

# Scotland's Global Connections 2008

## Economy Series

SCOTLAND'S GLOBAL CONNECTIONS SURVEY 2008  
13<sup>th</sup> January 2010

### Introduction

This Statistics Bulletin presents the main results of Scotland's Global Connections Survey<sup>1</sup> for 2008. This is the only export survey covering all sectors of the Scottish economy. Figures are not adjusted for inflation. Companies provided financial and sales information relating to 2008. International exports are shown by industry and destination and comparisons are made with the value of Scottish exports from 2004 onwards. This bulletin incorporates significant revisions to data in Food and Drink, Manufacture of Coke, Refined Petroleum Products, Financial Intermediation and Wholesale, Retail and Hotels & Restaurants.

### Key points

- Scottish international exports in 2008 (excluding oil and gas) are provisionally estimated at £20.7 billion, of which £14 billion is attributable to manufacturing sector companies. This represents an increase in overall exports of £1.7 billion since 2007, due to a rise in the manufacturing sector exports of £935 million and a rise in service sector exports of £715 million.
- The top 5 exporting industries in 2008 were chemicals (including refined petroleum products) (£3.5 billion), food & beverages (£3.4 billion), business services (£2.3 billion), the wholesale, retail & accommodation sector (£1.4 billion) and manufacture of machinery and equipment not elsewhere classified (£1.4 billion). Together these industries accounted for well over half of total exports from Scotland.
- The USA continues to be Scotland's top export destination with an estimated £3.1 billion of exports in 2008, an increase of £325 million since 2007. Exports to Netherlands decreased by £40 million in 2008, estimated to be worth £1.6 billion making it Scotland's second top export destination.
- An estimated £9.5 billion of all Scottish exports were destined for the EU. Within the EU, the Netherlands was the largest market, followed by France (£1.5 billion exports in 2008).

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<sup>1</sup> 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 2,700 companies, supplemented with previous years and partial information obtained from other sources.

- The top five export markets (USA, Netherlands, France, Germany and Spain) accounted for £8.6 billion of exports (41% of all exports) from Scotland.

## Exports by Broad Industry Sector & Trade Area

In 2008, total Scottish exports were provisionally estimated to be £20.7 billion, of which around 68 per cent (£14.0 billion) were attributable to manufacturing companies. It was estimated that the service sector accounted for £5.7 billion of exports (28 per cent). The value of exports destined for countries within the European Union was estimated at £9.5 billion with a further £10.8 billion to the rest of the world (and £320 million of exports unallocable to any region).

**Table 1: Scottish Exports by sector and trade area (£million), 2008**

	EU27	Non-EU	Total exports
Agriculture, Forestry & Fishing <sup>1</sup>	95	40	160
Production <sup>2,3</sup> & Construction	7,440	7,330	14,765
<i>of which manufacturing</i>	<i>7,240</i>	<i>6,770</i>	<i>14,010</i>
Services <sup>4</sup>	1,995	3,415	5,730
<b>TOTAL</b>	<b>9,525</b>	<b>10,780</b>	<b>20,660</b>

Notes:

1. The total exports figure includes £25m of exports which could not be allocated to a region.
2. Excludes the value of oil & gas extracted from the UK Continental Shelf, see Notes.
3. Includes manufacturing, mining & quarrying and electricity/gas/water supply.
4. EU27 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 £320m of exports which could not be allocated to a region.

