

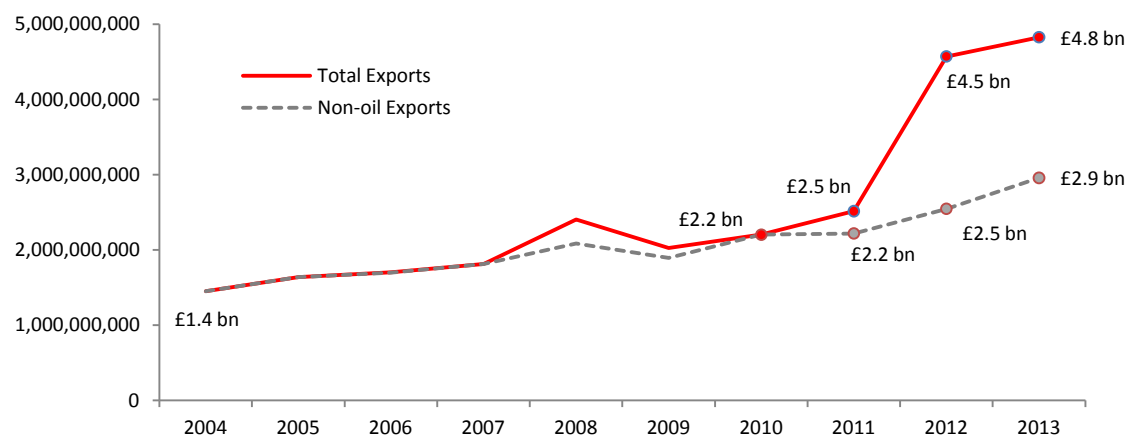


British Embassy Seoul

UK-KOREA GOODS TRADE ANALYSIS FOR 2013

- **UK exports to Korea reached a new historical peak in 2013.** UK's total exports to Korea increased 5.6% and non-oil exports increased 16% in 2013 from the previous year. Total UK exports to Korea more than doubled (2.1x) to £4.8bn in 2013 from £2.2bn in 2010 before the EU FTA came into effect (July 2011). Non-oil exports increased 34% to £2.9bn in 2013 from £2.2bn in 2010.

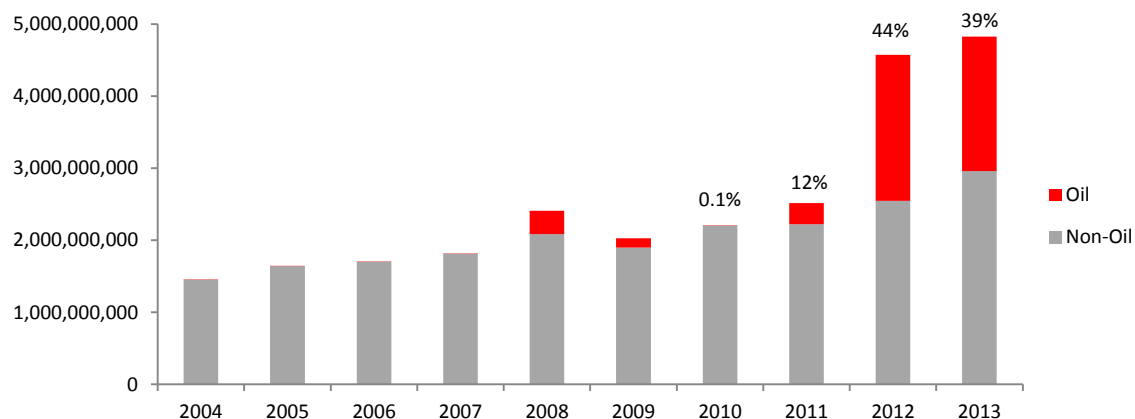
Chart 1: Trend of UK's total and non-oil exports to Korea (2004-2013, £)



Source: HMRC

- **Oil became the UK's largest export since the EU FTA came into force.** The share of oil exports increased to 39% in 2013 from 0.1% in 2010. Whether this increasing trend of oil exports continues remains to be seen.

Chart 2: UK's oil and non-oil exports to Korea (2004-2013, £)



