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Business Activity

Statistics Bulletin

Exporting Northern Ireland Services Study 2011

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Northern Ireland Statistics & Research agency

Contents

Northern Ireland Statistics and Research Agency

From 1st April 2011, responsibility for the production of official statistics on the economy and labour market became the responsibility of Department of Finance and Personnel (DFP). Those powers previously exercised by the Department of Enterprise, Trade and Investment (DETI) under the Statistics of Trade and Employment (Northern Ireland) Order 1988 are now exercised by DFP from this date, as a result of The Departments (Transfer of Functions) (No.2) Order (Northern Ireland) 2011. While DFP exercise the powers of the 1988 Order, in practice the operational responsibility for statistics production will reside with the Northern Ireland Statistics and Research Agency (NISRA), an Agency of DFP.

1: 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 Sales and Exports Survey and NI 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 increased importance of the Service sector has resulted in a greater desire for knowledge regarding the sector and in December 2005, DETI released the first set of results from the ENIS study. This information, which referred to 2003, was used as a baseline to monitor the progress of the High Export Potential Sector. The latest report contains 2011 provisional results, revised results for 2010, as well as results for 2009 and 2008, thus providing information on how the High Potential group has performed over the last four years.

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 sector export information for the following sectors (i) Construction (ii) Manufacturing and (iii) a “High Export Potential” 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 section 3.

It should be noted that while the 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. Further work is currently being undertaken to extend the coverage of service exports beyond those currently covered in this report and further information on this is contained in the background notes.

ONS has responsibility for the production of the recently published UK national estimates for 2011. The latest UK national estimates for 2011 can be found at http://www.ons.gov.uk/ons/dcp171778_301979.pdf

Guidance and methodology for the UK national ITIS can be found at http://www.ons.gov.uk/ons/guide-method/surveys/respondents/business/a-z-of-business-surveys/annual-survey-of-international-trade-in-services/index.html

The latest Department of Enterprise, Trade and Investment (DETI) Economic Commentary (January 2013) 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/january_2013_economic_commentary.pdf

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

http://www.detini.gov.uk/deti-stats-index/deti-stats-index-2.htm
http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm
http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-annual-business-inquiry.htm

2: Main Messages

Total known value of service exports

The total value of service exports in the sectors covered to date by the survey was estimated to be £495.4 million in 2011, an increase of 11.9% compared to the revised 2010 estimate of £443.3 million.

Manufacturing Service Exports

The improvement was driven mainly by an increase in service exports from the Manufacturing sector, which increased by 28.8% (£14.5 million), from £50.2 million in 2010 to £64.7 million in 2011.

Construction Services

The export of services in the Construction industry rose by 20.2% (£30.9 million), from a revised estimate of £152.9 million in 2010 to £183.8 million in 2011.

The number of Construction companies employing 10 or more employees varies from year to year; 985 in 2008, 1,000 in 2009, 709 in 2010 and 666 in 2011. This can fluctuate due to a number of factors, namely closure of a company, change of industrial activity (SIC) or a company's employees shifting above or below the 10 employee threshold.

Export of Services by the High Export Potential Group

Results from the Exporting Northern Ireland Services (ENIS) study estimate that:

- In 2011, the High Export Potential Group exported services valued at £247.0 million; this represents an annual increase of £6.8 million or 2.8%.

- The growth rate from 2007 to 2011 of 36.4% (£65.9 million) shows that there has been a noticeable rise in the trade of services in the high export potential group; however growth from 2010 to 2011 (2.8%) was less than that during 2009 to 2010 (6.5%).

- The largest annual percentage increase was in the Advertising sector (21.4%, or £1.2 million).

- The Computer & Related Activities Industry contributed the largest share of exports, accounting for 70.2% (£173.4 million) of the total services exported by the high potential group in 2011. This sector also reported the largest absolute increase in exports, increasing by £17.6 million (11.3%) from £155.8 million to £173.4 million.

Exports as a Proportion of Sales

In 2011, exports within the high export potential category accounted for approximately 21.4% of total sales.

- Some sectors were noticeably more export-active. For example, the Research and Development sector and Computer & Related activities sector each generated approximately a third of their sales in 2011 from exports (37.1% and 31.2% respectively).

- The Business & Management sector more than doubled its percentage of exports to total sales from 6.4% in 2010 to 15.7% in 2011. Exports within the Creative Entertainment sector reported the largest percentage decrease in exports as a proportion of total sales by sector, decreasing from 8.7% in 2010 to 3.4% in 2011.

