

Article

UK trade in goods, year in review: 2021

An analysis of UK trade in goods in 2021 in the context of the ongoing coronavirus (COVID-19) pandemic and the end of the EU transition period on 31 December 2020.

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Table of contents

1. [Main points](#)
2. [Trade in goods trends in 2021](#)
3. [Imports and exports of fuels in 2021](#)
4. [Shifting supply chains in 2021](#)
5. [Glossary](#)
6. [Data sources and quality](#)
7. [Related links](#)

1 . Main points

- Imports from non-EU countries increased to levels above those from EU countries in February 2021 and were consistently higher throughout the rest of 2021; this was driven by rising fuel prices as well as disruption to usual trade patterns because of the coronavirus (COVID-19) pandemic and EU exit.
- When excluding fuels from the total value of imports, imports from non-EU countries are no longer higher than those from EU countries, highlighting the impact of rising gas prices on trade trends throughout 2021.
- There is some evidence of a potential shift in supply chains for some commodities since the end of the EU exit transition period, however, these changes could be temporary in nature as structural changes to supply chains take place over a number of years.

Please note that all trade figures exclude non-monetary gold and other precious metals unless otherwise stated. This is because movements in non-monetary gold, an important component of precious metals, can be large and highly volatile, distorting underlying trends in goods exports and imports.

2 . Trade in goods trends in 2021

There has been considerable volatility in trade statistics in the past two years caused by the coronavirus (COVID-19) pandemic, supply chain disruption, global recession and the recent surge in energy prices. This volatility has made it more challenging to isolate EU exit-related effects on trade statistics. Comparing 2021 with equivalent 2018 data provides comparisons of trade with our most recent "stable" period.

This article examines patterns of UK trade throughout 2021 and investigates early signs of potential supply chain shifts. It should be noted that structural changes to supply chains take place over a number of years and while there may be some early indications of shifting supply chains, these could be temporary in nature.

Total imports of goods increased by £36.0 billion (8.4%) to £465.5 billion in 2021 when compared with 2020 but were 4.8% lower than 2018. Although imports of goods increased in 2021 as a whole, this masks different patterns throughout the year. At the start of 2021, imports from EU countries fell by £7.7 billion (32.2%) compared with December 2020 (Figure 1) with this fall linked to the impact of the end of the EU exit transition period and unwinding of stocks.

There were increased imports and exports of goods, particularly machinery and transport equipment, and chemicals, in November and December 2020. This was consistent with [stockpiling of goods from the EU](#) ahead of the end of the [EU exit transition period](#) on 31 December 2020. Results from the Business Insights and Conditions Survey (BICS) survey in December 2020 show that [19.4% of currently trading businesses who were supplied by EU suppliers intended to make supply chain adjustments](#) in preparation for the end of the EU transition period.

Imports from the EU recovered by £0.5 billion (3.1%) to £16.8 billion in February 2021 and appear to have stabilised throughout 2021, however, they still remain below the 2018 baseline. Imports from non-EU countries have shown a strong recovery in 2021 following a drop in imports linked to the coronavirus pandemic, with imports increasing to £23.5 billion in December 2021, an increase of £7.2 billion (44.5%) compared with January 2021.

Imports from non-EU countries increased to levels above those from EU countries in February 2021 for the first time since records began in January 1997 and have been consistently higher than EU imports throughout the rest of 2021. This divergence increased towards the end of the year, primarily driven by increasing imports of fuels.

Total exports of goods increased by £14.5 billion (4.9%) to £312.4 billion in 2021 when compared with 2020 but were 10.5% lower than 2018. As was the case with imports, exports to the EU fell to £7.6 billion in January 2021, a decrease of £6.8 billion (47.2%) compared with December 2020. Exports to the EU recovered more strongly than imports, with an increase of £4.1 billion (53.1%) in February 2021.

Exports to non-EU countries recovered throughout the end of 2020 after a drop in exports linked to the coronavirus pandemic, and monthly trends in exports to non-EU countries remained fairly consistent throughout 2021.

Figure 1: Imports from non-EU countries have been consistently higher than from EU countries since February 2021, with the gap increasing towards the end of the year

EU and non-EU imports and exports, excluding precious metals, December 2018 to December 2021

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For both imports and exports, the recovery in 2021 remains lower than the 2018 baselines, which in part may be because of additional challenges associated with the UK leaving the EU. Importers in particular seem to have faced greater challenges, with 72% of importers continuing to report challenges at the end of 2021 compared with 67% of exporters according to [BICS survey responses](#). The main challenges that have affected both importers and exporters throughout 2021 have been additional paperwork and changes in transportation costs and customs duties or levies.

