

Statistical Bulletin

Economy Series

SCOTLAND'S GLOBAL CONNECTIONS SURVEY 2006

Introduction

This Statistics Release presents the main results of Scotland's Global Connections Survey¹ for 2006. This is the only export survey covering all sectors of the Scottish economy. International exports are shown by industry and destination and comparisons are made with the value of Scottish exports from 2002 onwards.

Key points

- Scottish international exports in 2006 (excluding oil and gas) are provisionally estimated at £20.6 billion, of which £13.6 billion is attributable to manufacturing companies. This represents an increase in overall exports of £1.4 billion since 2005, driven by a rise in both manufacturing (+£0.6 billion) and service sector (+£0.7 billion) exports.
- The top 5 exporting industries in 2006 were food & beverages (£3.7 billion), chemicals (including refined petroleum products) (£1.9 billion), the wholesale, retail & accommodation sector (£1.8 billion), business services (£1.8 billion) and office machinery (£1.6 billion). Together these industries accounted for over half of total exports.
- The USA continues to be Scotland's top export destination with an estimated £1.8 billion of exports in 2006, although declining by £0.85 billion over the year. Exports to France rose in 2006 to make it Scotland's 2nd top export destination: estimated to be worth £1.6 billion (+ £0.3 billion).
- An estimated £10.4 billion of all Scottish exports were destined for the EU. Within the EU, France was the largest market, followed by Germany (£1.5 billion exports in 2006).
- The top five export markets (USA, France, Germany, Netherlands and Eire) accounted for £7.3 billion of exports (35% of all exports) from Scotland.

¹ The Global Connections Survey was carried out by the Scottish Government with support from Scottish Development International. Results are based on data received from around 3,500 companies, supplemented with partial information on a further 2,000 companies obtained from other sources.

Exports by Broad Industry Sector & Trade Area

In 2006, total Scottish exports were provisionally estimated to be £20.6 billion, of which around 66 per cent (£13.6 billion) were attributable to manufacturing companies. It was estimated that the service sector accounted for £6 billion of exports (29 per cent). The value of exports destined for countries within the European Union was estimated at £10.4 billion with a further £9.3 billion to the rest of the world (and £0.9 million of exports unallocable to any region).

Table 1: Scottish Exports by sector and trade area (£million), 2006

	EU25	Non-EU	Total exports
Agriculture, Forestry & Fishing	75	40	115
Production & Construction	8,125	6,305	14,430
<i>of which manufacturing</i>	<i>7,800</i>	<i>5,800</i>	<i>13,600</i>
Services	2,165	2,945	6,005
TOTAL	10,365	9,290	20,550

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 6). The total exports figure includes this £895m of exports which could not be allocated to a region.

Exports by industry

Chart 1: Scottish exports by industry (£billion), 2002 - 2006

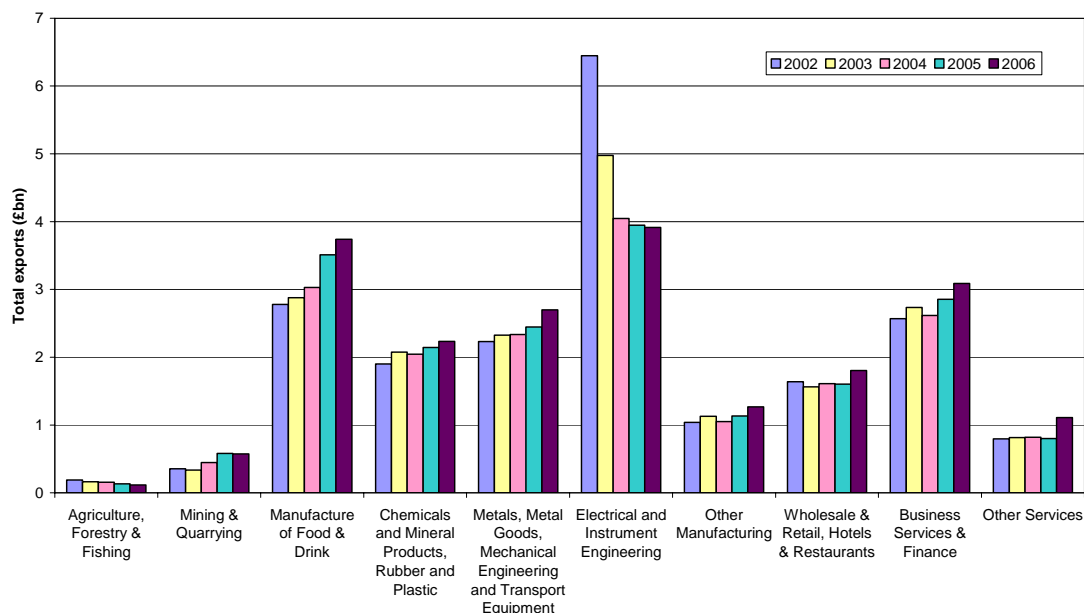


Chart 1 illustrates that since 2002, exports from both the mechanical engineering & metal industry and the food & drink sector have experienced strong growth, with exports of business services & finance also rising. There has been a significant decrease in the electronics sector over the period, driven by a sharp fall in 2003 with only a slight decline over the last few years. Table 2 provides the estimates by detailed industry.

