



Statistics Release

Economy Series

20 December 2006

SCOTLAND'S GLOBAL CONNECTIONS SURVEY 2005

Introduction

This Statistics Release presents the main results of Scotland's Global Connections Survey¹ for 2005. This is the only export survey covering all sectors of the Scottish economy. Exports are shown by industry and destination and comparisons are made with the value of Scottish exports from previous surveys in 2002, 2003 and 2004.

Key points

- Scottish exports in 2005 (excluding oil and gas) were provisionally estimated to be £18.6 billion, of which £13.1 billion was attributable to manufacturing companies. This represents an increase in overall exports of £0.9 billion since 2004, driven by a rise in both manufacturing (£0.65 billion) and service sector (£0.25 billion) exports.
- The top exporting industries in 2005 were food & beverages (£3.6 billion), chemicals (including refined petroleum products) (£1.8 billion), office machinery (£1.7 billion), business services (£1.6 billion), and radio/television and communication equipment (£1.3 billion). These industries together accounted for around half of total exports.
- The USA continues to be Scotland's top export destination with an estimated £2.1 billion of exports (11 per cent of total exports) in 2005: a decrease of £0.5 million since 2004.
- An estimated £9.1 billion of all Scottish exports were destined for the EU. Within the EU, the Netherlands was the largest market, with £1.65 billion exports. Germany also had £1.4 billion exports, a slight drop from 2004.
- The top five export markets (USA, Netherlands, Germany, France and Spain) accounted for £7.15 billion of exports (38% of all exports) from Scotland.

¹ The Global Connections Survey was carried out by the Scottish Executive with support from Scottish Development International. Results are based on data received from nearly 4,000 companies, supplemented with partial information on a further 2,000 companies obtained from other sources.

Exports by Broad Industry Sector & Trade Area

In 2005, total Scottish exports were provisionally estimated to be £18.6 billion, of which 70 per cent (£13.1 billion) were attributable to manufacturing companies. It was estimated that the service sector accounted for £5.0 billion exports (27 per cent). The value of exports destined for countries within the European Union was estimated at £9.1 billion with a further £8.7 billion to the rest of the world.

Table 1: Scottish Exports by sector and trade area (£million), 2005

	EU25	Non-EU	Total exports
Agriculture, Forestry & Fishing	70	50	120
Production ^{1,2} & Construction	7,370	6,180	13,550
<i>of which manufacturing</i>	7,175	5,905	13,130
Services	1,630	2,465	4,960
TOTAL³	9,070	8,695	18,630

Notes:

1. Excludes the value of oil & gas extracted from the UK Continental Shelf, see Notes.
2. Includes manufacturing, mining & quarrying and electricity/gas/water supply.
3. EU25 and Non-EU estimates exclude exports from some service sector industries - SICs 61, 62, 65, 66 and 90 (see Note 11). The total exports figure includes this £865m of exports which could not be allocated to a region.

