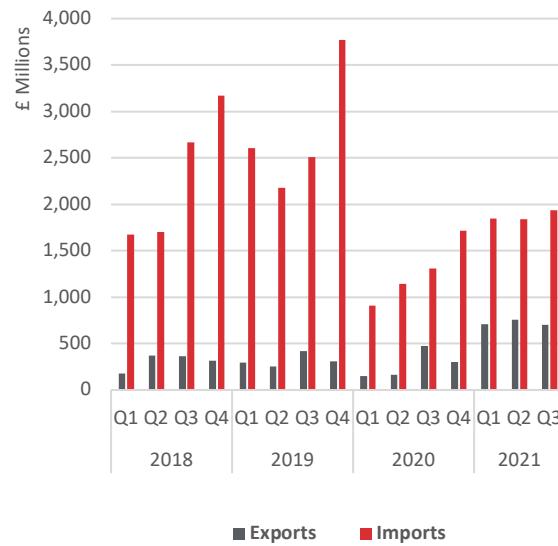


Source: HMRC ©CBBC

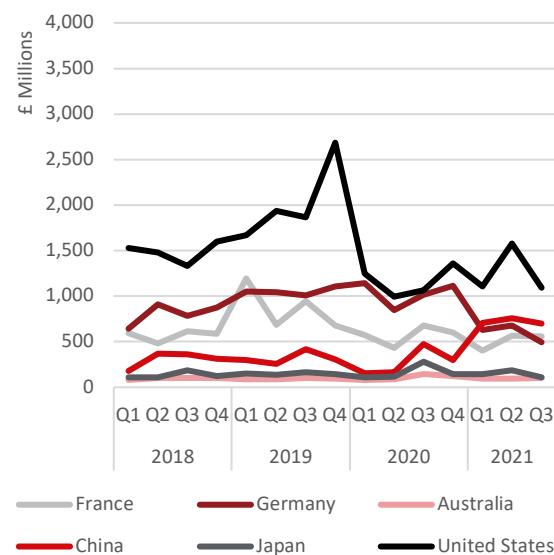
### England – London

London's role as commodity trading hub continued to ensure strong trade with China in the third quarter of 2021. Exports of petroleum (+67.9% YoY) remained the most important driver of the British capital's trade performance, while sales of medicinal and pharmaceutical products also continued to rise (+170.1%).

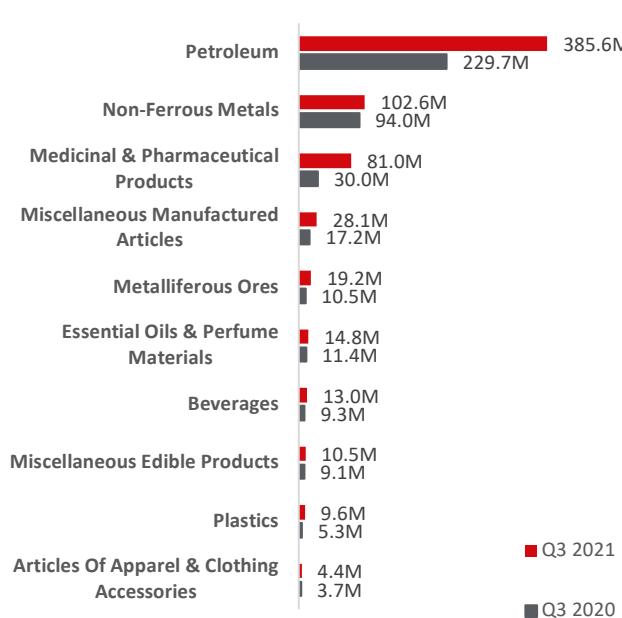
#### Trade with China since 2018



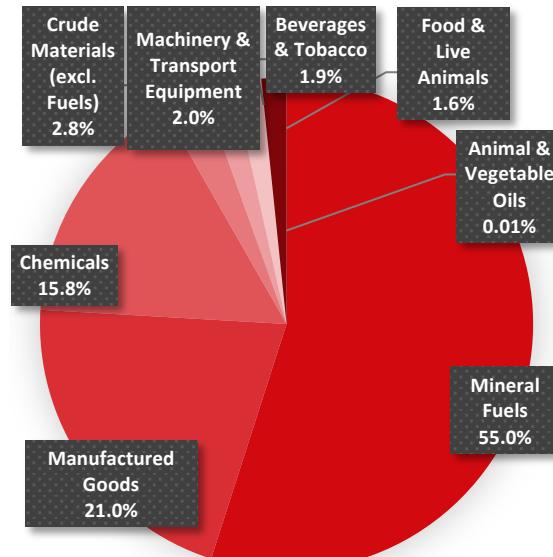
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3