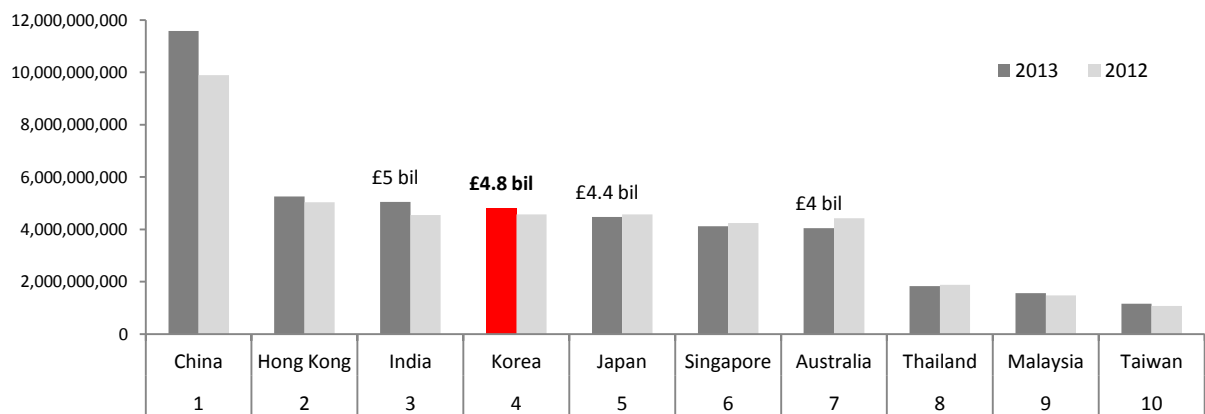
Source: HMRC

Can UK Goods Exports to Korea Double by 2020¹?

- **The UK almost reached the doubling target (£5bn) in 2013 from a 2011 baseline (£2.5bn) mainly due to oil exports.** The UK's total exports to Korea amounted to £4.8bn in 2013, far surpassing the simple linear regression (£3.7bn for 2013). If oil export levels are maintained, UK's exports are expected to reach close to the tripling point.
- **Non-oil exports reached 67% of the 2020 target (£4.4bn), rising from £2.2bn in the base line year 2011, to £2.9bn in 2013.** Non-oil exports increased 15% and 16% in 2012 and 2013 respectively. If this trend continues, non-oil exports are expected to surpass the doubling target by 2020.

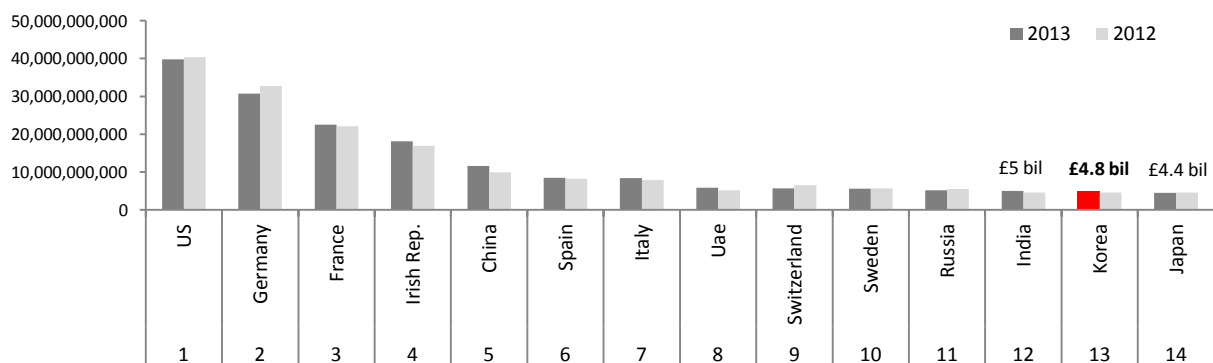
- **Korea ranked 3rd largest destination in Asia & Oceania for UK goods exports in 2013** (excl. transport hub HK). Korea is ahead of Japan and Australia. Korea ranked 13th largest destination in the world (excl. transport hubs HK, Netherlands, and Belgium).

Chart 5: UK exports to Asia & Oceania (£)



Source: HMRC

Chart 6: UK exports to world (£)



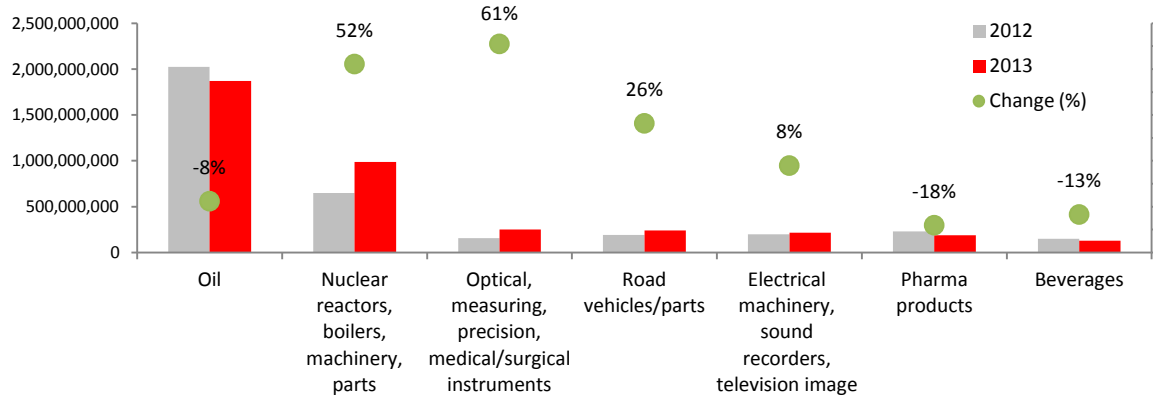
Source: HMRC

- **UK's non-oil exports performed well. Top 3 non-oil exports showed two-digit growth in 2014 from the previous year.** The largest export sector, general machinery increased 52%, optical

¹ UK-Korea JETCO (November 2013) aspired to double the bilateral trade volume by 2020 from a 2011 baseline. This analysis focuses only on exports from the UK to Korea, and is only a simple linear regression analysis.

