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Exporting Northern Ireland Services Study 2009

30 March 2011

Northern Ireland Statistics & Research agency

Department of Enterprise, Trade and Investment
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EXPORTING NORTHERN IRELAND SERVICES STUDY (EXPERIMENTAL) 2009

Published 30/03/11

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 of exporting services to the NI economy. The study is based on information collected via the International Trade in Services (ITIS) Survey and supplemented with information from the Sales and Exports Survey and Annual Business Inquiry.

The survey results published in this report are designated experimental in nature, to reflect the fact that survey development is ongoing.

- Provisional results from the 2009 survey show that firms classified within the High Export Potential Group employing 10 or more people exported services valued at £225.5 million, compared to £224.8 million in 2008. The marginal increase during 2008 to 2009 (0.3%) compared to a rate of growth of 24.1% during 2007 to 2008.

- The Computer Industry continues to contribute the highest level of Exports, accounting for 58.2% (£131.2million) of the total services exported by the high export group.

- In 2009, 28.0% of exports made by the high export group are destined for the Republic of Ireland.

- In 2009, Invest NI client companies accounted for 85.0% (or £191.7 million) of total exports made by companies within the high potential group.

- In addition to the high potential group, the value of exports of services from NI Manufacturing businesses in 2009 was estimated to be worth £57.0 million, decreasing from £62.2 million over the year (2008 to 2009).

- The value of services from Construction companies was £225.4 million, representing a marginal increase of £2.8 million over the year (2008 to 2009).

- The total known value of service exports which is composed, for these purposes, of the high export potential group, the Manufacturing and Construction sectors equates to an estimated £507.9 million export of services, which was similar to the figure reported in 2008 (£509.6 million).

Department of Enterprise,
Trade and Investment

Exporting Northern Ireland Services Study 2009

30 March 2011

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INTRODUCTION

The ability of businesses to compete internationally is recognised as vital to stimulating growth within an economy. Manufacturing industries have played a key role in the Northern Ireland economy, with around a third of sales (33.4%) from Northern Ireland manufacturing companies destined for customers outside the United Kingdom (exports). The economy has, however, changed somewhat over the last number of years, with the Manufacturing sector declining and a substantial shift towards the Service sector. This shift is apparent in the changing levels of employment across the two sectors.

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 Exporting Northern Ireland Services (ENIS) study. This information, which referred to 2003, is used as a baseline to monitor the progress of the High Export Potential Sector. This latest report contains 2009 provisional results, and results for 2008, 2007 and 2006, thus providing information on how the High Potential group has performed over the last 4 years.

THE HIGH EXPORT POTENTIAL GROUP

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).

Provisional results from the 2009 survey were produced on a sic 2007 basis for the first time. Caution should therefore be exercised when comparing them with earlier years, which are calculated on a sic 2003 basis.

Information on the level of trade in services is collected primarily through the UK survey, the International Trade in Services (ITIS) Survey. The standard Northern Ireland sample has been boosted to ensure full coverage of all businesses considered to have a high potential to trade. A total of 374 such businesses were selected in 2008 and 353 were selected in 2009.

EXPORT OF SERVICES BY THE HIGH POTENTIAL GROUP

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

- **In 2009, the High Export Potential Group exported services valued at £225.5 million, and 2008 results at £224.8 million, a marginal increase of £0.7 million (0.3%).**

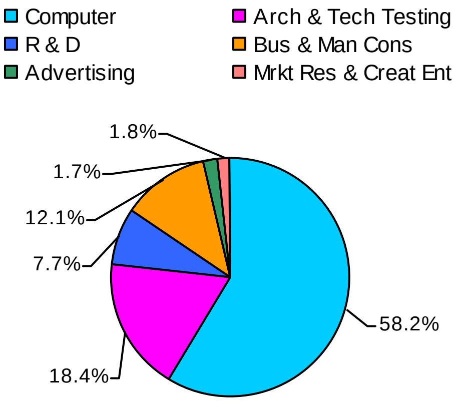
- **The marginal increase during 2008 to 2009 (0.3%) compared to a rate of growth of 24.1% during 2007 to 2008.**

- **The four year growth rate from 2005 to 2009 was 46.6% (£71.7 million), showing there has been an overall considerable rise in the trade of services in the high potential group.**

- **The Architectural & Engineering Activities and Technical Testing & Analysis sector had the largest actual annual increase (from £31.1 million to £41.5 million in 2009) and the largest relative growth (29.6%).**

Figure 1, below, displays the contribution each sector makes to the overall level of exports within the High Export group in 2009.