Destination of Exports

- Over the year the value of exports to Republic of Ireland (ROI) and Rest of Europe (REU) have increased (8.5% and 6.4% respectively) while exports to Rest of the World (ROW) report a percentage decrease of 0.3%.

- The Rest of World (ROW), which is composed of all export countries outside the European Union, accounted for the majority of exports in the high export potential group with almost three fifths (52.7% in 2008, 59.8% in 2009, 63.2% in 2010 and 61.3% in 2011) of export sales destined for such countries.

Invest NI Client Exports within the High Export Potential Group

- Invest NI client companies account for 80.5% (or £198.9 million) of total exports made by companies within the high export potential group.

- The value of export services amongst Invest NI clients rose by 0.2% over the year, from £198.5 million in 2010 to £198.9 million in 2011.

3: High Export Potential Group, 2007-2011

The High Export Potential Group is composed of a number of industries, identified as having a high potential to trade in services internationally. This group is made up of those businesses which employ 10 or more persons and fall within the following Standard Industrial Classification (SIC) 2007 codes:

- Computer & Related Activities (SIC 58.2, 62, 63.1 and 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).

In 2011, DFP Economic and Labour Market Statistics Branch was successful in obtaining a response rate to the International Trade in Services (ITIS) survey of 81.8% for companies within the High Export Potential Group. Exports information collected via other comparable surveys within the Branch, such as the Sales and Export Survey and the NI Annual Business Inquiry (NIABI) was also used to supplement returns. Individual estimates were made for a small number of companies based on comparable data, resulting in an individual return or estimate being made for each company in the group.

Provisional results from the 2011 survey were produced on a sic 2007 basis comparable with 2009 and 2010 results. Caution should be exercised when making comparisons with results prior to 2009 which are calculated on a sic 2003 basis. Provisional results show that:

- In 2011, the High Export Potential Group exported services valued at £247.0 million; this represents an annual increase of £6.8 million or 2.8%.

- The growth rate from 2007 to 2011 of 36.4% (£65.9 million) shows that there has been a noticeable rise in the trade of services in the high export potential group.

- The largest annual percentage increase was in the Advertising sector (21.4%, or £1.2 million).

- The Computer & Related Activities Industry contributed the largest share of exports, accounting for 70.2% (£173.4 million) of the total services exported by the high potential group in 2011. This sector also reported the largest absolute increase in exports, increasing by £17.6 million (11.3%) from £155.8 million to £173.4 million.

- The Architectural & Engineering Activities & Technical Testing & Analysis sector reported the greatest absolute drop in financial activity (by £6.1 million or 20.9%). Creative Entertainment reported the largest proportional decrease in sales (54.8%, or £4.9 million) during 2010 to 2011.

Change over time

Within the non-disclosive high export group, the Computer & Related Activities sector reported the largest increase in absolute terms over the year (£17.6 million) with service exports of £173.4 million compared with service exports of £155.8 million in 2010. The

Research and Development sector showed the next largest absolute increase in service exports (£3.1 million).

In 2011 within the non-disclosive sectors the Architectural & Engineering Activities & Technical Testing & Analysis sector and the Creative Entertainment sector reported the largest absolute annual decreases in exporting services (£6.1 million and £4.9 million respectively).

It is worth noting that some of these sectors report relatively small quantities of exports of services. Therefore if one business reports a dramatic change in its exporting trade it can have a major effect on the annual percentage change for these sectors.

Table 1, below, shows how the level of sales made to countries outside the United Kingdom (exports) has changed during the period 2007 to 2011.

Table 1: Value of Exports made by High Export Potential companies in 2007 to 2011 (£million)

Sector	2007 £m	2008 £m	2009 £m	2010 £m	2011(p) £m	% change 2007 11	% change over year
Computer & Related Activities	£102.4	£144.8	£131.2	£155.8	£173.4	69.3%	11.3%
Architectural & Engineering Activities & Technical Testing & Analysis	£34.0	£32.1	£41.5	£29.3	£23.2	-31.9%	-20.9%
Research & Development	£16.2	£15.4	£17.4	£23.5	£26.6	64.0%	13.1%
Business & Management Consultancy Services	£14.6	£22.5	£27.4	£16.0	£12.0	-17.6%	-24.8%
Advertising	£5.7	£3.2	£3.9	£5.6	£6.8	19.2%	21.4%
Market Research	£1.1	£1.9	*	£1.2	£1.0	-12.2%	-19.5%
Creative Entertainment	£7.1	£4.9	*	£8.9	£4.0	-43.4%	-54.8%
Total	£181.1	£224.8	£225.5	£240.2	£247.0	36.4%	2.8%

*- Figures suppressed to avoid disclosure Figures may not add due to rounding
Results from 2009 onwards are calculated on a SIC 2007 basis, while earlier years are on SIC 2003 – caution should be exercised when drawing comparisons

As in previous years, the Computer & Related Activities sector remained the dominant sector by exports within the High Export Potential group. Since 2007, this sector has accounted for at least 56.5% of exports, increasing to a period-high of 70.2% in 2011.