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3 . Imports and exports of fuels in 2021

Imports from non-EU countries have been consistently higher than from EU countries since February 2021 and this divergence increased to £4.1 billion by December 2021. This trend has primarily been driven by increasing [wholesale gas prices](#), which has increased the value of fuel imports throughout the final months of 2021.

Considering the impact of fuels prices, we have removed fuels from the imports value to investigate the underlying trends (Figure 2). When excluding fuels from the total value of imports we can see that imports from non-EU countries are no longer higher than those from EU countries, highlighting that the increase in unit price of gas has had a particularly large impact on trade trends throughout 2021.

When excluding miscellaneous manufactures from the total imports value there is a similar effect, which is primarily because the UK imports proportionally more of this commodity from non-EU countries. Additionally, imports of miscellaneous manufactures from the EU have decreased by 14.7% compared with 2020, affected both by the coronavirus (COVID-19) pandemic and the end of the EU exit transition period and associated stockpiling.

All other commodity types do not have the same impact when excluded from the total, with imports from non-EU countries remaining higher than from EU countries since the end of the EU exit transition period.

Figure 2: Increasing imports of fuels has driven the gap between imports from EU and non-EU countries

EU and non-EU imports, excluding precious metals, January 2020 to December 2021

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Total imports of fuels increased by £24.5 billion (85.0%) in 2021 when compared with 2020. Fuel imports are primarily from non-EU countries (82.7%) while imports from the EU accounted for 17.2% of total fuel imports in 2021 (Figure 3). Total exports of fuels increased by £4.2 billion (16.5%) in 2021. In contrast to imports, exports of fuels are primarily to the EU (62.8%) while exports to non-EU countries accounted for 37.2% of all fuel exports in 2021.

Imports and exports of fuels fell in spring 2020 as the demand for fuels was heavily affected by the coronavirus pandemic and the subsequent introduction of restrictions. Both imports and exports of fuels showed a slow recovery towards the end of 2020 and into 2021, but imports of fuels from non-EU countries increased sharply from March 2021 onwards. This increase in fuel imports is in part because of increased domestic demand linked to the gradual easing of coronavirus restrictions throughout 2021, but is primarily driven by [increasing wholesale gas prices](#).

There are [many factors that have contributed to higher gas prices](#) during 2021. A cold winter in 2020 reduced stores of gas across Europe, while global demand for gas increased as the global economy recovered from the coronavirus pandemic. Essential [maintenance to the Forties Pipeline](#) during the summer reduced the domestic production of gas during 2021. Additionally, less favourable weather conditions throughout 2021 have resulted in [lower UK renewable energy generation \(PDF, 15.42MB\)](#) particularly wind generation, resulting in an increased demand for gas.

Figure 3: Imports of fuels from non-EU countries have increased sharply throughout 2021

EU and non-EU imports and exports of fuels, January 2020 to December 2021

Download the data

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The increase in the total imports of fuels has been driven largely by imports from Norway, which have increased to £23.7 billion in 2021, up £15.0 billion (172.4%) from 2020 and £6.0 billion (33.9%) from 2018. This increase in fuel imports from Norway was driven by imports of natural gas, which increased by 413.3% to £14.5 billion in 2021 compared with 2020. Oil imports from Norway also increased by 55.7% to £9.3 billion in 2021. Imports of natural gas and oil from the United States has also contributed to the rise in fuel imports.

The UK imported more gas to balance demand in the face of [lower domestic production in 2021](#). The UK imported more natural gas from Norway, the UK's largest gas supplier. Additionally, imports of natural gas from Belgium and the Netherlands were at their highest in volume terms since 2018.

4 . Shifting supply chains in 2021

While it is difficult to establish the individual effects of the coronavirus (COVID-19) pandemic, global supply chain shortages and the end of the EU exit transition period, it is evident that these have all had a notable impact in trade trends. By comparing the monthly values of specific commodity imports and exports from EU and non-EU countries against a baseline of the 2018 monthly average we can see there is some early evidence of potential shifts in supply chains.

It should be noted that the impacts of the UK leaving the EU cannot be fully assessed until both the current recession and the coronavirus pandemic are over. While there may be some early indications of shifting supply chains, structural changes to supply chains take place over a number of years. There may also be some apparent changes to supply chains that could be because of the so-called "transshipment effect" whereby goods that previously would have been routed through an EU country may now come directly from the country of origin since the UK has left the EU. This could mean that imports from non-EU countries increase and imports from the EU decrease, even if actual trading behaviour remains unchanged.