Exports by industry

Chart 1: Scottish exports 2002 - 2005 (£billion), by industry

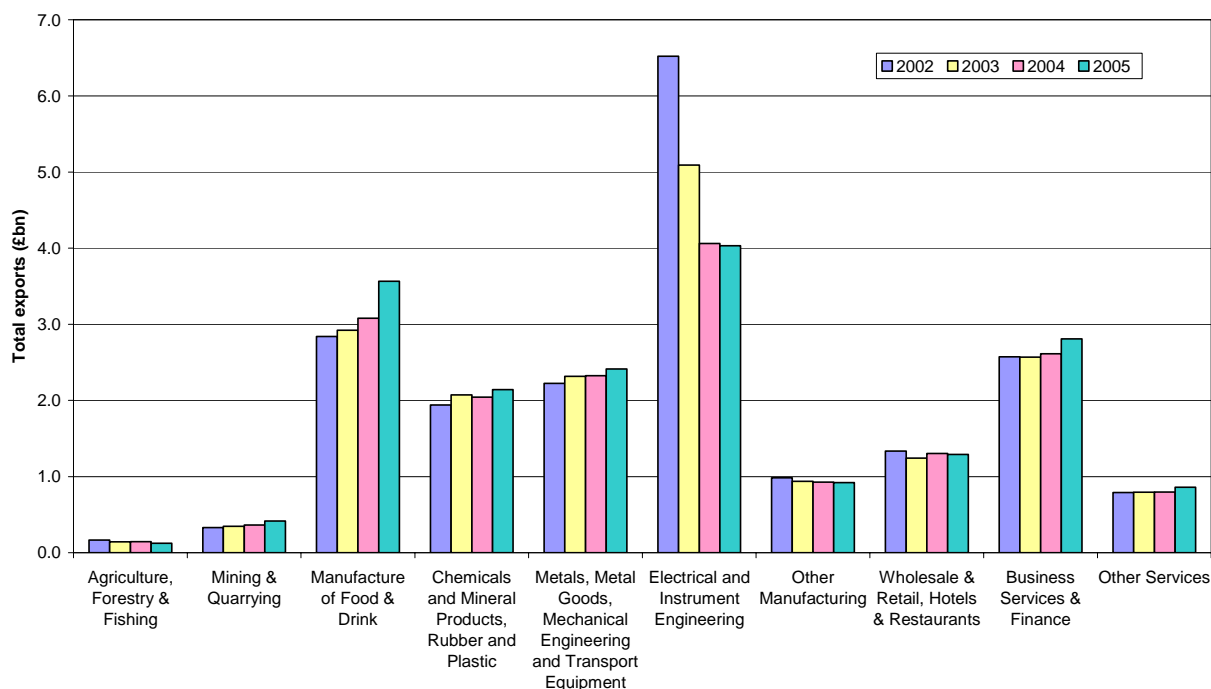


Chart 1 illustrates that most growth in exports has occurred in the food & drink sector, and also in business services and finance. There has been a gradual decline in the Electronics sector, with only a very slight drop in the latest year. Table 2 provides the estimates by detailed industry.

Table 2: Total Exports by Grouped Industry Sector, 2002 - 2005, (£million)

Industry Groupings (2 Digit SIC Division Groups)		Total Exports (£million)			
		2002	2003	2004	2005
01, 02, 05	Agriculture, Forestry & Fishing	165	140	145	120
10, 11, 13, 14	Mining, Quarrying & Extraction of Petroleum	330	345	365	415
15	Manufacture of Food Products and Beverages	2,840	2,920	3,080	3,565
15.91	<i>Of Which Manufacture of Distilled Potable Alcoholic Beverages</i>	2,385	2,450	2,600	3,055
17	Manufacture of Textiles & Textile Products	305	305	295	255
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	50	40	45	35
19	Tanning and Dressing of Leather; Manufacture of Luggage; Handbags, Saddlery, Harness & Footwear	55	50	50	50
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	55	45	55	60
21	Manufacture of Pulp, Paper & Paper Products	295	280	290	300
22	Publishing, Printing and Reproduction of Recorded Media	70	90	65	85
23, 24	Fuel, Manufacture of Coke, Refined Petroleum Products & Nuclear	1,590	1,725	1,710	1,780
25	Manufacture of Rubber & Plastic Products	350	345	335	365
26	Manufacture of Other Non-Metallic Mineral Products	95	105	125	110
27	Manufacture of Basic Metals	130	130	85	70
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	370	310	345	390
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	920	985	950	1,000
30	Manufacture of Office Machinery & Computers	3,725	2,240	1,660	1,710
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	450	430	340	355
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,835	1,775	1,385	1,290
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	510	645	680	680
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	85	65	65	85
35	Manufacture of Other Transport Equipment	625	730	755	760
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	70	55	35	50
37	Recycling	50	50	55	60
40, 41, 45	Electricity, Gas & Water Supply, Construction	85	70	80	85
50, 51, 52, 55	Wholesale ¹ , Retail & Repairs, Hotels & Restaurants	1,335	1,245	1,300	1,290
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Activities	495	485	480	540
64	Post & Telecommunication	60	75	95	110
65, 66, 67	Financial Intermediation	775	865	965	1,130
70, 71	Real Estate & Renting	100	100	105	100
72, 73, 74	Business Services ²	1,700	1,605	1,545	1,575
80	Education	135	145	150	140
85, 90, 92, 93	Other Services ³	95	90	75	70
	Total Exports	19,760	18,485	17,705	18,630