- **Computer and Related Activities contributed by far the highest level of exports, accounting for 70.2% (£173.4 million) of the total services exported by the high potential group.**

The Architectural & Engineering Activities & Technical Testing & Analysis sector, the Business & Management Consultancy Services sector, the Market Research sector and the Creative Entertainment Services sector each reported absolute decreases in exports during 2010 to 2011 and their decreased contribution to exports is reflected in Table 2 overleaf. Conversely, the Research & Development sector now accounts for 10.8% of exports, compared to 9.8% in 2010.

Table 2 below shows the proportion that each sector in the High Potential group contributes to overall exports.

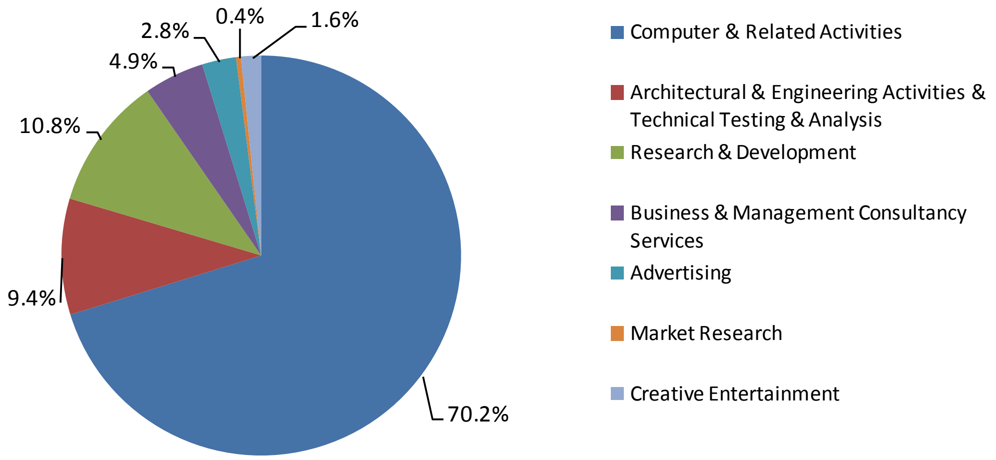
Table 2: Proportion of Exports made by Sectors in the High Export Potential group, 2007 to 2011

Sector	2007	2008	2009	2010	2011
Computer & Related Activities	56.5%	64.4%	58.2%	64.9%	70.2%
Architectural & Engineering Activities & Technical Testing & Analysis	18.8%	14.3%	18.4%	12.2%	9.4%
Research & Development	8.9%	6.9%	7.7%	9.8%	10.8%
Business & Management Consultancy Services	8.1%	10.0%	12.1%	6.7%	4.9%
Advertising	3.2%	1.4%	1.7%	2.3%	2.8%
Market Research	0.6%	0.9%	*	0.5%	0.4%
Creative Entertainment	3.9%	2.2%	*	3.7%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*- Figures suppressed to avoid disclosure   Figures may not add due to rounding

Figure 1, below, illustrates the proportion of service exports accounted for by each high export sector in 2011. From the chart it is evident that the Computer Industry sector accounts for the majority (70.2%) of service exports. Advertising, Market Research and Creative Entertainment account for only 4.8% of service exports.

Figure 1: Proportion service exports accounted for by each high export sector, 2011



High Export Potential Group as a Proportion of Total Sales

Provisional results from the 2011 Northern Ireland Annual Business Inquiry (NIABI) estimate the level of turnover within the high export group to be approximately £1,152.8 million.

Although NIABI results are not totally comparable with ITIS results, due to different sampling and results processes, they do provide a proxy into which exports can be divided. In 2011, exports within the high export potential category accounted for 21.4% of total sales; this proportion is relatively small when compared to the Manufacturing sector. The 2011/12 Manufacturing Sales and Exports Survey estimates exports made by manufacturing businesses to account for approximately 31.5% of all sales.

- **Exports account for approximately 21.4% of total sales in the high export potential group, an increase on the previous year when the share was 21.2%**

Table 3 provides information on the levels of sales and exports for each of the high export potential categories. It is evident that some sectors are more export intensive than others. For example the Research & Development sector and Computer & Related activities each generate around one third of their sales from exports (37.1% and 31.2% respectively).