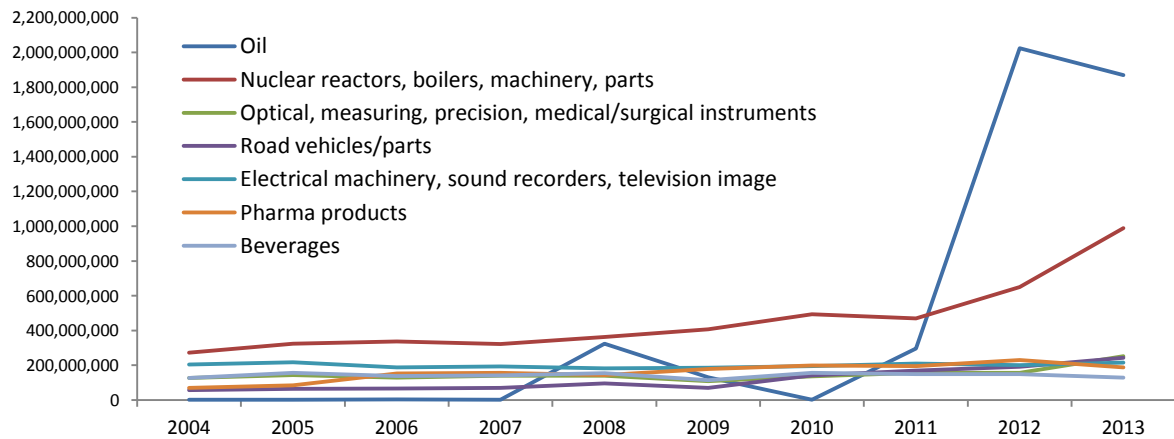
precision/medical instruments increased 61% and the road vehicles increased 26%. However, the 5th and 6th largest exports, pharma and beverages decreased 18% and 13% respectively.

Chart 7: UK's Top 7 goods exports to Korea (£)



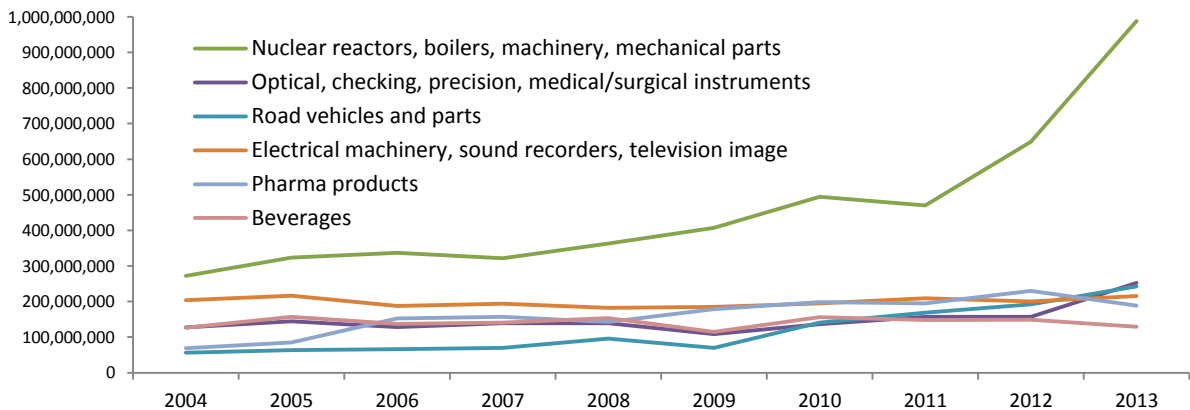
Source: HMRC

Chart 8: Trend of UK's top 7 goods exports to Korea (£)