There is evidence of a potential shift in supply chains for some commodities since the end of the transition period, where we can see that imports from the EU have fallen and imports from non-EU countries have increased (Figure 4). The changes are small for some commodities, like food and live animals, where both EU and non-EU imports might have been affected by [the low amount of UK food and accommodation businesses operating in early 2021](#), potentially resulting in reduced UK demand. Other commodities show the opposite trend, with EU imports increasing and non-EU imports decreasing after the transition period, as can be seen in imports of beverages and tobacco.

We can also see that some commodities such as material manufactures, machinery and transport equipment, and miscellaneous manufactures appear to have been jointly affected by both the pandemic and EU exit, although all have experienced increased imports from non-EU countries and decreased imports from the EU compared with the 2018 monthly average.

Responses to the Business Insights and Conditions Survey (BICS) show that, of all businesses trading in January 2021 who have made changes to their supply chains, [49.9% of businesses were using more UK suppliers, 15.9% were using non-EU suppliers, while only 2.7% were using more EU suppliers](#). These results suggest an intention from international businesses to shift away from EU supply chains towards UK and non-EU suppliers.

While both the coronavirus pandemic and the end of the EU exit transition period have affected UK trade, there are several other factors that have disrupted trade during 2021. There has been an [ongoing global shortage of semiconductor chips](#), which has affected production of a range of products including cars and has affected both imports and exports of machinery and transport equipment.

Imports of fuels have been predominantly affected by the coronavirus pandemic, with lower demand for fuels because of the national lockdowns and restrictions. Imports of fuels have increased throughout 2021 because of increased demand linked to the easing of coronavirus restrictions combined with lower domestic production as well as rising gas prices as discussed in [Section 3](#).

The impact of the pandemic on UK exports can be seen across many commodities, where fuels, crude materials, machinery and transport equipment, and miscellaneous manufactures all show reduced activity during 2020. However, potential evidence of supply chain shifting on exports is less clear, with crude materials showing increased exports to both EU and non-EU countries in 2021, and miscellaneous manufactures, and machinery and transport equipment showing reduced exports to both the EU and non-EU.

Figure 4: There is some evidence of potential supply chains shifting for some commodities since the end of the EU exit transition period

EU and non-EU goods imports and exports by commodity, percentage change compared with the monthly average for 2018, January 2019 to December 2021

Notes:

1. For presentational purposes, animal and vegetable oils and fats are not displayed on this chart. This is because of the low value of imports and exports of this commodity, which results in a comparatively large percentage change when compared with the 2018 monthly average and would require a large scale to accommodate. The full data are available in the associated download file.

Download the data

[.xlsx](#)

Imports and exports of chemicals in 2021

Imports of chemicals from the EU increased notably in the final months of 2020, which can be linked both to the [production of coronavirus \(COVID-19\) vaccines](#) and [stockpiling ahead of the EU exit transition period](#). Imports of chemicals from the EU fell in January 2021, likely because of stockpiling, and remained lower than the 2018 monthly average for much of 2021. In contrast, imports of chemicals from non-EU countries showed strong growth in 2021 and were consistently higher than the 2018 monthly average throughout the year.

The fall in chemical imports from the EU in 2021 was primarily driven by falling imports of medicinal and pharmaceutical products from the Netherlands as well as from Italy and France. Increases in imports of organic chemicals from Ireland in 2021 partially offset these decreases.

The increases in non-EU imports of chemicals in 2021 were driven by increased imports of other chemicals from China, and increased imports of medicinal and pharmaceutical products from the United States and Switzerland.

While overall imports of chemicals have increased from non-EU countries and decreased from the EU in 2021, it does not appear to be a direct supply chain shift. There is some evidence of a potential supply chain shift in the import of medicinal and pharmaceutical products, however, the sizeable increase in imports of other chemicals from China does not appear to be replacing a corresponding decrease in EU imports, and rather suggests a change in demand.

UK exports of chemicals have shown little change when compared with the 2018 monthly average.

Imports and exports of machinery and transport equipment in 2021

Many factors have affected trade of machinery and transport equipment over the past two years. There has been an [ongoing global shortage of semiconductor chips](#), which has affected production of transport vehicles, resulting in decreased imports and exports throughout most of 2020 and 2021. Demand for road vehicles and other products fell because of [lower demand linked to coronavirus \(COVID-19\) restrictions](#). Additionally, imports from the EU increased in the final months of 2020 because of [stockpiling ahead of the EU exit transition period](#). Lower imports in early 2021 can be attributed to the unwinding of these stocks and imports from the EU have not recovered throughout 2021.

Imports of machinery and transport equipment have decreased from numerous EU countries, including Belgium, the Netherlands, Germany and France, which have all fallen compared with both 2018 and 2020. There were also declining imports in electrical machinery from the Netherlands, decreasing imports of road vehicles from Belgium as well as reduced other transport equipment from Germany and France, all in 2021. There is evidence to suggest the [EU manufacturers have suffered more from the global semiconductor chip shortage than non-EU countries](#) in 2021, and this is likely to have negatively impacted the recovery of imports of machinery and transport equipment from the EU.

Imports of machinery and transport equipment from non-EU countries saw a large decline in April and May 2020 because of [reduced demand, which is associated with coronavirus restrictions](#). After the falls observed in 2020, imports from non-EU countries grew throughout 2021. Imports of electrical machinery and road vehicles from China increased in 2021, mirroring the declining imports for these commodities from EU countries and suggesting a potential supply chain shift from EU countries to non-EU countries in late 2020 and 2021.

Exports of machinery and transport equipment have increased over 2021, except for a large one-month decline for EU exports in January 2021, which is linked to the end of the EU transition period. While exports to non-EU countries continue to be subdued compared with 2018, exports to the EU have recovered slightly better in 2021, with increasing exports to the Netherlands, Germany and Italy in particular.

Imports and exports of material manufactures in 2021

Many of the factors that have affected machinery and transport equipment also influenced the imports of material manufactures over 2020 and 2021. The coronavirus (COVID-19) pandemic reduced imports of material manufactures from both EU and non-EU countries, however, only non-EU imports recovered by the end of 2020. There is evidence of the same [stockpiling behaviour in December 2020](#), with increased imports from both EU and non-EU sources, followed by a decline in EU imports in January 2021.

Imports of material manufactures from non-EU countries grew throughout 2021, driven by increased imports of non-ferrous metals from South Africa, peaking in April 2021. The [price of palladium](#), a non-ferrous metal used in the creation of catalytic converters, increased notably in April 2021, linked to the recovery in car manufacturing industries. Imports of non-ferrous metals also increased from Switzerland and imports of several types of material manufactures increased from India. China also continues to be a driver of non-EU imports, despite only modest growth in 2021.

In contrast, imports of material manufactures from the EU have been lower than 2018 levels throughout 2020 and 2021. The largest falls were in March and April 2020, and January 2021 and are linked to the coronavirus pandemic and stockpiling in late 2020 respectively. The biggest drivers of the decline were imports of non-ferrous metals and miscellaneous metal manufactures from Germany and Denmark respectively, which suggests a potential supply chain shift considering that these commodities were large growth areas for imports from non-EU countries as mentioned previously.

Exports of material manufactures have displayed a similar trend to imports, but to a lesser extent, with exports to non-EU countries increasing and exports to EU countries decreasing throughout 2020 and much of 2021 when compared with 2018 levels.

5 . Glossary

BICS

Business Insights and Conditions Survey.

COVID-19

COVID-19 is the name used to refer to the disease caused by the SARS CoV-2 virus, which is a type of coronavirus.

Exports

Goods or services sold to other countries – the opposite of imports.

Imports

Purchases of foreign goods and services – the opposite of exports.

Total trade

The value of total trade between two trading partners (that is, exports plus imports).

6 . Data sources and quality

UK trade data

UK trade data used in this article, unless stated, are seasonally adjusted, in current price, meaning they have been adjusted to remove the effects of inflation and seasonality.

As seasonally adjusted data are not available at the granularity required to analyse impact on trade in commodities with countries, care should be taken when interpreting these results.

Further information on UK trade data sources can be found in the [UK trade monthly bulletin](#) and the [UK trade QMI](#).

Full UK trade statistics for 2021 can be found in our [UK trade: goods and services publication tables](#).

Business Insights and Conditions Survey

This article draws on data from the [Business Insights and Conditions Survey \(BICS\)](#), which captures businesses' views on financial performance, workforce, prices, trade, and business resilience.

Further information on the strengths and limitations, and how the data were created is available in the [Business Insights and Conditions Survey \(BICS\) QMI](#).

7 . Related links

[UK trade: December 2021](#)

Bulletin | Released 11 February 2022

Total value of UK exports and imports of goods and services in current prices, chained volume measures and implied deflators.

[Customise my data: country by commodity](#)

Dataset | Released 11 February 2022

Customisable version of country by commodity data on the UK's trade in goods, including trade by all countries and selected commodities, exports and imports, non-seasonally adjusted.

[The impacts of EU exit and coronavirus \(COVID-19\) on UK trade in services: November 2021](#)

Article | Released 22 November 2021

An analysis of UK trade in services in the context of the ongoing coronavirus (COVID-19) pandemic and the end of the EU transition period on 31 December 2020.

[The impacts of EU exit and coronavirus on UK trade in goods](#)

Article | Released 25 May 2021

An analysis of UK trade in goods in the context of the ongoing coronavirus (COVID-19) pandemic and the end of the EU transition period on 31 December 2020.