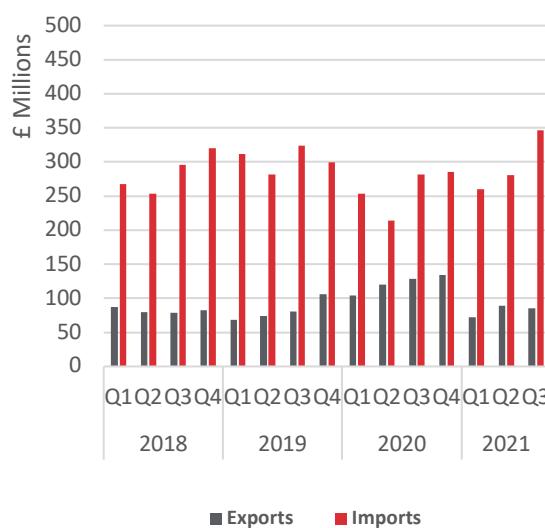
Source: HMRC ©CBBC

### England – North East

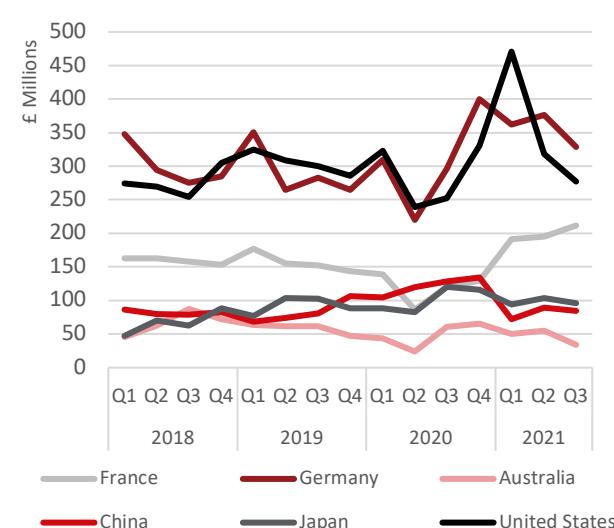
As global demand continues to stabilise post-Covid pandemic, exports from the North East have seen an ease on demand in 2021, having benefitted particularly from a strong performance for the same period in 2020, where – with lockdowns imposed - businesses took advantage of other export areas limiting supply.

But the region has seen significant investment over the period from global companies, creating real opportunity. Exports of professional, scientific and controlling instruments (+97.2% YoY) and medicinal and pharmaceutical products (+59.6% YoY) have all shown strong growth, tying with UK emerging strengths as a whole.