Source: HMRC

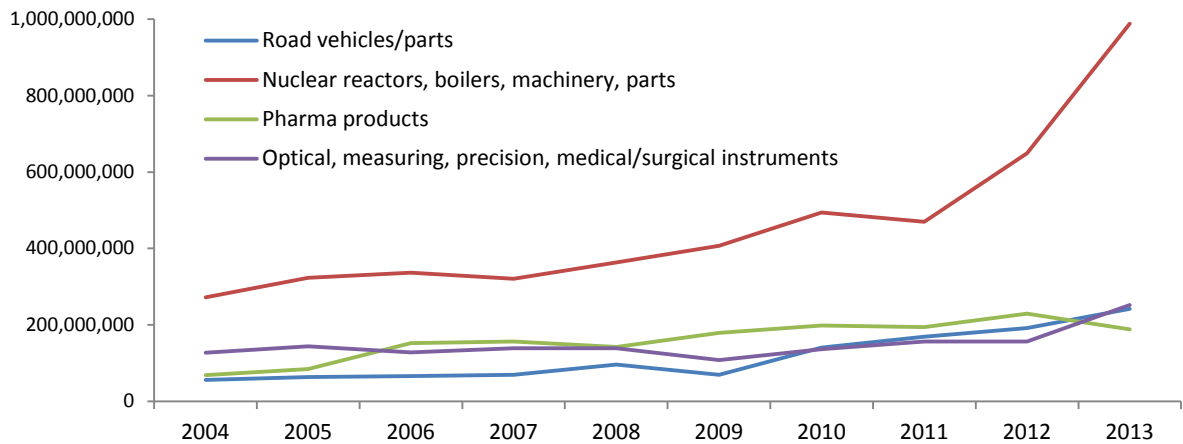
Chart 9: Trend of UK's top 6 goods exports to Korea – excluding Oil (£)



Source: HMRC

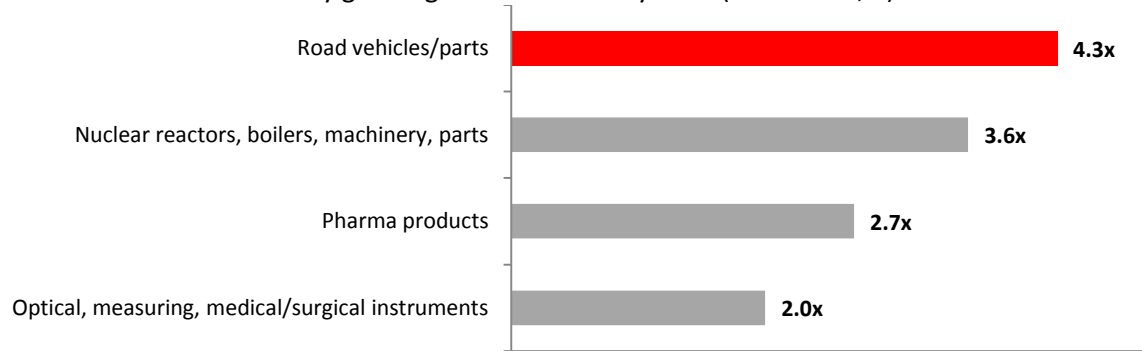
- **Which UK exports are growing fastest?** Among non-oil exports, the road vehicle exports are growing fastest, increasing more than 4 times over the last 10 years. The machinery, medical instruments and pharma exports increased 3.6 times, 2.7 times and 2 times respectively over the same period.

Chart 10: Trend of fastest growing non-oil exports (2004-2013, £)



Source: HMRC

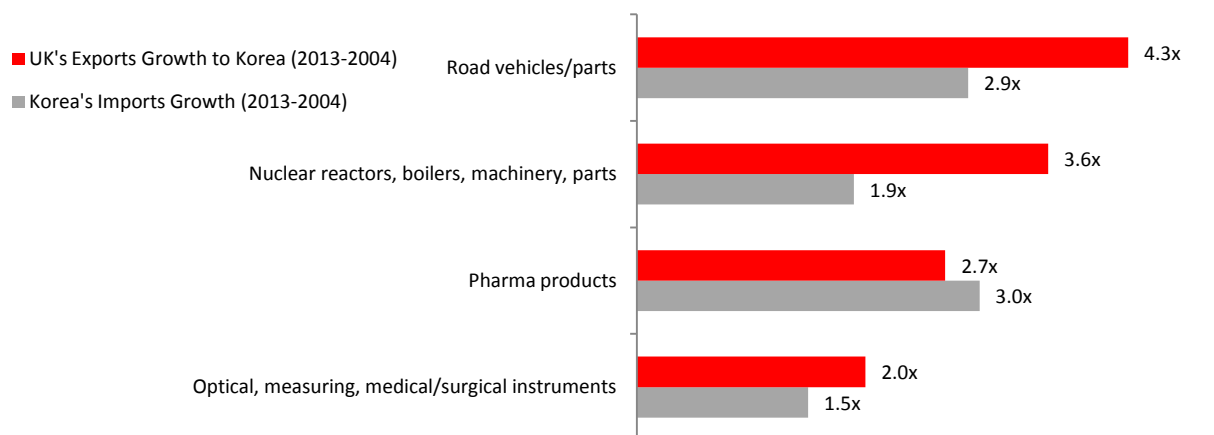
Chart 11: How fast are they growing over the last 10 years? (2004-2013, £)



Source: HMRC

- How much are they growing compared to the growing pace of Korean markets?** The UK's machinery exports are growing 1.7 times faster than Korea's global machinery imports. The UK's road vehicle exports are increasing 1.4 times ahead of the pace of Korea's total car imports.