## Exports by industry

**Chart 1: Scottish exports by industry (£billion), 2004 – 2008**

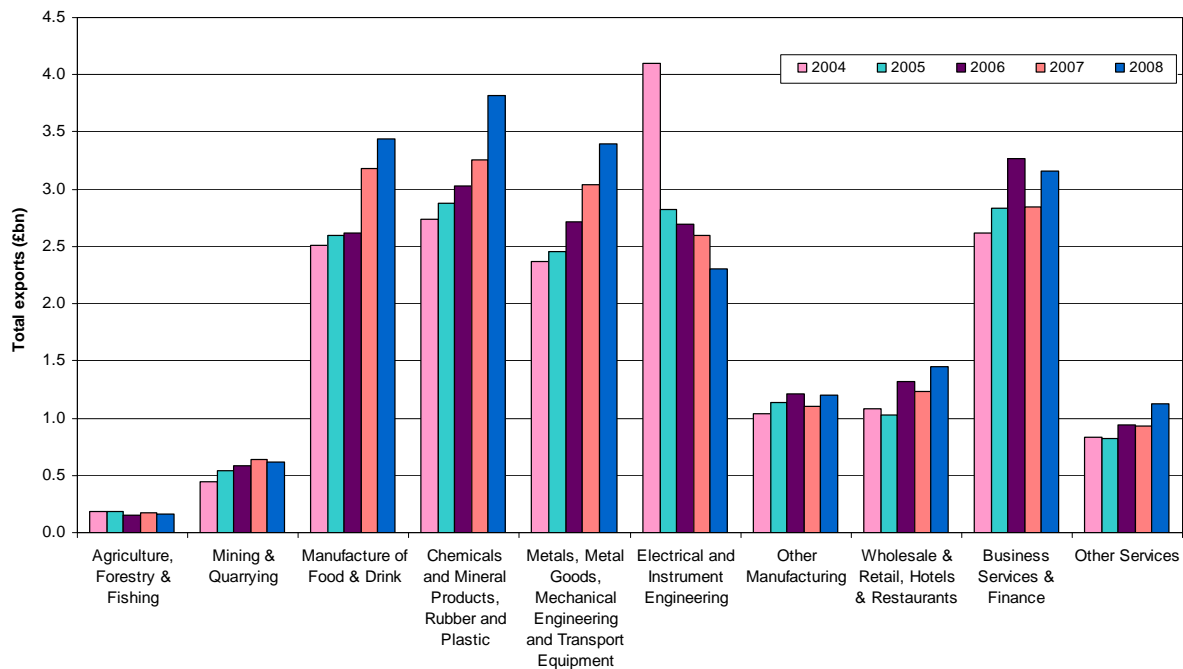


Chart 1 illustrates that since 2004, exports from the food & drink, chemical and mineral and the mechanical engineering & metal industry sectors have experienced strong

growth, with exports of wholesale, retail, hotels & restaurants and business services & finance also rising. There has been a significant decrease in the electronics sector over the period, especially between 2004 and 2005. Table 2 provides the estimates by detailed industry.

**Table 2: Total exports by industry (£million), 2004 – 2008**

Industry Groupings (2 Digit SIC Division Groups)		Total Exports (£million)				
		2004	2005	2006	2007	2008
01, 02, 05	Agriculture, Forestry & Fishing	180	180	150	170	160
10, 11, 13, 14	Mining, Quarrying & Extraction of Petroleum	445	545	580	635	615
15	Manufacture of Food Products and Beverages	2,505	2,595	2,620	3,180	3,435
15.91	<i>Of Which Manufacture of Distilled Potable Alcoholic Beverages</i>	2,040	2,120	2,135	2,710	2,980
17	Manufacture of Textiles & Textile Products	270	265	275	255	300
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	45	35	30	35	30
19	Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness & Footwear	55	50	60	55	60
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	55	55	80	85	90
21	Manufacture of Pulp, Paper & Paper Products	350	330	320	325	310
22	Publishing, Printing and Reproduction of Recorded Media	85	105	105	110	105
23, 24	Manufacture of Coke, Refined Petroleum Products & Nuclear Fuel, Manufacture of Chemicals & Chemical Products	2,435	2,545	2,680	2,895	3,465
25	Manufacture of Rubber & Plastic Products	305	335	350	360	350
26	Manufacture of Other Non-Metallic Mineral Products	125	100	90	95	85
27	Manufacture of Basic Metals	115	115	155	215	240
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	340	400	500	530	580
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	965	980	1,005	1,190	1,360
30	Manufacture of Office Machinery & Computers	1,660	555	450	455	300
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	410	380	375	370	385
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,385	1,295	1,285	1,040	915
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	650	590	580	735	705
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	75	95	80	95	145
35	Manufacture of Other Transport Equipment	745	770	880	920	985
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	35	45	40	35	25
37	Recycling	80	90	100	105	140
40, 41, 45	Electricity, Gas & Water Supply, Construction	65	160	200	100	140
50, 51, 52, 55	Wholesale <sup>1</sup> , Retail & Repairs, Hotels & Restaurants	1,080	1,025	1,325	1,235	1,450
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Activities	560	500	605	515	735
64	Post & Telecommunication	105	165	150	185	180
65, 66, 67	Financial Intermediation	935	1,015	1,155	675	600
70, 71	Real Estate & Renting of Equipment	110	120	190	225	225
72, 73, 74	Business Services <sup>2</sup>	1,575	1,700	1,925	1,950	2,335
80	Education	130	125	150	165	145
85, 90, 92, 93	Other Services <sup>3</sup>	35	30	40	65	65
	<b>Total Exports</b>	<b>17,875</b>	<b>17,295</b>	<b>18,530</b>	<b>19,000</b>	<b>20,660</b>

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 2008 were chemicals (including refined petroleum products) (£3.5 billion), food & beverages (£3.4 billion), business services (£2.3 billion), the wholesale, retail & accommodation sector (£1.4 billion) and manufacture machinery

and equipment not elsewhere classified (£1.4 billion). Together these industries accounted for well over half of total exports from Scotland.

Manufacturing exports were estimated at £14 billion (68 per cent of total exports). The manufacture of chemicals (including refined petroleum products) sector estimated at £3.5 billion and the food and drink sector estimated at £3.4 billion dominate the manufacturing exports. The whisky industry contributes around £3.0 billion, a rise of £270 million since 2007. The electronics industry (defined as SIC divisions 30 - 33), shows a continual decline in recent years, with an estimated exports value of £2.3 billion for 2008.

Exports from the service sector increased from 2007 by £715 million to £5.7 billion, largely explained by rises in business services, wholesale, retail & accommodation sectors.

### Export Destinations

Table 3 shows estimates of exports to international destinations. Of the allocable figures, exports to the EU between 2007 and 2008 grew by £370 million (4.0 percent) and exports to non-EU countries grew by £565 million (6.4 percent). Exports to Middle East also increased (+£260 million) over the period. Exports to Asia declined the greatest over the period (-£130 million), corresponding to declines in exports to Japan and Taiwan.

**Table 3: Exports by geographic region<sup>1</sup> (£million), 2004 – 2008**

Destination	Total Exports (£millions)				
	2004	2005	2006	2007	2008
European Union 27	9,240	8,400	8,675	9,155	9,525
Rest of Europe	1,340	1,335	1,290	1,595	1,635
North America	2,575	2,900	3,080	3,095	3,330
Central and South America	470	485	560	565	665
Middle East	735	730	865	710	970
Asia	1,835	1,795	2,105	1,905	1,775
Africa	645	620	710	785	790
Australasia	250	200	440	225	280
Unallocable	785	830	805	965	1,690
<b>Total</b>	<b>17,875</b>	<b>17,295</b>	<b>18,530</b>	<b>19,000</b>	<b>20,660</b>

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 £3.1 billion of exports (15.0 per cent of total exports). This was followed by Netherlands with an estimated £1.6 billion (8.0 per cent of the total), then France with an estimated £1.5 billion (7.0 per cent of the total), and Germany with £1.3 billion (6.3 per cent of the total).

The top 20 export destinations accounted for 71 per cent of total exports. Greece and Nigeria entered the top 20 in 2008 in the lower rankings - replacing South Africa and Russia.

These data are dependent on survey responses and some companies have indicated they operated as toll manufacturers so these destinations are not the final destination of the products. Please see Notes 6 and 7 for further clarification with these data. These results are indicative only and should be used with caution.

**Table 4: Top 20 export destinations (£million), 2004 – 2008**

Rank	2004		2005		2006		2007		2008	
	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports
1	USA	2,335	USA	2,620	USA	2,825	USA	2,775	USA	3,100
2	Germany	1,670	Netherlands	1,495	Netherlands	1,450	Netherlands	1,675	Netherlands	1,635
3	Netherlands	1,525	France	1,235	Germany	1,240	France	1,400	France	1,535
4	France	1,310	Germany	1,180	France	1,185	Germany	1,345	Germany	1,300
5	Spain	910	Eire	795	Eire	915	Eire	860	Spain	995
6	Eire	775	Spain	775	Spain	810	Spain	835	Eire	960
7	Italy	585	Belgium	655	Italy	560	Italy	560	Norway	610
8	Sweden	575	Italy	525	Sweden	540	Belgium	515	Italy	540
9	Belgium	535	Sweden	510	Belgium	480	Switzerland	515	Sweden	520
10	Norway	495	Norway	405	Norway	450	Norway	495	Belgium	495
11	Switzerland	340	Switzerland	380	Australia	375	Sweden	485	Switzerland	415
12	Denmark	325	Denmark	290	Denmark	355	Denmark	425	Denmark	380
13	Japan	315	Canada	280	Japan	315	Japan	380	UAE (5)	360
14	Singapore	315	China	275	China	305	Canada	320	Japan	300
15	Canada	235	Japan	250	Singapore	290	UAE (5)	270	China	295
16	Finland	230	South Korea	235	Switzerland	280	China	255	Singapore	245
17	South Korea	225	Singapore	225	UAE (5)	260	Singapore	245	Australia	235
18	Australia	220	South Africa	210	Canada	255	South Africa	235	Greece	230
19	China	220	Finland	205	Malaysia	225	Australia	200	Nigeria	230
20	UAE (5)	210	UAE (5)	205	South Korea	215	Russia	195	Canada	230

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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For this publication we are grateful to The Committee of Scottish Clearing Bankers who supplied information to help with the Financial Intermediation sector. The outcome of their review reflects a restatement of 2007 figures.

HMRC UK Trade Info has also been used to supplement missing data.

## Notes:

1. A representative sample of 6,440 businesses operating in Scotland were invited to participate in this voluntary survey, and responses (including nil responses) were received from 2,700 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).
  - Improved use of HMRC data for particular sectors.

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 7 years' survey responses. Further information on these can be found on the website ([www.scotland.gov.uk/exports](http://www.scotland.gov.uk/exports)). The 2008 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 partially aligned and the 2009 Q4 IME release in April may be further aligned with these Global Connections Survey 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 provided by respondents. 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. Further some companies operate as toll manufacturers indicating a one stop destination in the survey return. Other organisations change markets to increase profitability this also can affect trends across time.
8. Estimates provided here relate to exports to destinations out with the UK. Estimates of intra UK trade for the period 2002 – 2008 will be available on the website and will be updated to include GCS 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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