The Business & Management sector more than doubled its percentage of exports to total sales from 6.4% in 2010 to 15.7% in 2011. Exports within the Creative Entertainment sector reported the largest percentage decrease in exports as a proportion of total sales by sector, decreasing from 8.7% in 2010 to 3.4% in 2011.

Table 3: High Export Potential Group as a proportion of Sales 2010 and 2011

	2010 (r)			2011 (p)		
Sector	Exports £m	Sales £m	%	Exports £m	Sales £m	%
Computer & Related Activities	£155.8	£457.0	34.1%	£173.4	£554.9	31.2%
Architectural & Engineering Activities & Technical Testing & Analysis	£29.3	£223.3	13.1%	£23.2	£276.5	8.4%
Research & Development	£23.5	£68.6	34.3%	£26.6	£71.6	37.1%
Business & Management Consultancy Services	£16.0	£248.7	6.4%	£12.0	£76.7	15.7%
Advertising	£5.6	*	*	£6.8	*	*
Market Research	£1.2	*	*	£1.0	*	*
Creative Entertainment	£8.9	£101.5	8.7%	£4.0	£119.2	3.4%
Total	£240.2	£1,132.7	21.2%	£247.0	£1,152.8	21.4%

Note 2011 figures are provisional * - Figures suppressed to avoid disclosure

Figures may not add due to rounding
Results from 2009 onwards are calculated on a SIC 2007 basis, while earlier years are on SIC 2003 – caution should be exercised when drawing comparisons

Destination of Exports made by High Export Potential companies

Table 4 provides information on the value of service exports made by the High Export Potential group broken down by broad destination to the Republic of Ireland (ROI), the Rest of European Union[1] (REU) and to the Rest of the World[2] (ROW).

Over the year the value of exports to ROI has increased by 8.5% to £75.7 million in 2011. This represents 30.7% of all High Export Potential exports in 2011. The proportion of exports going to ROI had decreased between 2007 and 2009, dropping from 36.4% to 28.0%. Almost two thirds (66.5%) of High Export Potential group exports to ROI in 2011 were within the Computer & Related Activities sector.

Total services exported to the REU increased by 6.4% over the year from £18.6 million in 2010 to £19.8 million in 2011. The Business and Management Consulting Services sector accounted for much of this increase, with exports increasing from £0.9 million in 2010 to £2.3 million in 2011.

Conversely, total services exported to the ROW decreased by 0.3% over the year from £151.9 million in 2010 to £151.4 million in 2011. The Computer & Related Activities sector exports decreased from £123.2 million in 2010 to £112.7 million in 2011, yet accounted for the largest share of sales to this destination (74.4%).

The ROW, which is composed of all export countries outside the European Union, accounted for the majority of exports in the high export potential group with almost three fifths (52.7% in 2008, 59.8% in 2009, 63.2% in 2010 and 61.3% in 2011) of export sales destined for such countries.

[1] The Rest of EU is composed of the following countries: Germany; France; Belgium; Luxembourg; Netherlands; Italy; Denmark; Portugal; Spain; Greece; Austria; Sweden; Finland and since May 2004, the following accession countries; Cyprus; Czech Republic; Estonia; Hungary; Latvia; Lithuania; Malta; Poland; Slovakia, Slovenia and since January 2007 Romania and Bulgaria joined the EU.
[2] The Rest of World refers to all destinations outside the European Union

Table 4: Destination of Exports (£m) made by High Potential companies 2008 - 2011 by sector