Notes:

1. Wholesale figures include the wholesale of agricultural products, fish and crustaceans & molluscs.
2. Business Services include the following activities: computer and related activities; research & development; legal, accounting, book-keeping and auditing activities; tax consultancy; market research; public opinion polling; business and management consultancy.
3. 'Other Services' includes the following activities: Health and other community activities, social and personal service activities.

In 2005, the top five exporting industries were food & beverages (£3.6 billion – of which spirits accounted for 86 per cent), chemicals (including refined petroleum products) (£1.8 billion), office machinery (£1.7 billion), business services (£1.6 billion), and radio/television and communication equipment (£1.3 billion). In total, these five industries accounted for 53 per cent of total exports.

Manufacturing exports were estimated at £13.1 billion (70 per cent of total exports). Despite the decline in the electronics industry (defined as SIC divisions 30 - 33), in recent years, electronics had estimated exports of £4 billion, accounting for 31 per cent of manufactured exports and 22

per cent of total exports. The 2003 and 2004 figures for electronics were £5.1 billion and £4.1 billion respectively.

Exports from the service sector increased from £4.7 billion to £5 billion between 2004 and 2005, largely explained by the increase in international trade of financial services.

Export Destinations

Table 3 shows estimates of exports to international destinations. Asia experienced the strongest growth (+ £560 million) in 2005 followed by Africa (+£395 million) and Central & South America (+ £255 million), while other regions experienced drops in the estimated value of exports. Exports to the EU25 countries accounted for 49 per cent of total exports, and decreased from 2005. However, exports which can not be allocated to a specific region have grown, due to increased exports of financial intermediation services – for which detailed destination data are not available.

Table 3: Exports by geographic region¹ (£million), 2002 – 2005

Region	Exports value 2002	Exports value 2003	Exports value 2004	Exports value 2005
EU25	10,450	9,245	9,320	9,070
Rest of Europe	1,650	2,070	1,010	1,005
North America	2,555	2,475	2,890	2,770
Central and South America	635	500	465	720
Middle East	975	815	685	665
Asia	1,750	1,805	2,070	2,630
Africa	710	565	395	790
Australasia	320	240	255	115
Unallocable¹	715	775	615	860
Total exports	19,760	18,485	17,705	18,630

Note: The estimates for regions exclude exports from SICs 61, 62, 65, 66 and 90, see Note 11.

Table 4 shows the top 20 markets for Scottish exports. The top export destination in 2005 was the USA, which accounted for an estimated £2.1 billion of exports (11 per cent of total exports). This was followed by the Netherlands with an estimated £1.65 billion (9 per cent of the total) and Germany with £1.38 billion (7 per cent of the total). The top 20 export destinations accounted for 71 per cent of total exports. China was included in the top 20 for the first time with exports of 320 million (2 per cent of total exports) and Malaysia re-entered, replacing Australia and United Arab Emirates.

Table 4: Top 20 export destinations¹ (£million), 2002 - 2005

Rank	2002		2003		2004		2005	
	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports
1	USA	2,165	USA	2,105	USA	2,595	USA	2,095
2	Germany	2,110	Germany	1,710	Germany	1,730	Netherlands	1,650
3	France	1,710	Netherlands	1,480	Netherlands	1,595	Germany	1,380
4	Netherlands	1,555	France	1,265	France	1,295	France	1,225
5	Italy	1,020	Norway	1,045	Spain	860	Spain	800
6	Spain	820	Spain	885	Eire	660	Eire	690
7	Eire	735	Eire	765	Belgium	590	Canada	675
8	Norway	620	Italy	690	Italy	580	Italy	605
9	Sweden	520	Belgium	605	Singapore	475	Belgium	585
10	Belgium	490	Switzerland	480	Sweden	440	Finland	485
11	Switzerland	415	Japan	405	Norway	355	South Korea	470
12	Denmark	410	Sweden	385	Finland	335	Sweden	405
13	Canada	390	Denmark	380	Japan	310	China	320
14	Japan	390	Canada	370	Denmark	300	Denmark	315
15	Russia	375	Finland	305	Canada	295	Singapore	280
16	Korea	275	Singapore	255	Korea	255	Norway	275
17	Australia	275	UAE	240	Australia	225	Malaysia	270
18	South Africa	265	Malaysia	225	Switzerland	215	South Africa	265
19	UAE	250	Korea	225	India	195	Saudi Arabia	260
20	Israel	215	SouthAfrica	215	UAE	185	Japan	250