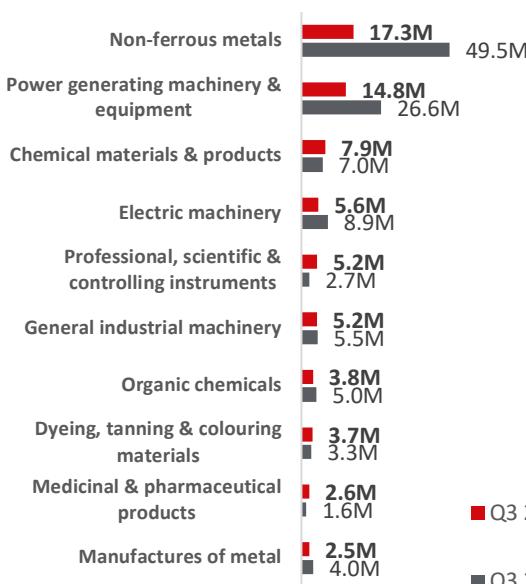
Trade with China since 2018



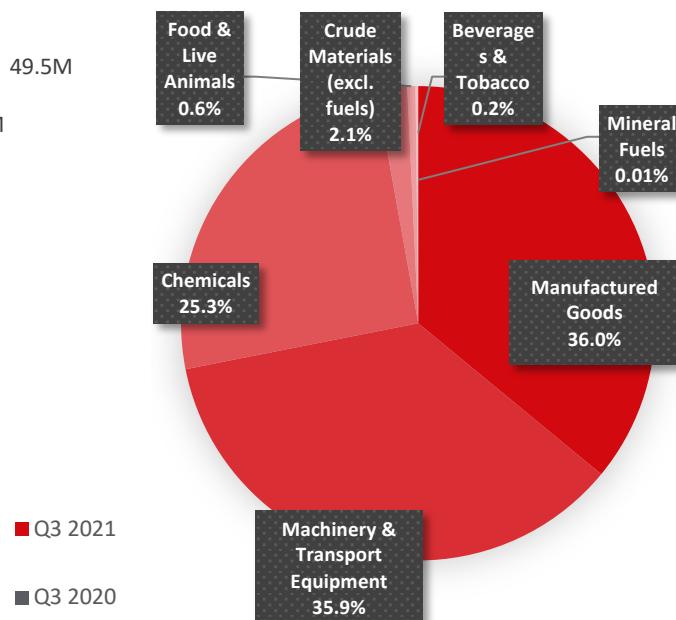
Regional Goods Exports to Major Trading Partners



Top 10 Goods Exports to China in Q3 (Change YoY)



Export Distribution in Q3



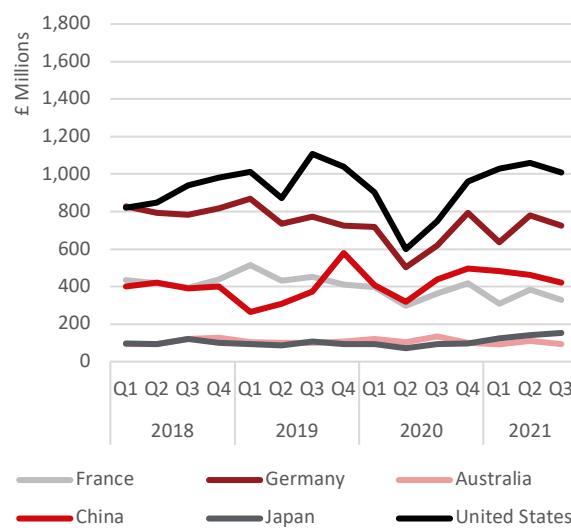
### England – North West

Despite goods exports from the North West decreasing slightly by -4.3% in the third quarter of 2021 compared to the same period last year, exports remained above pre-pandemic levels throughout the first nine months of last year with chemical products (+78.7% YoY) and plastics (+45.8% YoY) seeing the strongest growth in sales to China between July and September.