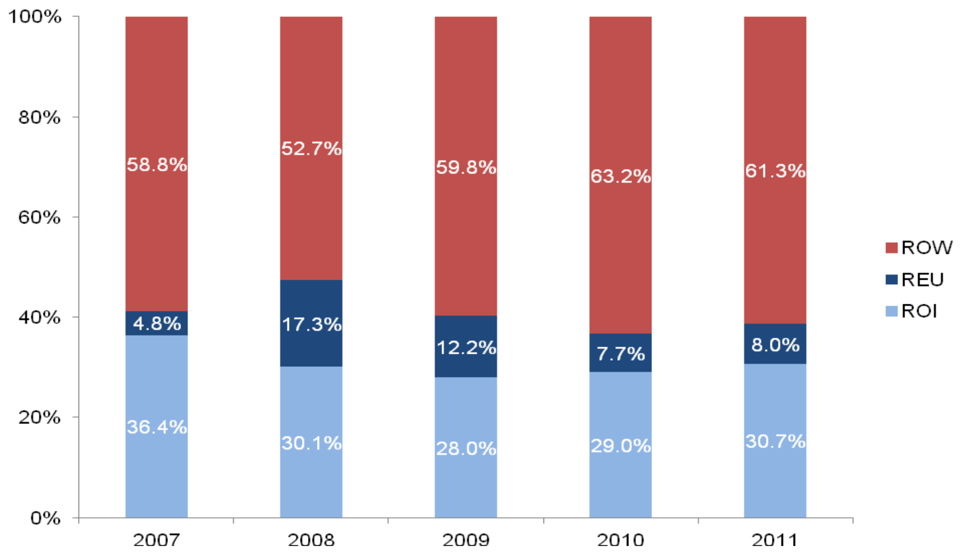
Sector	2008 £'m			2009 £'m			2010 £'m			2011 £'m		
	ROI	REU	ROW	ROI	REU	ROW	ROI	REU	ROW	ROI	REU	ROW
Computer & Related Activities	£26.1	£31.7	£87.2	£18.2	£23.2	£89.8	£21.5	£11.0	£123.2	£50.4	£10.3	£112.7
Architectural & Engineering Activities & Technical Testing & Analysis	£27.8	£0.2	£4.1	£32.4	£0.5	£8.6	£23.3	£2.2	£3.8	£14.0	£1.7	£7.4
Research & Development	£0.5	£5.5	£9.4	£0.9	£2.9	£13.6	*	*	£14.0	£2.1	£4.5	£19.9
Business & Management Consultancy Services	£5.4	£1.2	£15.8	£4.1	£0.9	£22.3	£5.0	£0.9	£10.1	£1.7	£2.3	£8.0
Advertising	£3.1	*	*	£3.9	£0.0	£0.0	£5.1	*	*	£3.4	*	*
Market Research	*	*	*	*	*	*	*	*	*	£0.7	*	*
Creative Entertainment	*	*	*	*	*	*	£8.5	*	*	£3.3	*	*
Total	£67.6	£38.8	£118.4	£63.2	£27.5	£134.8	£69.8	£18.6	£151.9	£75.7	£19.8	£151.4

* - Figures suppressed to avoid disclosure Figures may not add due to rounding
Results from 2009 onwards are calculated on a SIC 2007 basis, while earlier years are on SIC 2003 – caution should be exercised when drawing comparisons

In 2011, over four fifths (85.1%) of High Export Potential group exports to ROI were within the Computer & Related Activities sector (66.5%) and the Architectural & Engineering and Technical Testing & Analysis sector (18.5%).

Figure 2 below shows the proportion of exports made by made by the High Export Potential Group to the broad destinations over the period 2007 to 2011.

Figure 2: Proportion of Exports made by High Export Potential Group to Broad Destinations



Since 2007, ROW has generally increased its dominance as the destination for High Export Potential group sales, rising to 63.2% of the value of sales in 2010 and 61.3% in 2011. ROI was the destination of 30.7% of sales in 2011, which was marginally higher than in 2010 (29.0%). REU experienced a proportional increase in the value of sales by broad destination, rising from 7.7% in 2010 to 8.0% in 2011.

Exports by Sector and Broad Destination

Figure 3 below shows the proportion of exports made by each high export potential sector to the broad destinations in 2011.