Note: The estimates for countries exclude exports from SICs 61, 62, 65, 66 and 90. See Note 11 for details.

Acknowledgments

These statistics have been prepared by the Scottish Executive, Office of the Chief Economic Adviser in collaboration with Scottish Development International. We would like to thank all of the companies that responded to the survey and all those who have been involved in the survey for their help and advice, and in particular Scottish Enterprise, Highlands & Islands Enterprise and participating Local Enterprise Companies.

Notes:

1. A representative sample of 11,500 businesses operating in Scotland were invited to participate in this voluntary survey, and responses (including nil responses) were received from 3,500 companies. The exports results are supplemented with data from UK surveys carried out by the Office for National Statistics (ONS).
2. Estimates for 2002, 2003 and 2004 have been revised from those published last year. These revised figures incorporate new information provided by companies and ONS, and reflect improvements made possible by the availability of 4 years' survey responses. Revisions also occur to industry figures due to the reclassification of companies to industries. The 2005 results are provisional, and may be revised in the future if improved information becomes available.
3. Due to sampling differences and also because companies can move between industry sectors, estimates of changes over time in smaller industries should be treated with reasonable caution.
4. Further information and tables to download are available from the following Scottish Executive website: <http://www.scotland.gov.uk/exports>.
5. The Executive also produces a quarterly index of manufactured exports (IME), to provide an indication of the up-to-date trends. These can also be accessed via the above website. The January 2007 release of the IME up to 2006 Q3 will be aligned with these results from the Global Connections Survey. As part of this alignment process, improvements have also been made to the GCS results for 2002, 2003 and 2004 and previously published estimates have been subject to revision. An improved data source for the drinks sector has contributed to a large upward revision to 2004 estimates, these revisions will be incorporated into the 2006Q3 IME publication in January.

6. Figures for 2002 are based on the 1992 Standard Industrial Classification (SIC) of economic activities. Figures for 2003, 2004 and 2005 are based on the 2003 UK SIC. The changes between these are only at the detailed level of industrial classification and will not affect total industry results shown.
7. In accordance with National Accounting principles, total Scottish exports do not include any exports of oil and gas extracted from the UK continental shelf, and so exclude companies classified as SIC 11.1. This is consistent with the approach taken in all Scottish economic statistics in that, following European System of Accounts (ESA 95) conventions, the National Accounts determine that these cannot be allocated to any one region of the UK. Exports of services provided to the oil and gas industry are included under SIC 11.2 (although surveying and engineering consulting for the oil industry are within SIC 74).
8. The value of exports of fishing (SIC 5.01) relating to direct sales of fish abroad has been provided by the Scottish Executive Environment and Rural Affairs Department (SEERAD) and is not derived from Scotland's Global Connections Survey (GCS).
9. The figures given in tables and charts have been independently rounded, so they may not always sum to the relevant sub-totals or totals.
10. Country results are subject to more sampling error than industry estimates as they are based on less information. It is important to note that differences in the reported export markets of the companies responding to the survey could affect the year on year changes in the destination estimates, and that ranks of countries with similar exports estimates can change considerably.
11. Due to a lack of reliable company information for particular industries, destination estimates exclude SIC 61 (water transport), SIC 62 (air transport), SIC 65 (financial intermediation), SIC 66 (insurance and pension funding) and SIC 90 (sewage and refuse disposal). The total for these is shown as unallocable in table 3. Again, this means that rankings of individual countries should be treated as indicative.

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