

Exporting Northern Ireland Services Study

Theme: Economy Statistics

Background Information



Context

The Exporting Northern Ireland Services (ENIS) Study was first introduced by the Department of Enterprise, Trade and Investment in 2003 to further understand and estimate the value to the Northern Ireland economy of exporting services. The study, which is now produced by the Northern Ireland Statistics and Research Agency (NISRA), is based on information collected via the [International Trade in Services Survey](#) (ITIS) and supplemented with information from the [Manufacturing Sales and Exports Survey](#) (MSES) and the [Northern Ireland Annual Business Inquiry](#) (NIABI).

The International Trade in Services (ITIS) survey is a UK wide survey which collects information on overseas transactions of consultants and companies offering business services. Information collected from the survey is fed into the UK balance of payments and published at the UK level.

The Exporting NI Services Study is part of a statistical series designed to measure tradable services which is a key area for future economic development in Northern Ireland. The publication brings together service export information for the following sectors; construction, manufacturing and a “High Export Potential” (HEP) group. The latter group includes a range of service industries employing 10 or more persons which have been deemed on the basis of earlier research to have a high potential to trade in services. Additional definitional information on this group is contained in the following section.

ENIS was designed to provide detailed information on exports from the service sectors considered to be part of the knowledge economy, and DETI released the first set of results from the study in December 2005. This information, which referred to 2003, was used as a baseline to monitor the progress of the HEP group. The latest report contains provisional results for 2013 while results for each year from 2003 – 2013 are available online as data tables, thus providing information on how the High Potential group has performed over the last ten years.

It should be noted that while the ENIS report provides coverage of the defined sectors, it **does not** provide a complete picture of the total level of service exports in the NI economy. Work is currently being undertaken to extend the coverage of service exports beyond those currently covered in this report, and further information on this new experimental Broad Economy Exports measure is provided later in this document.

ONS has responsibility for the production of the recently published UK national estimates for 2013. The latest UK national estimates for 2012 can be found at http://www.ons.gov.uk/ons/dcp171778_393834.pdf

Guidance and methodology for the UK national ITIS can be found at <http://www.ons.gov.uk/ons/about-ons/get-involved/taking-part-in-a-survey/information-for-businesses/a-to-z-of-business-surveys/annual-survey-of-international-trade-in-services/index.html>

The latest Department of Enterprise, Trade and Investment (DETI) Economic Commentary (June 2015) provides an overview of the state of the Northern Ireland economy, setting it in context with the UK and Republic of Ireland. This can be found at http://www.detini.gov.uk/economic_commentary_-_june_2015_v2.pdf

The most up-to-date official statistics on the economy and labour market, Broad Economy Exports, Manufacturing Sales and Exports, and the Annual Business Inquiry are available on the DETI website at:

- <http://www.detini.gov.uk/stats-broad-economy-exports-link> (BEE)
- <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-2.htm> (Economic Overview)
- <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm> (MSES)
- <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-annual-business-inquiry.htm> (NIABI)

High Export Potential group

The Exporting NI Services study was first introduced for 2003, following a three-year study undertaken by the Economic Research Institute (ERINI), whereby a number of sectors were successfully identified as being those most likely to be involved in the export of services. This research involved the issuing of survey forms and also a number of specific case studies which gave greater insight into the barriers facing businesses seeking to export services, for example, those in the legal professions faced restrictions on operating outside their jurisdiction.

The research project highlighted a number of difficulties associated with the measurement of activity, one of them being the size of the services industry and the fact that all companies classified as such, have the potential to trade in a service. The size of the service industry is a significant obstacle in terms of trying to efficiently collect data whilst keeping burden on business to a minimum. To further complicate matters, companies classified outside the services industry may also have the ability to trade in a service, for example, a manufacturing company may offer a design element as a service.

For these reasons, it was recommended that service export activity should, be measured comprehensively in those sectors identified by the ERINI research as having the highest potential to trade services internationally.

The following Standard Industrial Classifications (SIC) 2007 were identified as the 'High Export Potential' group:

- Computer & Related Activities (SIC 58.2, 62, 63.1, 95.1)
- Research & Development (SIC 72)
- Market Research (SIC 73.2)
- Business & Management Consultancy (SIC 70.2)
- Architectural & Engineering (SIC 71)
- Technical Testing & Analysis (SIC 74.9)
- Advertising (SIC 73.1)
- Creative Entertainment (SIC 59-60, 90)

The International Trade in Services (ITIS) Survey, an established statutory UK survey, was chosen as the vehicle for collecting the data. The Northern Ireland survey is comprised of a boost to the standard

sample thus ensuring full coverage of all the aforementioned SICs in Northern Ireland. Similar to the UK survey, only companies employing 10 or more persons are selected to contribute to the study. Returns to the ITIS survey were subject to a range of validation processes which included congruency checks between similar surveys in the branch.

From 2003 to 2013 the numbers of businesses employing 10 or more persons included in the High Export Potential group have fluctuated between 287 and 374. In 2012, 296 businesses were selected, falling to 287 in 2013. The 2013 results presented are based on an effective response rate of 100%, comprising of an 83.3% actual response rate, boosted with a small number of estimates based on comparable data. This resulted in an individual return or estimate being made for each company in the group.