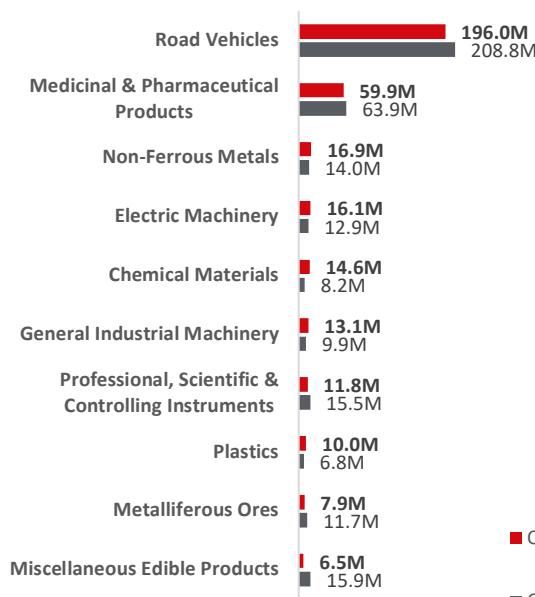
#### Trade with China since 2018



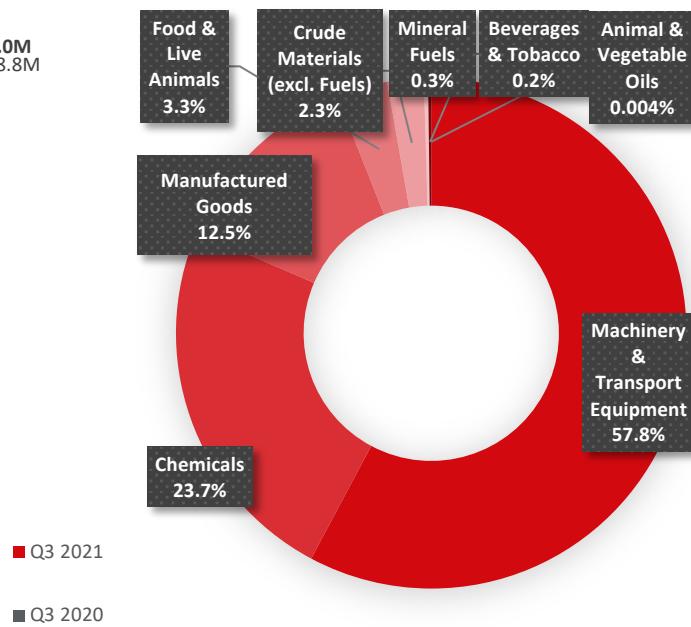
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3



Source: HMRC ©CBBC

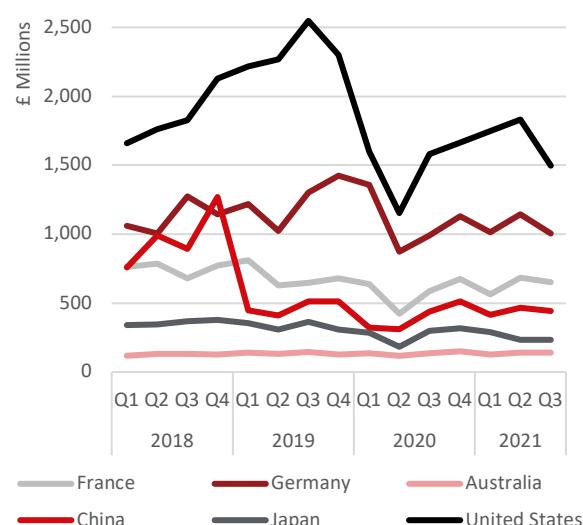
### England – South East

In Q3 2021, goods exports from the South East to China rose slightly (+1.4%) compared to the same period in 2020, although the region is still struggling to return to the strong growth trend as seen in 2018. Exports of electric machinery grew over 30% YoY, whilst sales of road vehicles remained weak (-15.3% YoY).