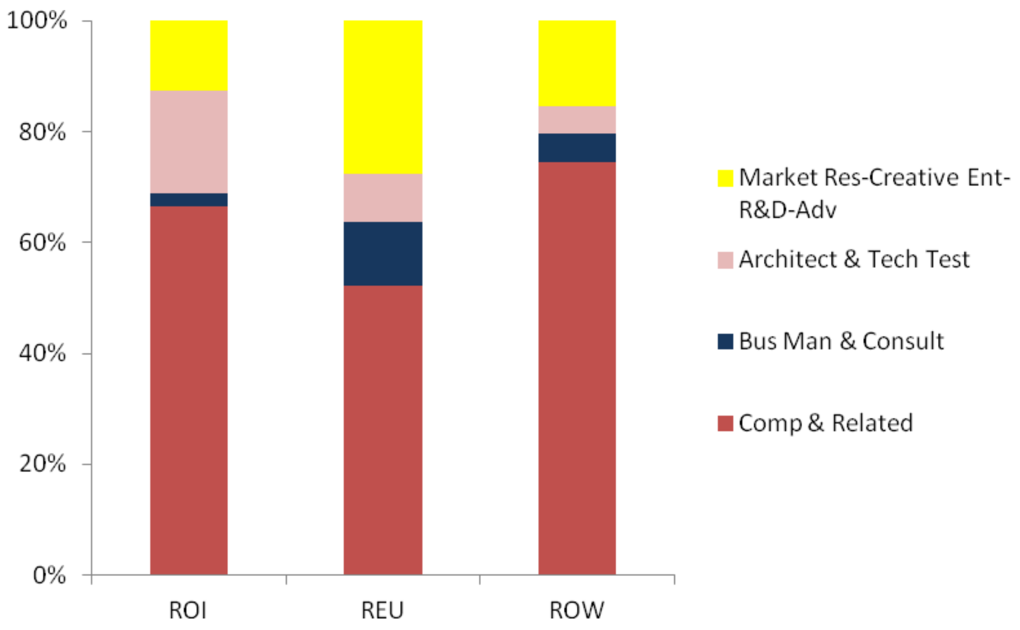
ROI

In 2011, almost two thirds (66.5%) of High Export Potential group exports to ROI were within the Computer & Related Activities sector. Almost one fifth were within the Architectural & Engineering and Technical Testing and Analysis sector (18.5%).

REU & ROW

Figure 3 below shows that the Computer & Related activities sector was again the greatest exporter to both ROW and REU in 2011, representing 74.4% of exports to ROW and 52.1% to REU (£112.7 million and £10.3 million respectively).

Figure 3: Proportion of exports by destination and sector



Invest NI Client Company Exports within the High Export Potential Group

One of Invest NI's key functions is to provide a range of advice, assistance and support to help both first-time and seasoned exporters to enhance their skills and expertise to compete in world markets. Not surprisingly, Invest NI clients account for a high proportion of both the companies which export services and the value of such exports.

- Invest NI client companies account for 80.5% (or £198.9 million) of total exports made by companies within the High Export Potential group.

- The value of export services amongst Invest NI clients has risen by 0.2% over the year, from £198.5 million in 2010 to £198.9 million in 2011.

- The increase in Invest NI supported companies over the year is notably less than the comparable increase in exporting services reported for 2010 (6.5%). The reported increase of 0.2% for 2010-11 for Invest NI companies is also less than that reported for the high export potential sectors as a whole in 2011 (2.8%).

- Invest NI clients were key contributors to the overall value and individual sector levels of exports in 2011. In particular, client companies accounted for 87.1% of exports made by companies classified within the Computer & Related Activities industry and 91.1% of exports within the Research & Development sector.

4: Non High Export Potential Sectors

Manufacturing

The Northern Ireland Manufacturing Sales and Exports Survey (MSES) is an annual survey of all businesses classified within the Manufacturing industry (sic 2007 divisions 10-33) in NI.

Manufacturing businesses were asked via the survey to confirm their level of exports and also to provide information on the proportion of exports which were service exports.

This section provides provisional results for 2011/12 and revised results for 2010/11 as published in December 2012 (NI Manufacturing Sales & Export Survey 2011/11). Returns to the survey have been validated and supplemented by information from both the International Trade in Services and the NI Annual Business Inquiry.

In 2011/12, service exports by manufacturing businesses were estimated to be worth £64.7 million, increasing by 28.8% (£14.5 million) over the year (2010/11 to 2011/12). The value of manufacturing service exports equates to 1.2% of the total value of exports (£5.2 billion) from Northern Ireland manufacturing businesses in 2011/12.

- **In 2011/12, the value of exports of services from Northern Ireland manufacturing businesses was estimated to be worth £64.7 million.**

Table 5 details the level of service exports made by each of the manufacturing subsectors in 2011/12. Results relate to those businesses employing 10 or more persons, to remain consistent with the High Export Group.

Table 5: Export of Services by Manufacturing Subsector, 2011/12

		Total Export of services (p)	
SIC (07) Division	Industrial sector	£ million	%
29-30	Transport equipment	£19.3	29.9%
25	Fabricated metal products	£8.6	13.4%
10 -12	Food beverages and Tobacco	£6.2	9.6%
33	Repair and installation of equipment	£4.6	7.2%
28	Machinery and equipment n.e.c.	£4.3	6.6%
22-23	Rubber, plastics and other non-metallics	£2.4	3.7%
16-18	Wood paper and recorded media	£2.0	3.0%
13	Textiles	£0.0	0.0%
14	Wearing Apparel	£0.0	0.0%
20	Chemicals and chemical products	£0.0	0.0%
15,19,24	Other manufacturing not elsewhere classified	*	*
21	Pharmaceutical	*	*
26	Computer, electronic and other optical	*	*
27	Electrical equipment	*	*
31	Furniture	*	*
32	Other manufacturing	*	*
Total	Total	£64.7	100.0%

(p) = provisional
* - Figures suppressed to avoid disclosure   Figures may not add due to rounding

- The Transport equipment sector reported the highest level of service exports (£19.3 million) within the manufacturing industries, accounting for almost a third of total service exports (29.9%).