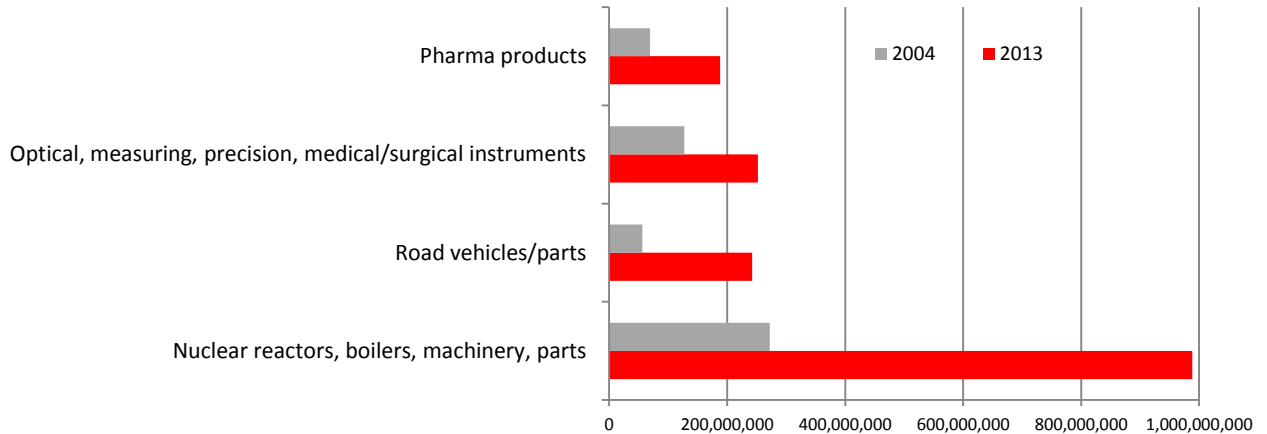
Chart 12: How fast are UK exports growing compared to Korean total global imports? (2004-2013, £)



Source: HMRC, Korea Customs Service

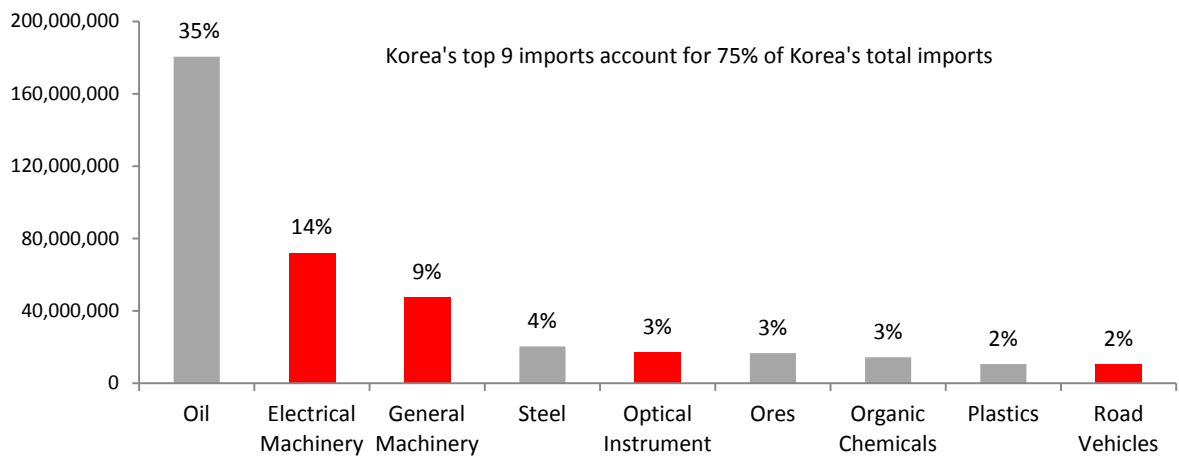
- **Which UK exports are growing largest by value?** Machinery exports increased largest by value (£715 mil). Road vehicle/parts, medical instruments and pharma exports increased 2nd, 3rd and 4th largest by value respectively (£185 mil, £124 mil, £118 mil).