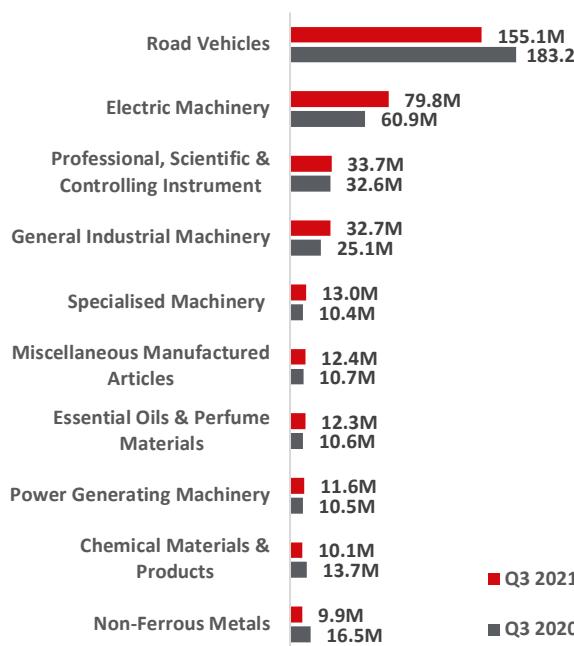
Trade with China since 2018



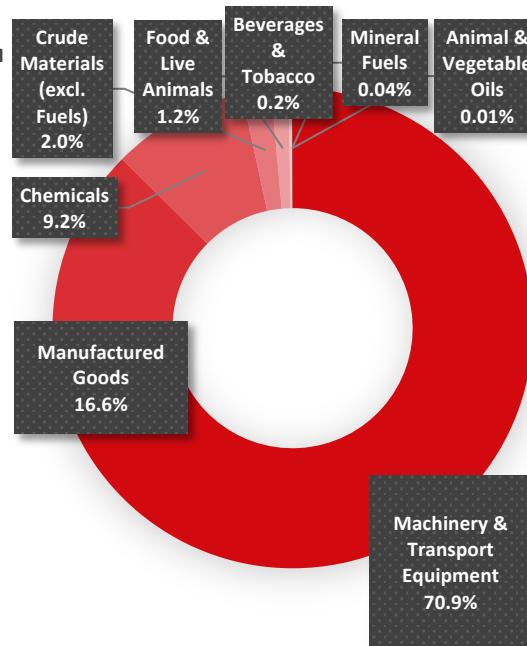
Regional Goods Exports to Major Trading Partners



Top 10 Goods Exports to China in Q3 (Change YoY)



Export Distribution in Q3

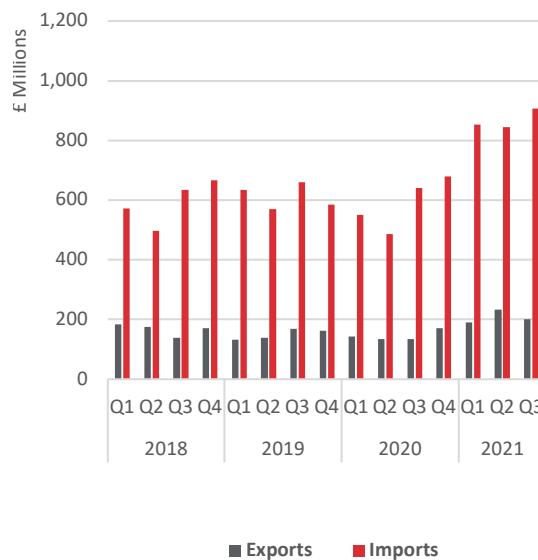


Source: HMRC ©CBBC

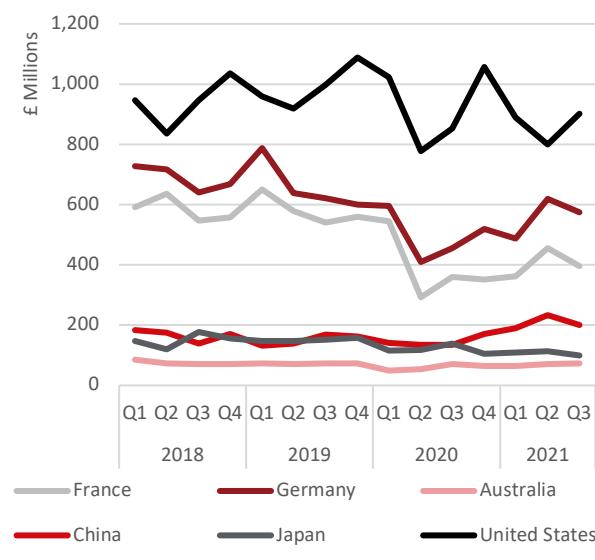
### England – South West

The South West's trade with China remained strong in the third quarter of 2021, increasing 50%. The region's top product categories – power generating machinery (+31.7% YoY), general industrial machinery (+30.1% YoY), and non-ferrous metals (+109.3% YoY) – all saw increasing exports to China.

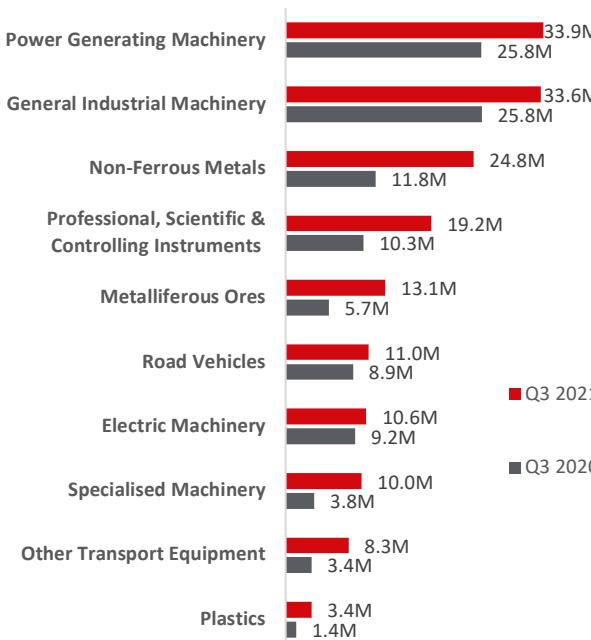
#### Trade with China since 2018



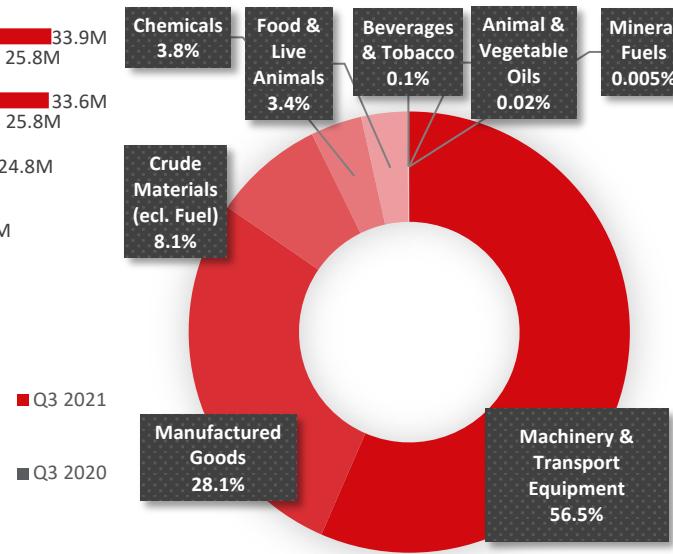
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3

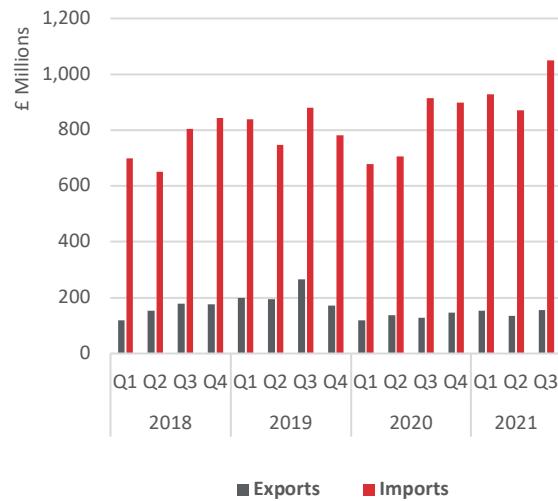


Source: HMRC ©CBBC

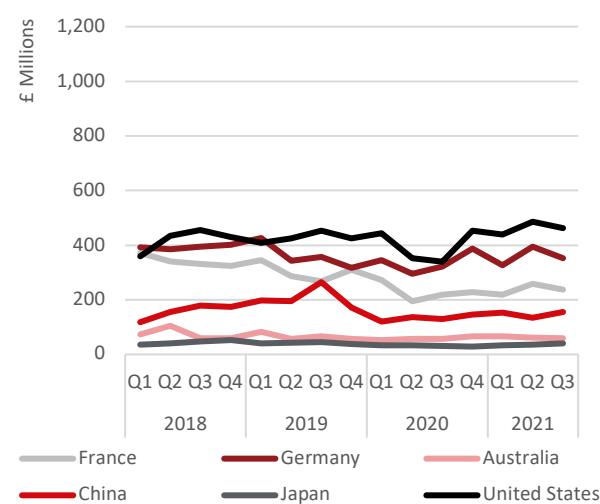
### England – Yorkshire and The Humber

Yorkshire and The Humber saw strong growth in the third quarter of 2021 with a 23.6% increase YoY. A strong driver of exports was petroleum, whose sales to China soared to £30.5 million in Q3 2021, up from £1.7 million a year before. Exports of electric machinery also rose significantly and doubled in the same period, rising over 120%.

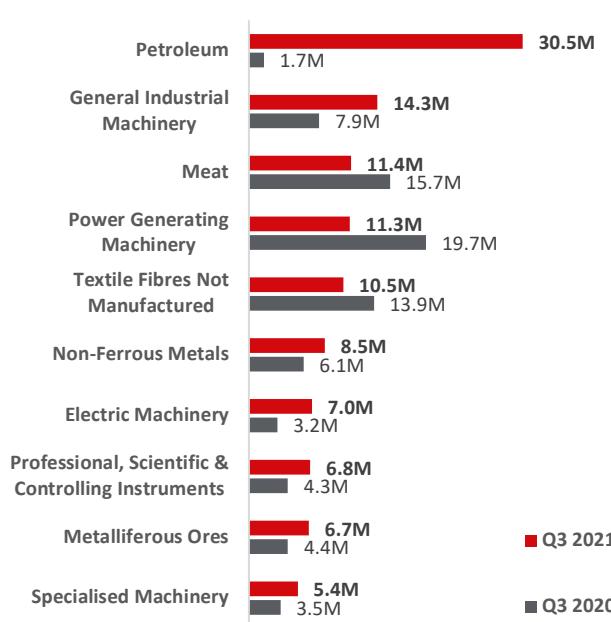
#### Trade with China since 2018



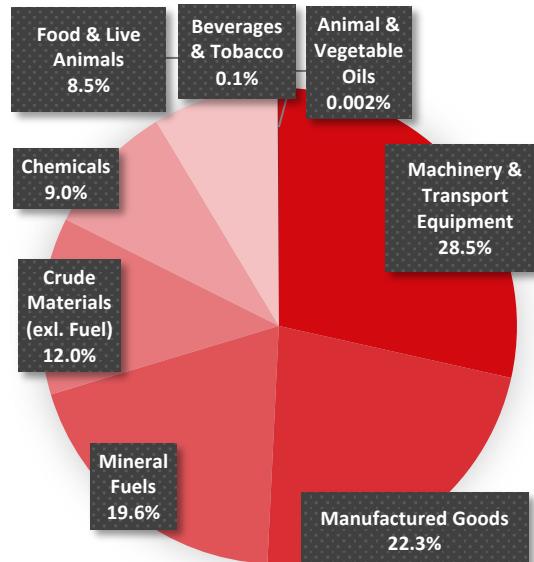
#### Regional Goods Exports to Major Trading Partners



#### Top 10 Goods Exports to China in Q3 (Change YoY)



#### Export Distribution in Q3

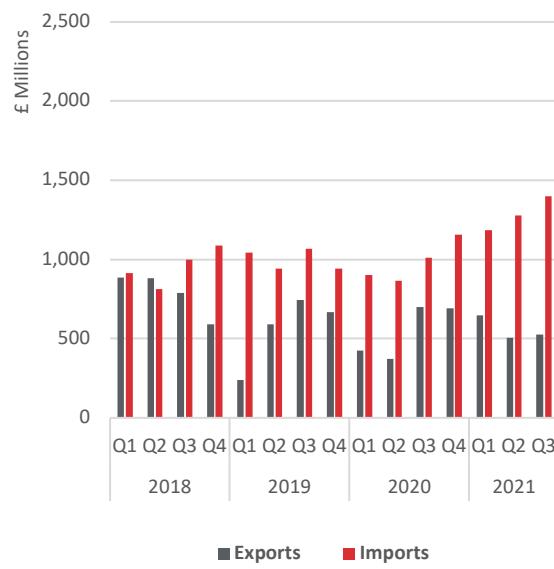


Source: HMRC ©CBBC

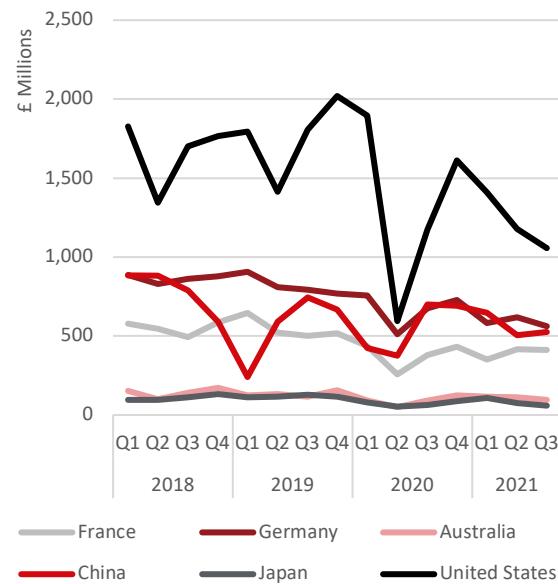
### England – West Midlands

Whilst a lower number of car exports (-31.8%) saw a reduction of goods exports by 25% YoY in the West Midlands, exports of metalliferous ores (which includes scrap metal) surged by more than 150% showing a real opportunity for growth in the region.

Trade with China since 2018



Regional Goods Exports to Major Trading Partners

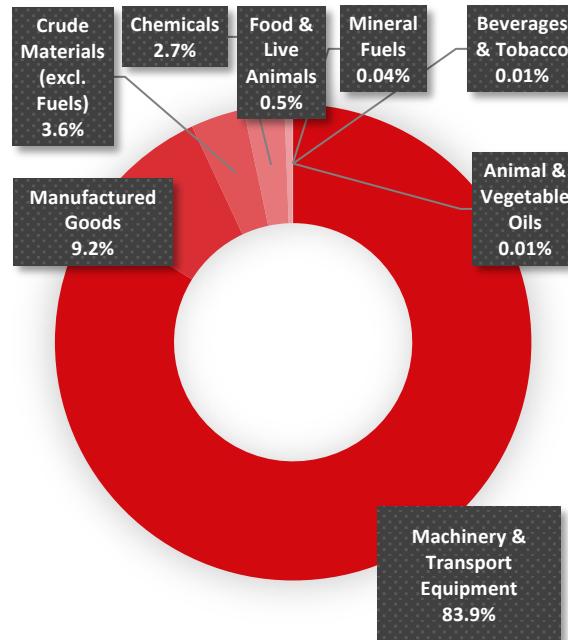


Top 10 Goods Exports to China in Q3 (Change YoY)

|   |        |        |
|---|--------|--------|
| Road Vehicles                                     | 367.5M | 538.9M |
| Electric Machinery                                | 22.8M  | 29.2M  |
| General Industrial Machinery                      | 21.3M  | 24.8M  |
| Professional, Scientific & Controlling Instrument | 17.7M  | 25.4M  |
| Metalliferous Ores                                | 17.7M  | 7.0M   |
| Power Generating Machinery                        | 13.8M  | 17.6M  |
| Telecoms & Sound Applications                     | 9.2M   | 5.6M   |
| Manufactures of Metal                             | 8.8M   | 6.5M   |
| Non-Ferrous Metals                                | 8.3M   | 5.7M   |
| Dyeing, Tanning & Colouring Materials             | 3.8M   | 2.2M   |

■ Q3 2021 ■ Q3 2020

Export Distribution in Q3



Source: HMRC ©CBBC

### About the author



#### TORSTEN WELLER

Torsten Weller is CBBC's London-based China Policy Analyst. He can be reached on [Torsten.Weller@cbbc.org](mailto:Torsten.Weller@cbbc.org).

### About China-Britain Business Council

Representing some 400 businesses and organisations of all sizes and sectors, the China-Britain Business Council (CBBC) is the UK's leading organisation promoting trade, investment and education links with China, with the aim of protecting and securing industry, jobs and prosperity across all regions of the UK.

Further insight and support for UK businesses wishing to do business with and in the Chinese market is available to all CBBC members. Please visit [www.cbbc.org](http://www.cbbc.org) for more information.

**Disclaimer:** The views expressed in this Tracker are those of invited contributors and not necessarily those of the China Britain Business Council (CBBC). You are free to use the information, but it should not be attributed to CBBC or its employees. We do not accept any liability if the update is used for an alternative purpose from which it is intended, nor to any third party in respect of this update.

**The Tracker covers the period between Q1 2013 and Q3 2021.** All national data is based on ONS data. Regional data is obtained from the HMRC data base. All trade data is subject to revisions and may therefore change from edition to edition. The Analysis conducted by CBBC.

Front cover photo: alice-photo on Shutterstock