- The fabricated metal products sector returned the second highest level of export services (£8.6 million, or 13.4%).

Table 6, below, provides information on the level of service exports within the manufacturing industries as a proportion of total exports. When the level of total exports within each sector is considered, the 'Repair and installation of equipment' sector service exports account for noticeably the largest proportion (25.4%).

Table 6: Export of Services as a Proportion of Total Exports by Manufacturing Subsector, 2011/12

		Total Exports	Service Exports as a % of Total Exports[1]
SIC (07) Division	Industrial sector	£ m	%
29-30	Transport equipment	£796.1	2.4%
25	Fabricated metal products	£143.3	6.0%
10 -12	Food beverages and Tobacco	£1,047.5	0.6%
33	Repair and installation of equipment	£18.2	25.4%
28	Machinery and equipment n.e.c.	£680.9	0.6%
22-23	Rubber, plastics and other non-metallics	£474.7	0.5%
16-18	Wood paper and recorded media	£187.9	1.0%
13	Textiles	£66.9	0.0%
14	Wearing Apparel	£50.7	0.0%
20	Chemicals and chemical products	£238.7	0.0%
15,19,24	Other manufacturing not elsewhere classified	*	*
21	Pharmaceutical	£165.0	*
26	Computer, electronic and other optical	£508.2	*
27	Electrical equipment	*	*
31	Furniture	£35.8	*
32	Other manufacturing	£45.9	*
Manufacturing	Total	£5,238.0	1.2%

[1]Total exports relate to figures published within the Manufacturing Sales and Export Survey 2011/12 published in December 2012 and refer to the level of exports of all businesses classified within Manufacturing

Note: Figures may not add due to rounding

Table 7 shows the annual change in the value of service exports by industrial sector over the year 2010/11 to 2011/12. Manufacturing Service Exports have been estimated to have increased by £14.5 million over the year. The Transport equipment sector reported the largest increase (£7.5 million) followed by the Repair and installation of equipment sector with an increase of £1.5 million).

Table 7: Annual Change in Export of Services by Industrial Sector, 2010/11 – 2011/12

SIC (07) Division	Industrial sector	Total Export of Services (p)		Change £m
		2010/11 (r) £m	2011/12 (p) £m	
10-12	Food beverages and Tobacco	£5.9	£6.2	£0.3
13	Textiles	£0.0	£0.0	£0.0
14	Wearing Apparel	*	£0.0	*
15,19,24	Other manufacturing not elsewhere classified	*	*	*
16-18	Wood paper and recorded media	£1.2	£2.0	£0.8
20	Chemicals and chemical products	£0.0	£0.0	£0.0
21	Pharmaceutical	*	*	*
22-23	Rubber, plastics and other non-metallics	£2.3	£2.4	£0.1
25	Fabricated metal products	£7.6	£8.6	£1.0
26	Computer, electronic and other optical	£1.6	*	*
27	Electrical equipment	*	*	*
28	Machinery and equipment n.e.c.	£4.2	£4.3	£0.1
29-30	Transport equipment	£11.8	£19.3	£7.5
31	Furniture	£0.0	*	*
32	Other manufacturing	*	*	*
33	Repair and installation of equipment	£3.1	£4.6	£1.5
Total	Total	£50.2	£64.7	£14.5

(p) = provisional

* - Figures suppressed to avoid disclosure Figures may not add due to rounding

5: Construction

Since 2005 the ITIS sample has been boosted to incorporate additional companies in the Construction sector. Previous analysis of the NI Annual Business Inquiry and the Sales and Export Survey 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 sizebands (10-19, 20-49 and 50-99) covered. Estimates have been made for all Construction companies employing 10 or more persons, based on an iterative stratification results procedure. Further details on the methodology used for both Manufacturing and Construction can be found in section 6.

- Provisional results for 2011 estimate that Construction companies in Northern Ireland exported services worth £183.8 million.

- 2011 estimates indicate an annual increase of 20.2% from the revised 2010 estimate of £152.9 million.

- The number of Construction companies employing 10 or more employees varied from year to year. 985 in 2008, 1,000 in 2009, 709 in 2010 and 666 in 2011. This can fluctuate due to a number of factors, namely closure of a company, change of industrial activity (SIC) or a company's employees shifting above or below the 10 employee threshold.

