

As you can see, over 50% of Britain's imports are from the EU, which means that under half of the UK's exports are going to the EU. There are three reasons for this. The EU is closer so they can save on transport costs; it's a free trade area so the UK is free of import taxes, and the EU is so large that its population is of 350 million.

ii.) **types of goods and services.**

The general pattern of international trade for the UK geographically wouldn't be as important as the goods and services they offer, because the reason they export well is for what they provide to other countries. Their visible exports include oil, raw materials and manufactured goods, while their invisible exports include banking services, health care and tourism.

In 2004, the UK had a goods balance of £58.6 billion and their services balance was £20.2 billion, leaving their current account to be £38.4 billion.

In 2008, the UK's deficit on trade in goods and services was £4.5 billion in November, compared with the deficit of £3.9 billion in October (the same as originally published). The surplus on trade in services was £3.9 billion, compared with a surplus of £3.8 in October (originally published as a surplus of £3.9 billion).

Reference: <http://www.statistics.gov.uk/cci/nugget.asp?id=199>

Britain seems to have a trend of having a deficit in goods and a surplus in services. This is because they have a relatively small manufacturing sector and a large service sector, e.g. financial services.

c.) **Outline the importance of international trade to UK businesses.**

International trade can be very important to certain countries as it could be their main source of business. How much it is valued depends on either the imports or the exports. The importance of imports in the UK is to purchase materials and components because parts are not available in the UK, to buy cheaper, and to face competition from overseas, e.g. Ford car assembly from Peugeot in France. While the importance of exports in the UK is to increase sales by expanding into overseas markets in the EU or elsewhere, to compete on price, product choice, quality, service, and that it's good for bus growth, jobs, profits.

Conclusion

The economic benefits of international trade to the UK involve imports, exports, variety, price, product differentiation, better technology, specialising in making/doing and availability. We export mainly to the EU because it's, it's a free trade area and the size of the EU itself. Britain's visible exports include oil, raw materials and manufactured goods and our invisible exports include banking services, health care and tourism. We have a deficit in goods due to a small manufacturing sector and a surplus in services due to a large service sector. Importance of imports to the UK includes purchasing parts not available in the UK and that they can buy cheaper, while the importance of exports to the UK include the increase in sales and that they can compete on price.