Chart 13: Largest growing exports by value (2004-2013, £)



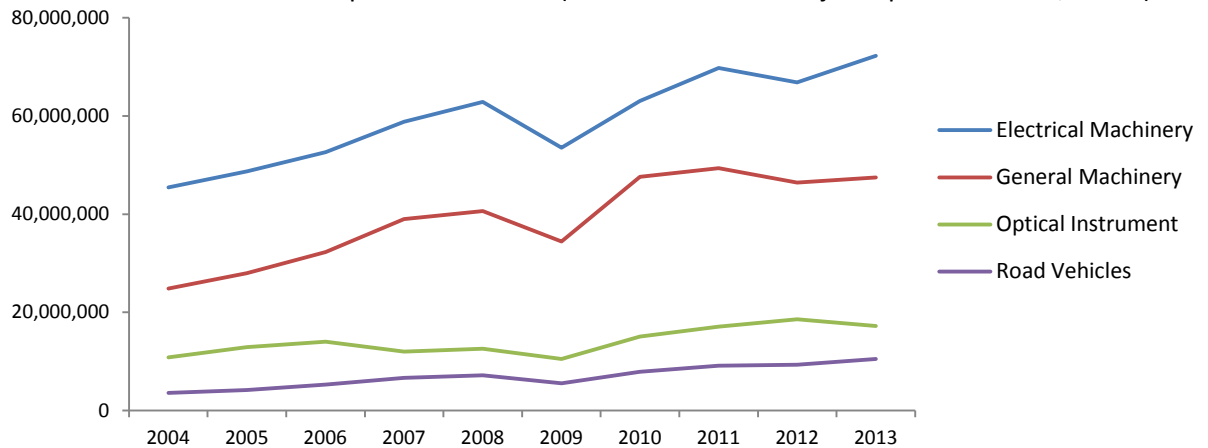
Source: HMRC

Chart 14: Korea's top 9 imports from the world by value and share of total imports (2013, USD k)



Source: Korea Customs Service

Chart 15: Trend of Korea's imports from world (in context of UK's major exports to Korea, USD k)

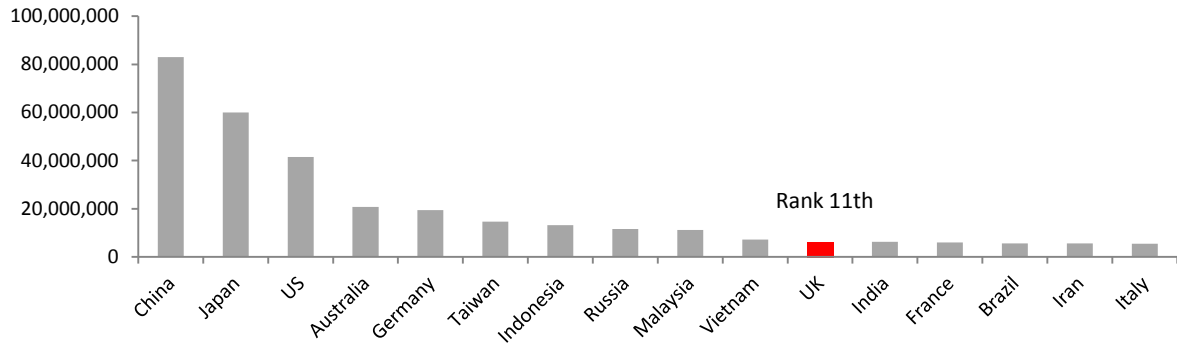


Source: Korea Customs Service

Where is the UK placed in the Korean market?²

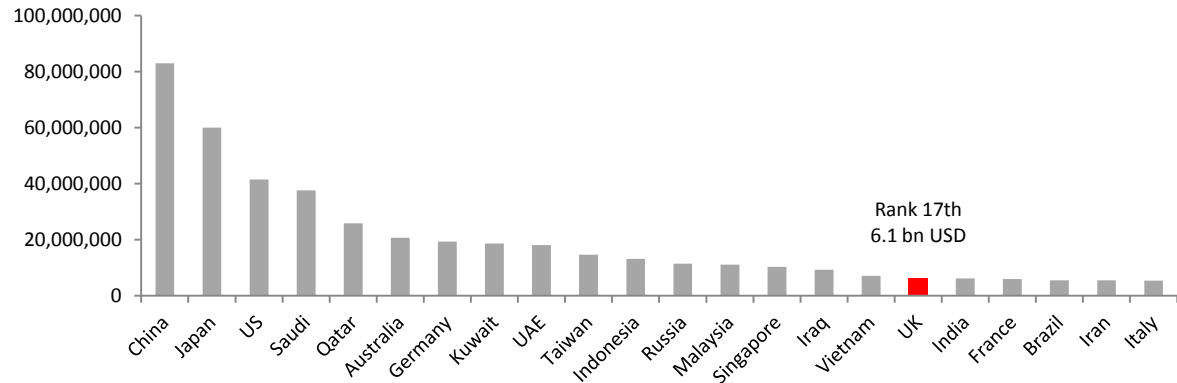
- **The UK is 11th largest exporter of goods to Korea in 2013** (excluding energy rich countries such as Saudi, Qatar, Kuwait, and UAE and international transport hub Singapore).