Table 8: Value of exports made by the Construction sector, 2008-2011

Sector	2008	2009	2010	2011
Construction	£222.7m	£225.4m	£152.9m	£183.8m

Note large changes in figures can be due to change of industrial activity (SIC) or a company's employees shifting above or below the 10 employee threshold.

Results for 2011 are calculated on a SIC 2007 basis (comparable with 2009 and 2010), while earlier years are on a SIC 2003 basis - caution should be exercised when drawing comparisons.

6. Known Value of Trade in Services

The total value of known service exports in the sectors covered, to date, by the survey was estimated to be £495.4 million in 2011. This was comprised of £247.0 million for the High Export Potential Group, a further £64.7 million from service exports made by the Manufacturing industry and an additional £183.8 million estimated to be the level of service exports made by the Construction industry.

- Provisional results for 2011 estimate that the total value of known (high export potential combined with Manufacturing and Construction) service exports was £495.4 million.

- This figure represents a percentage increase of 11.9% (£52.7 million) in the estimate of service sector export activity compared to the revised 2010 estimate (£443.3 million).

7: Background Notes

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 the reasons already outlined, 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:

- Computer & Related Activities (SIC 58.2, 62, 63.1 and 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. Similar to the UK survey, only companies employing 10 or more persons were selected to contribute to the survey. Returns to the ITIS survey benefitted from a range of validation processes which included congruency checks between similar surveys in the branch.

High Export Potential Group Response Rates

From 2003 to 2009 the numbers of businesses employing 10 or more persons included in the High Export Potential Group have fluctuated between 323 and 374. In 2010, 323 businesses were selected, falling to 307 in 2011. The results presented are based on an effective response rate of 100.0%, comprising of an 81.8% 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.

Methodology used to produce estimates of service activity in the Manufacturing and Construction Sectors

All Manufacturing businesses were asked via the Sales and Exports survey whether their business provided services to businesses based outside the UK (exports) and, if so, what proportion of total exports services accounted for. Businesses are now asked to specify the breakdown in the value of exports to clearly identify the value of exports of goods as distinct to the value of exports of services. This has led to better quality responses in the returns received. Information on the Construction sector was collected via a boosted sample to the International Trade in Services (ITIS) Survey. Information for both sectors was then validated and supplemented using a range of information from comparable surveys.

Estimates were made, for those companies which failed to respond or which had not been sampled, using an iterative stratification process based on the employment size band and Standard Industrial Classification (SIC) code. Returns were stratified and exports as a proportion of turnover were calculated according to SIC and size, 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. The information on turnover, SIC and employee size were taken from the IDBR.

Further information on the methodology can be obtained using the contact details in Section 7.

Future developments in measuring Exports

While ENIS comprehensively measures the level of service export activity in the High Export Potential Sector, the Manufacturing Sector and the Construction Sector, various initiatives are underway to develop export statistics for Northern Ireland. For the survey reference period 2011, the NI Annual Business Inquiry and the NI Manufacturing Sales and Exports Survey were merged and one joint questionnaire was issued to just over 9,000 businesses. Among other things this will allow for the development of a comprehensive picture of exports across the economy, as well as more consistency of measures and production of more robust financial estimates. Further information on this change is available at:
http://www.detini.gov.uk/notice_to_users_-_integration_of_the_annual_business_inquiry_and_the_manufacturing_sales_and_exports_survey.pdf

Standard Industrial Classification 2007

Users may 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 will eventually be rolled out to all individual UK business surveys and is 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 fifteen 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 2011 and revised results for 2010. The revisions policy relating to ENIS has been designed to operate in compliance with the UK Statistics Authority Code of Practice http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf and is available at:
http://www.detini.gov.uk/deti_revisions_policy-3.pdf

In relation to the total value of service exports the 2010 figure has been revised upwards by 8.2% (£33.7 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/deti-stats-index.htm

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

The ELMS statistics publication schedule is also available at:
http://www.detini.gov.uk/deti-stats-index.htm

The list of people given pre-release access to this publication is available at:
http://www.detini.gov.uk/publication___pre-release_access_list_240412.pdf

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Back series of data, where available, can be accessed on the DETI website via the following link:
http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-exporting-ni-services.htm

Information regarding the UK ITIS survey is also available via the following link.
http://www.ons.gov.uk/ons/guide-method/surveys/respondents/business/a-z-of-business-surveys/annual-survey-of-international-trade-in-services/index.html

Further information on the Northern Ireland Manufacturing Sales and Exports Survey can be accessed via the following link:
http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm