

MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

How has the pandemic affected international trade across the UK?



This summary comes from [this article](#) in the Economics Observatory.

Theme:

International trade in the wake of the pandemic.

Area of Focus:

The article focuses on international trade across the English regions and devolved administrations within the UK.

Key Findings:

In 2020, total UK trade in goods and services fell compared to the previous year. Unusually, exports were higher than imports. It remains to be seen where these changes reflect short-term COVID-19 disruptions or longer-term supply chain adjustments caused by Brexit.

New experimental data released by the [Office for National Statistics](#) (ONS) provides evidence for assessing the impact of COVID-19 on UK trade.

The West Midlands saw the largest year-on-year fall in total exports, at -25.3%. This decrease, seen in exports of both goods and services, may have been due to the prevalence of car (and car part) manufacturing within the region. The sector struggled significantly in 2020, partially because of a global shortage of semiconductors. Beyond cars, both the wider manufacturing and food service industries saw large decreases in trade during the pandemic – likely contributing to the shrink of exports seen in the West Midlands.

On the other hand, the UK had a total trade surplus of £6.3bn in 2020, as all four nations exported more than they imported. This contrasted with the £27.6bn deficit from the previous year. London was the main contributor, with a balance of £54.2bn (driven by service exports). A significant proportion of this is likely to have come from the financial and insurance services industry, with recent analysis showing that, overall, this sector accounts for around a third of UK service exports, with [half of the sector's output generated in London](#).

All UK nations bar England has surpluses in trade goods in 2020, with the North East being the only net exporting region in England. At the same time, the UK had an overall surplus in service trade of £135.7bn, up from £103.3bn in 2019 with all regions being net exporters of services.

Year-on-year percentage change in value of total trade imports and exports by ITL1 region, 2019 to 2020