Figure 1: Proportion of Exports made by Industries within the High Export Potential Group in 2009



EXPORTS AS A PROPORTION OF SALES

In 2009, exports within the high export potential category accounted for approximately 19.1% of total sales. Some sectors are more export intensive than others.

- **Business Management & Consultancy Activities, the Research and Development sector, and the Computer & Related activities sector each generate over one quarter of their sales from exports (31.2%, 27.8%, and 25.5% respectively).**

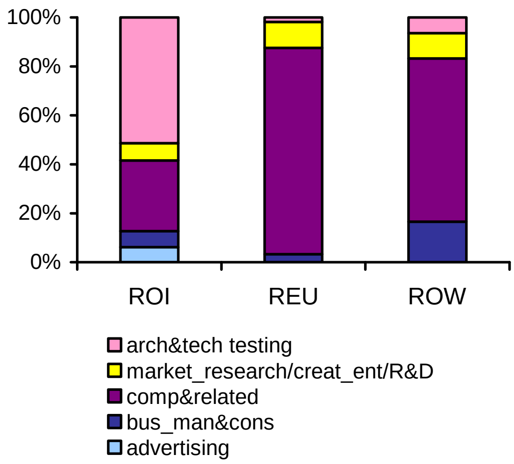
DESTINATION OF EXPORTS

It has been possible to publish data on the destination of exports within the high export potential sector for the years 2005 - 2009.

- **Over the year the value of exports to ROI has decreased by 6.5% to £63.2 million in 2009. The proportion of exports going to the Republic of Ireland (ROI) fell from 37.9% in 2005 to 28.0% in 2009.**

Figure 2 shows the proportion of exports accounted for by each sector, according to destination.

Figure 2: Proportion of exports by destination and sector



INVEST NI CLIENT EXPORTS WITHIN THE HIGH EXPORT POTENTIAL GROUP

- **In 2009, Invest NI client companies accounted for 85.0% of total exports made by companies within the High Potential group.**

- **The increase in Invest NI supported companies over the year (4.1%) is greater than the marginal increase reported for the high export potential sectors as a whole (0.3%).**

EXPORT OF SERVICES WITHIN THE MANUFACTURING & CONSTRUCTION INDUSTRIES

In addition to the High Export potential group, manufacturing businesses were asked via the Sales and Export survey to confirm their level of exports and the proportion of exports that were service exports.

- **In 2009/10, the value of exports of services from Northern Ireland Manufacturing businesses was estimated to be worth £57.0 million, a decrease of 8.3% over the year.**

The construction sector was first reported on in 2005 when the ITIS sample was boosted to incorporate additional companies in this sector.

- **Provisional results for 2009 estimate that Construction companies in Northern Ireland exported services worth £225.4 million. This represented a marginal annual increase of 1.3%.**

- **The total known value of service exports which is composed, for these purposes, of the high export potential group, the Manufacturing and Construction sectors equates to an estimated £507.9 million export of services, which was similar to the figure reported in 2008 (£509.6 million).**

Subject to further analysis, the information in this bulletin will be used to measure progress towards Public Service Agreement 1 (PSA 1) and its related sub-indicators.

Further information regarding PSA 1 can be found via the following link:

http://www.detini.gov.uk/psa1_delivery_agreement_-_pdf_version_for_website.pdf

High Export Potential Group, 2005-2009

2

2009 results are provisional and subject to revision. 2009 results have been produced on a SIC 2007 basis, and caution should be exercised when comparing 2009 results to earlier years.

In 2009, DETI Statistics Branch was successful in obtaining a response rate to the International Trade in Services (ITIS) survey of 85.5% 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.

Returns to the ITIS survey benefited from a range of validation processes which included congruency checks between similar surveys in the branch.

Provisional results from the 2009 survey were produced on a sic 2007 basis for the first time. Caution should therefore be exercised when comparing them with earlier years, which are calculated on a sic 2003 basis. Provisional results show that:

- In 2009, the High Export Potential Group exported services valued at £225.5 million, this represents an annual marginal increase of £0.7 million or 0.3%.

- The marginal increase during 2008 to 2009 (0.3%) compared to a rate of growth of 24.1% during 2007 to 2008.

- The growth rate from 2005 to 2009 of 46.6% (£71.7 million) shows there has been an overall considerable rise in the trade of services in the high export potential group.

- The largest annual percentage increase was in the Architectural & Engineering Activities and Technical Testing & Analysis sector (29.6%, or £9.5 million).

CHANGE OVER TIME

Within the high export group the the Architectural & Engineering Activities and Technical Testing & Analysis sector reported the largest increase in absolute terms over the year (£9.5 million) and in relative terms over the year. This sector reported service exports of £32.1 million in 2008, rising to £41.5 million in 2009, representing an increase of 29.6%. The next largest percentage change was in the Advertising sector which increased by 22.9% over the year, reversing the downward trend reported during 2006 to 2008.

In 2009, Computer & Related Activities was the only non-disclosive sector to report an annual percentage decrease. This sector reported a decrease of 9.3% in their export of services, from £144.8 million in 2008 to £131.2 million in 2009.

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, overleaf, shows how the level of sales made to countries outside the United Kingdom (exports) has changed during the period 2005 to 2009.

Table 1: Value of Exports made by High Export Potential companies in 2005 to 2009 (£ million)

Sector	2005	2006	2007	2008	2009 (provisional)	% change 2005-2009	% change over year
Computer & Related Activities	£91.2m	£97.5m	£102.4m	£144.8m	£131.2m	43.9%	-9.3%
Architectural & Engineering Activities and Technical Testing & Analysis[1]	£29.0m	£29.7m	£34.0m	£32.1m	£41.5m	43.2%	29.6%
Research & Development	£12.9m	£12.7m	£16.2m	£15.4m	£17.4m	34.6%	12.6%
Business & Management Consultancy Activities	£11.3m	£11.2m	£14.6m	£22.5m	£27.4m	142.1%	21.4%
Advertising	£6.0m	£7.9m	£5.7m	£3.2m	£3.9m	-35.0%	22.9%
Market Research	£1.9m	£1.4m	£1.1m	£1.9m	*	*	*
Creative Entertainment	£1.5m	£1.0m	£7.1m	£4.9m	*	*	*
Total	£153.8m	£161.3m	£181.1m	£224.8m	£225.5m	46.6%	0.3%

* - Figures have had to be suppressed to avoid disclosure Figures may not add back to the total due to rounding.
Results for 2009 are calculated on a sic 2007 basis, while earlier years are on sic 2003 – caution should be exercised when drawing comparisons.

Exports made by companies classified within the Computer industry equated to approximately £131.2 million in 2009, this marked an annual decrease of £13.5 million or 9.3%. The computing industry continues to be the dominant sector within High Export Potential Group, accounting for 58.2% of total service exports. This percentage has remained fairly constant from 2005, indicating its exports are increasing at the same rate as the total exports. The value of service exports from this sector is attributed to payments for services such as hardware and software consultancy and also bespoke software supply.

- **The Computer Industry contributed the highest level of exports, accounting for 58.2% (£131.2 million) of the total services exported by the high potential group.**

Companies classified within Architectural & Engineering Activities and Technical Testing & Analysis sectors were ranked second, in terms of contribution to overall exports. These sectors accounted for 18.4% or £41.5 million of total exports in the high export group in 2009, increasing by 29.6% during 2008 to 2009. Examples of exports made by this group include: architectural advice (including design), engineering consultation and design provided to customers based outside the UK.

Over the four year period (2005 to 2009), the proportion of exports made by the Business Management & Consultancy Activities increased from 7.4% to 12.1%. This sector has the highest percentage increase over the four years (142.1%) increasing from £11.3 million to £27.4 million.

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

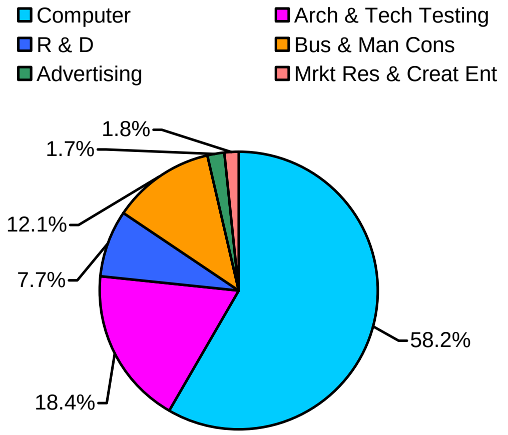
Table 2: Proportion of Exports made by Sectors in the High Export Potential group, 2005 to 2009

Sector	2005	2006	2007	2008	2009
Computer & Related Activities	59.3%	60.4%	56.5%	64.4%	58.2%
Architectural & Engineering Activities and Technical Testing & Analysis[1]	18.9%	18.4%	18.8%	14.3%	18.4%
Research & Development	8.4%	7.8%	8.9%	6.9%	7.7%
Business & Management Consultancy Activities	7.4%	7.0%	8.1%	10.0%	12.1%
Advertising	3.9%	4.9%	3.2%	1.4%	1.7%
Market research	1.2%	0.9%	0.6%	0.9%	*
Creative Entertainment	1.0%	0.6%	3.9%	2.2%	*
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* - Figures have had to be suppressed to avoid disclosure
Figures may not add back to the total due to rounding

Figure 3, below, illustrates the proportion accounted for by each high export sector in 2009. From this chart it is evident that the Computer Industry sector and the Architectural Engineering & Technical Testing sectors combined account for the majority (76.6%) of service exports.

Figure 3: Proportion accounted for by each high export sector, 2009



EXPORTS AS A PROPORTION OF TOTAL SALES

Provisional results from the 2009 Northern Ireland Annual Business Inquiry (NIABI) estimate the level of turnover within the high export group to be approximately £1,181.0 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 2009, exports within the high export potential category accounted for 19.1% of total sales; this proportion is relatively small when compared to the Manufacturing sector. The 2009/10 Manufacturing Sales and Exports Survey estimates exports made by manufacturing businesses to account for approximately 33.4% of all sales.

- **Exports account for approximately 19.1% of total sales in the high export potential group.**

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, Business Management & Consultancy Activities, the Research and Development sector, and the Computer & Related activities sector each generate over one quarter of their sales from exports (31.2%, 27.8%, and 25.5% respectively).

Exports within the Computer & Related Activities sector reported the largest percentage decrease in exports as a proportion of total sales by sector, decreasing from 33.5% in 2008 to 25.5% in 2009. The Architectural & Engineering Activities and Technical Testing & Analysis sector had the largest percentage increase in exports as a proportion of sales, increasing from 7.8% to 15.6% over the year.

Table 3: Exports as a proportion of Sales 2008 and 2009

Sector	2008			2009		
	Exports	Sales	%	Exports	Sales	%
Computer & Related Activities	**£144.8m**	**£431.9m**	**33.5%**	**£131.2m**	**£514.3m**	**25.5%**
Architectural & Engineering Activities and Technical Testing & Analysis[1]	**£32.1m**	**£411.8m**	**7.8%**	**£41.5m**	**£266.9m**	**15.6%**
Research & Development	**£15.4m**	**£58.1m**	**26.5%**	**£17.4m**	**£62.5m**	**27.8%**
Business & Management Consultancy Activities	**£22.5m**	**£85.3m**	**26.4%**	**£27.4m**	**£87.7m**	**31.2%**
Advertising	**£3.2m**	**£76.4m**	**4.2%**	**£3.9m**	**£36.2m**	**10.8%**
Market Research	**£1.9m**	**£5.5m**	**35.1%**	*	**£6.2m**	*
Creative Entertainment	**£4.9m**	**£126.0m**	**3.9%**	*	**£207.1m**	*
Total	**£224.8m**	**£1,195.0m**	**18.8%**	**£225.5m**	**£1,181.0m**	**19.1%**

Note 2009 ABI sales figures are provisional
* - Figures have had to be suppressed to avoid disclosure Figures may not add back due to rounding
Results for 2009 are calculated on a sic 2007 basis, while earlier years are on sic 2003 – caution should be exercised when drawing comparisons.