Chart 16: Rank – Exports to Korea excl. energy rich countries and int’l trans hub (USD 1,000)



Source: Korea Customs Service

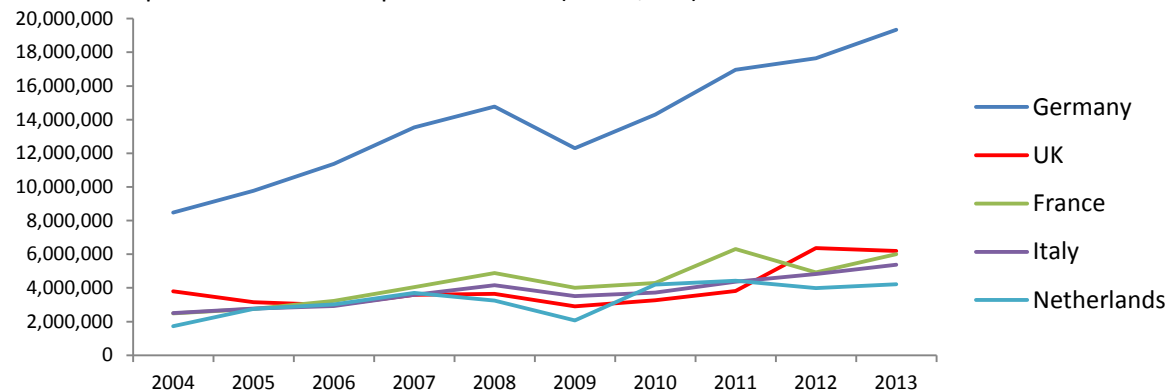
Chart 17: Rank – Goods exports to Korea by country including all countries (USD 1,000)



Source: Korea Customs Service

- **The UK is 2nd largest goods exporter to Korea among EU countries only second to Germany.** The UK was behind France and Italy during 2007-2011. However, the UK’s goods exports surpassed the ones of France and Italy since 2012 mainly due to oil exports.

Chart 18: Top 4 EU countries’ exports to Korea (USD 1,000)

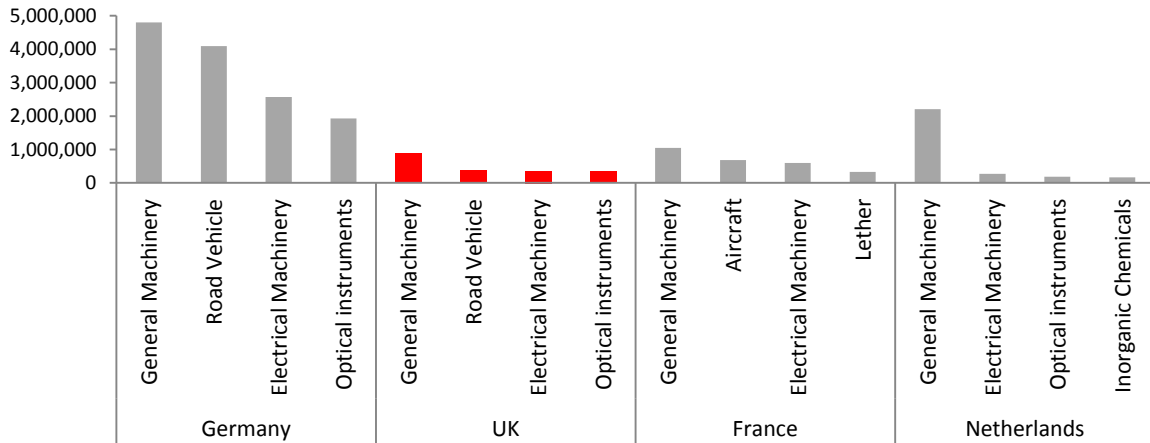


Source: Korea Customs Service

² To compare with other countries’ exports to Korea, Korean data is used. There could be the discrepancy between UK data and Korean data but it is useful to see the rank and trend of export flow.

- **The top 4 EU countries are competing in the similar sectors in Korea.** The top 4 exports of Germany and UK (non-oil) are same, which are general machinery, road vehicle, electrical machinery and optical instruments. General machinery and electrical machinery are competitive sectors among top 4 EU exporters.

Chart 19: Top 4 EU countries' top 4 exports to Korea in 2013 (USD 1,000)