Manufacturing and Construction Sectors

The Northern Ireland Manufacturing Sales and Exports Survey (MSES) is an annual publication based on all businesses classified within the manufacturing industry (SIC 2007 divisions 10-33) in NI. Data for the survey is collected via the NI Annual Business Inquiry, where manufacturing businesses are asked to confirm their level of exports and to provide a breakdown on the proportion of exports attributable to goods and services.

Since 2005 the ITIS sample has been boosted to incorporate additional companies in the construction sector. Previous analysis of the NIABI and the MSES provided evidence that construction companies had a high propensity to export their services. The sample boost along with comparable information from other surveys meant that construction companies employing 100 or more persons were fully enumerated in the sample with a proportion of companies in the smaller size bands (10-19, 20-49 and 50-99) covered.

Estimates were made for all construction companies employing ten or more persons which failed to respond or which had not been sampled, based on an iterative stratification results procedure. Returns were stratified and exports as a proportion of turnover were calculated according to SIC and size band, these proportions were then applied to those companies which required estimates and multiplied by the registered turnover to derive individual exports estimates. The population used was the Inter Departmental Business Register (IDBR) which holds details of all businesses registered for VAT or operating a PAYE scheme. Information on turnover, SIC and employee size was sourced from the IDBR.

Future developments in measuring Exports

In 2012 The NI Executive's Economic Strategy referred to the need to improve the measurement of Northern Ireland's exports beyond that of the manufacturing sector. In order to develop such a measure, NISRA has introduced a new methodology which has for the first time provided coverage of export activity across most main sectors of the economy. The new experimental [Broad Economy Exports \(BEE\)](#) findings for 2011 and 2012 were published in March 2015 and indicate a much higher level of exporting activity across the Northern Ireland economy than previously indicated.

The new BEE methodology provides an improved measure of the value of both goods and services sold to customers outside Northern Ireland. Although figures are still designated as "experimental" while the methodology is undergoing a period of consultation with users, part of the future development of the BEE is to further analyse and validate information on the broad destination of sales and the goods and services split.

While ENIS is restricted in its coverage to a very specific subset (the High Export Potential (HEP) group plus construction and manufacturing services), the BEE provides comprehensive coverage of the economy and indicates that service export activity is much broader than the present remit of ENIS.

In light of both user desire and the needs of policy makers to provide a more holistic picture of exports across the economy, NISRA ELMS envision that the new Broad Economy Exports measure will replace ENIS as the primary source of information on the value to the Northern Ireland economy of exporting services. The BEE should provide substantially more robust estimates while minimising additional burden on businesses and, for the first time, offer a comprehensive picture of service exports across the economy.

For further information on the BEE, including comparisons with ENIS and other sources of NI export information, please refer to the [BEE methodology paper](#).

Standard Industrial Classification 2007

Users will be aware that the Office for National Statistics in conjunction with various stakeholders has implemented major revisions to the UK Standard Industrial Classification of Economic Activities (SIC). As a result the SIC 2003 categorisation of business activities has been replaced and updated by the new SIC 2007 activity codes. These changes have been rolled out to all individual UK business surveys and are in line with the major revision to the European Union's industrial classification system, NACE.

The UK is required by European legislation to revise the SIC in parallel with NACE so that both systems remain identical down to and including the 4 digit class level. These revisions are motivated by the need to adapt the classifications to changes in the world economy. The revised classifications reflect the growing importance of service activities in the economy over the last twenty years, mainly due to the developments in information and communication technologies (ICT).

More information on the extent of the revisions and correspondence between SIC 2007 and the existing SIC 2003 can be accessed via the following link: <http://www.ons.gov.uk/ons/guide-method/classifications/development-projects/operation-2007/index.html>

Results from 2009 onwards have been produced on a SIC 2007 basis. Caution should therefore be exercised when comparing figures prior to 2009, which are calculated on a SIC 2003 basis.

Revisions

It is normal practice to revise the data from the previous year based on ongoing data validation and clarification of responses from individual businesses. This bulletin contains provisional results for 2012 & 2013 and revised results for 2011. The revisions policy relating to ENIS has been designed to operate in compliance with the [UK Statistics Authority Code of Practice](#) and is available at: http://www.detini.gov.uk/deti_revisions_policy-3.pdf

In relation to the total value of service exports the 2011 figure has been revised upwards by 7.9% (£38.9 million).

Publications Policy

All Economic and Labour Market Statistics (ELMS) branch statistical publications are available to download free of charge from the website: <http://www.detini.gov.uk/index/what-we-do/deti-stats-index.htm>

The ENIS bulletin is available at: http://www.detini.gov.uk/index/what-we-do/deti-stats-index/economic_output_statistics/stats-exporting-ni-services.htm

The tables from the current bulletin and back series from 2003 – 2013 are available in Excel format to download free of charge from the DETI website: http://www.detini.gov.uk/index/what-we-do/deti-stats-index/economic_output_statistics/stats-exporting-ni-services.htm

The Economic & Labour Market Statistics branch (ELMS) publication schedule is available at:
http://www.detini.gov.uk/index/what-we-do/deti-stats-index/stats_and_economic_research_about_us.htm

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