Table 2: Total exports by industry (£million), 2002 - 2006

Industry Groupings (2 Digit SIC Division Groups)		Total Exports (£million)				
		2002	2003	2004	2005	2006
01, 02, 05	Agriculture, Forestry & Fishing	190	165	155	135	115
10, 11, 13, 14	Mining, Quarrying & Extraction of Petroleum	355	335	445	580	575
15	Manufacture of Food Products and Beverages	2,780	2,880	3,030	3,510	3,740
15.91	<i>Of Which Manufacture of Distilled Potable Alcoholic Beverages</i>	2,305	2,450	2,600	3,070	3,300
17	Manufacture of Textiles & Textile Products	265	275	275	270	280
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	50	40	45	30	30
19	Tanning and Dressing of Leather; Manufacture of Luggage; Handbags, Saddlery, Harness & Footwear	60	50	55	50	65
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	55	45	55	55	80
21	Manufacture of Pulp, Paper & Paper Products	280	315	350	330	330
22	Publishing, Printing and Reproduction of Recorded Media	95	95	60	85	95
23, 24	Manufacture of Coke, Refined Petroleum Products & Nuclear Fuel, Manufacture of Chemicals & Chemical Products	1,575	1,725	1,710	1,780	1,875
25	Manufacture of Rubber & Plastic Products	325	350	335	365	360
26	Manufacture of Other Non-Metallic Mineral Products	90	100	125	105	90
27	Manufacture of Basic Metals	150	120	95	85	100
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	335	305	335	395	510
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	940	1,000	945	1,020	1,065
30	Manufacture of Office Machinery & Computers	3,745	2,245	1,660	1,710	1,630
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	445	425	360	360	420
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,740	1,775	1,380	1,295	1,295
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	515	530	645	580	570
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	90	70	75	95	80
35	Manufacture of Other Transport Equipment	625	730	760	745	855
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	75	55	30	35	40
37	Recycling	80	65	75	85	95
40, 41, 45	Electricity, Gas & Water Supply, Construction	80	190	105	195	255
50, 51, 52, 55	Wholesale ¹ , Retail & Repairs, Hotels & Restaurants	1,640	1,565	1,610	1,605	1,805
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Activities	500	520	510	420	620
64	Post & Telecommunication	45	75	105	165	235
65, 66, 67	Financial Intermediation	835	850	815	1,060	1,140
70, 71	Real Estate & Renting	145	155	145	115	170
72, 73, 74	Business Services ²	1,590	1,730	1,655	1,680	1,780
80	Education	130	145	130	135	170
85, 90, 92, 93	Other Services ³	120	75	75	80	85
Total Exports		19,940	19,000	18,145	19,155	20,550

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.

The top 5 exporting industries in 2006 were food & beverages (£3.7 billion), chemicals (including refined petroleum products) (£1.9 billion), the wholesale, retail & accommodation sector (£1.8 billion), business services (£1.8 billion) and office machinery (£1.6 billion). Together these industries accounted for over half of total exports.

Manufacturing exports were estimated at £13.6 billion (66 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 £3.9 billion, accounting for 29 per cent of manufactured exports and 19 per cent of total exports.

Exports from the service sector increased from £5.3 billion to £6.0 billion between 2005 and 2006, largely explained by rises in the wholesale, retail & accommodation and transport sectors.

Export Destinations

Table 3 shows estimates of exports to international destinations. Scottish exports to the EU experienced the most growth (+£915 million) in 2006, accounting for 53% of the allocable total. Exports to Asia also increased (+£785 million) over the period, with a corresponding rise in exports to China, Singapore and Malaysia. Exports to North America declined the greatest over the period (-£895 million) driven by a sharp fall in exports to the USA.

Table 3: Exports by geographic region¹ (£million), 2002 – 2006

Destination	Total Exports (£millions)				
	2002	2003	2004	2005	2006
European Union 25	10,520	9,635	9,105	9,450	10,365
Rest of Europe	1,965	1,660	1,415	1,500	1,480
North America	2,690	2,665	2,790	3,015	2,120
Central and South America	510	575	530	650	840
Middle East	825	960	780	805	970
Asia	1,725	1,835	2,010	2,050	2,835
Africa	680	630	650	640	710
Australasia	280	290	260	240	335
Unallocable	800	800	645	850	940
Total	19,940	19,000	18,145	19,155	20,550

Note: The estimates for regions exclude exports from SICs 61, 62, 65, 66 and 90, see Note 6

Table 4 shows the top 20 markets for Scottish exports. The USA continued to be the top export destination which accounted for an estimated £1.8 billion of exports (9 per cent of total exports). This was followed by France with an estimated £1.6 billion (8 per cent of the total) and Germany with £1.5 billion (7 per cent of the total).

The top 20 export destinations accounted for 68 per cent of total exports. Greece, Malaysia, Portugal and Australia all entered the top 20 in 2006 - replacing Finland, South Korea, South Africa and the United Arab Emirates.

Table 4: Top 20 export destinations (£million), 2002 - 2006

Rank	2002		2003		2004		2005		2006	
	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports
1	USA	2,350	USA	2,350	USA	2,495	USA	2,650	USA	1,800
2	Germany	2,020	Germany	1,785	Germany	1,725	Netherlands	1,500	France	1,610
3	France	1,665	Netherlands	1,480	Netherlands	1,370	Germany	1,465	Germany	1,475
4	Netherlands	1,450	France	1,400	France	1,300	France	1,280	Netherlands	1,305
5	Italy	985	Eire	955	Spain	900	Eire	980	Eire	1,090
6	Eire	970	Spain	835	Eire	790	Spain	820	Spain	840
7	Spain	745	Italy	695	Italy	590	Italy	620	Italy	720
8	Norway	630	Belgium	575	Belgium	540	Belgium	560	Japan	570
9	Sweden	555	Norway	555	Norway	435	Finland	475	Belgium	500
10	Switzerland	520	Switzerland	445	Sweden	420	Sweden	470	Sweden	485
11	Belgium	505	Sweden	420	Japan	380	Switzerland	430	Norway	440
12	Denmark	415	Denmark	365	Switzerland	380	Norway	405	Denmark	430
13	Russia	375	Canada	310	Denmark	330	Canada	365	Greece	415
14	Japan	350	Japan	300	Singapore	315	Denmark	350	China	400
15	Canada	340	Finland	290	Canada	295	Japan	345	Singapore	365
16	South Korea	260	Russia	265	South Korea	270	South Korea	300	Malaysia	350
17	Israel	235	South Korea	260	Finland	240	China	250	Switzerland	335
18	Australia	235	Singapore	245	Russia	235	Singapore	240	Canada	320
19	Austria	215	Australia	235	Australia	215	South Africa	235	Portugal	285
20	Other Africa	215	South Africa	190	Greece	210	UAE	215	Australia	280

Note: The estimates for countries exclude exports from SICs 61, 62, 65, 66 and 90. See Note 6 for details.

Acknowledgments

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Notes:

1. A representative sample of 10,500 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 previous years have been revised from those published last year and are largely due to methodological developments:
 - Implementation of an improved stratification and grossing methodology;
 - Improved method of incorporating tourism expenditure in some service sectors (retail, hotels & restaurants etc).

In addition to these, some revisions may occur where new information is provided by companies and these reflect improvements made possible by the availability of 5 years' survey responses. Further information on these can be found on the website (www.scotland.gov.uk/exports). The 2006 results are provisional, and may be revised in the future if improved information becomes available.

3. The Scottish Government also produces a quarterly Index of Manufactured Exports (IME) in real terms, to provide an indication of the up-to-date trends. These can also be accessed via the above website. GCS and IME information has been aligned and the 2007 Q3 IME release in January will be further aligned with these Global Connections Survey results. As part of this alignment process, improvements have also been made to previously published GCS results.
4. 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 and UK National Accounts principles, these are not 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).
5. Due to sampling variability and companies moving between industry sectors, estimates of changes over time in smaller industries should be treated with reasonable caution.
6. 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). This is due to a lack of reliable company information for these industries. The total for these is shown as unallocable in table 3. Therefore rankings of individual countries should be treated as indicative.
7. Country results are subject to a higher degree of 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.
8. Estimates provided here relate to exports to destinations outwith the UK. Estimates of intra UK trade for the period 2002 – 2005 are available on the website and will be updated to include GCS 2006 results in the spring of 2008.
9. Figures for 2002 are based on the 1992 Standard Industrial Classification (SIC) of economic activities. Figures for 2003 onwards 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.
10. The value of exports of fishing (SIC 5.01) relating to direct sales of fish abroad has been provided by the Scottish Government Rural and Environment Research & Analysis Directorate and is not derived from Scotland's Global Connections Survey (GCS).
11. The figures given in tables and charts have been independently rounded and may not always sum to the relevant sub-totals or totals.

12. Further information and tables to download are available from the following Scottish Government website: <http://www.scotland.gov.uk/exports>.

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