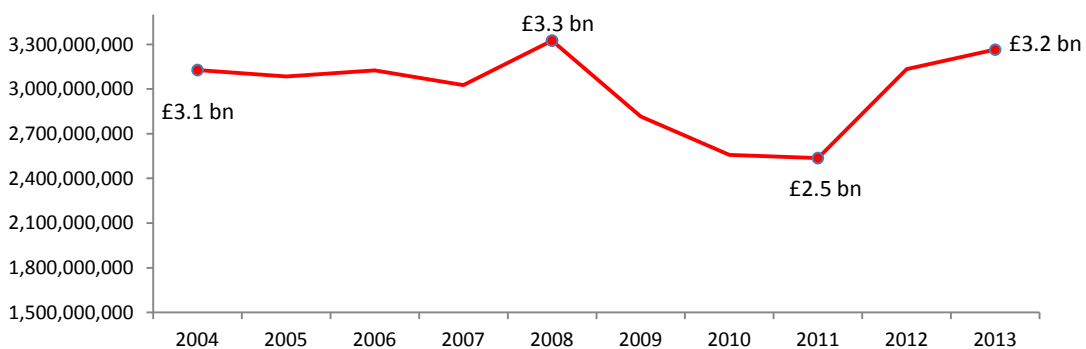


Source: Korea Customs Service

Korea's Goods Exports to UK in 2013³

- **Korean exports to the UK have been flat over the last 10 years.** They peaked at £3.3 bn in 2008 but since then, decreased until 2011 mainly due to the impact of global financial crisis. During 2012-2013, they recovered to the pre financial crisis level.
- **Korea's goods exports to the UK increased 4% to £3.2bn in 2013 from £3.1bn in 2012.**

Chart 20: Top 4 EU countries' top 4 exports to Korea in 2013 (£)

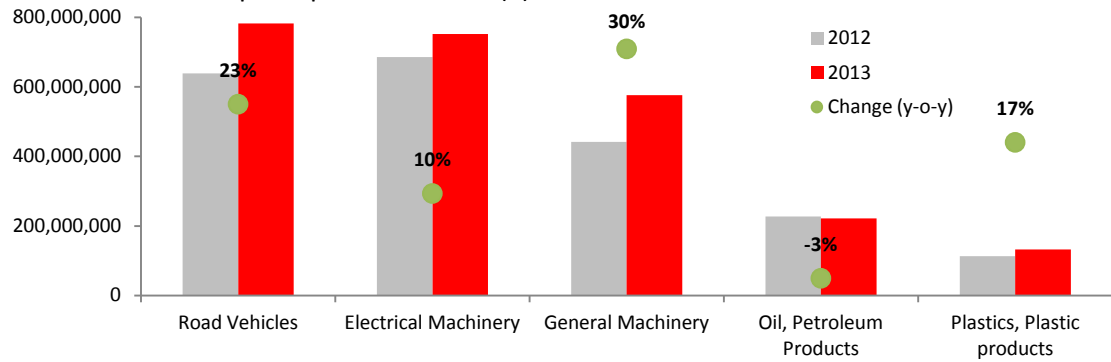


Source: HMRC

- **Korea's top 5 exports performed well, increasing two-digit growth excluding petroleum products.** Road vehicles, electrical and general machinery exports increased 23%, 10% and 30% respectively in 2013 from 2012.

³ The source is HMRC (UK's imports from Korea). Korean data says Korean exports to the UK decreased 3.4% in 2013 from 2012. Korea's imports from the UK decreased 2.7% in the same period.

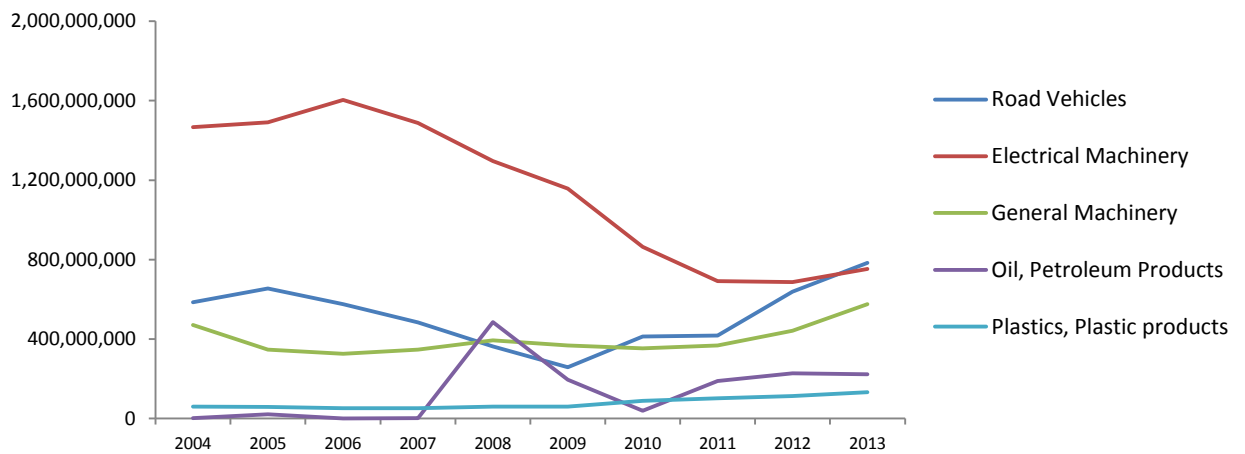
Chart 21: Korea's top 5 exports to the UK (£)



Source: HMRC

- Korea's traditional top export, electrical machinery, continued to decrease over the last 10 years.** Meanwhile, Korea's second largest export, road vehicles, continued to increase since 2009, surpassing electrical machinery exports for the first time in 2013.

Chart 22: Trend of Korea's top 5 exports to the UK (£)



Source: HMRC