DESTINATION OF SERVICE EXPORTS

It has been possible to publish data on the destination of exports within the high export potential sector since 2005. Previous data, where available, can now be accessed on the DETI website. Data is presented on a broad destination basis, showing the value of exports 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 decreased by 6.5% to £63.2 million in 2009. The proportion of exports going to the Republic of Ireland (ROI) has been relatively stable during 2005 to 2007 (37.9% in 2005, 35.7% in 2006, and 36.4% in 2007) however there was a slight drop to 30.1% in 2008 and to 28.0% in 2009.

[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, below, shows the value of exports to each broad destination by sector 2006 to 2009.

Computer & Related Activities sector exports to ROI fell from £26.1 million to £18.2 million representing an annual decrease of 30.0%.

Architectural & Engineering Activities and Technical Testing & Analysis sector exports to REU increased from £0.2 million in 2008 to £0.5 million in 2009. All other sectors reported a decrease in service exports during this period.

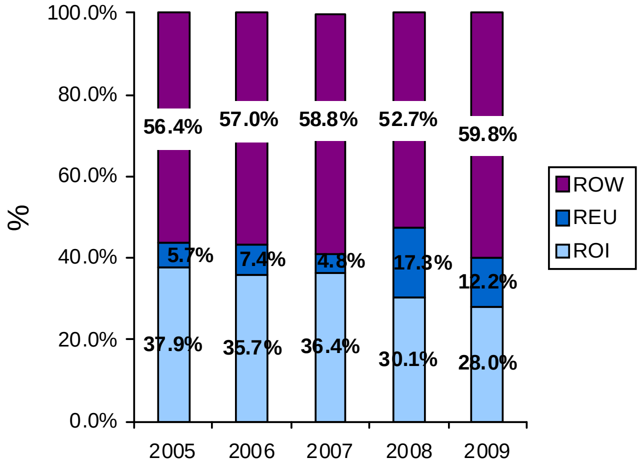
Exports to the Rest of World increased by 13.9% during 2008 to 2009. All sectors reported an increase in exports, with Architectural & Engineering Activities and Technical Testing & Analysis sector exports more than doubling (from £4.1 million in 2008, to £8.6 million in 2009).

Table 4: Destination of Exports made by High Export Potential companies in 2006 - 2009 by Sector

	2006			2007			2008			2009		
Sector	ROI	REU	ROW	ROI	REU	ROW	ROI	REU	ROW	ROI	REU	ROW
Computer & Related Activities	£19.8m	£8.4m	£69.3m	£22.8m	£6.6m	£73.0m	£26.1m	£31.7m	£87.2m	£18.2m	£23.2m	£89.8m
Architectural & Engineering Activities and Technical Testing & Analysis[1]	£24.7m	£1.4m	£3.6m	£31.2m	£0.2m	£2.7m	£27.8m	£0.2m	£4.1m	£32.4m	£0.5m	£8.6m
Research & Development	*	*	£10.7m	*	*	£15.0m	£0.5m	£5.5m	£9.4m	£0.9m	£2.9m	£13.6m
Business & Management Consultancy Activities	£2.7m	£0.6m	£8.0m	£3.5m	£0.6m	£10.5m	£5.4m	£1.2m	£15.8m	£4.1m	£0.9m	£22.3m
Advertising	£7.9m	*	*	£5.7m	£0.0m	£0.0m	£3.1m	*	*	£3.9m	£0.0m	£0.0m
Market Research	*	*	*	*	*	*	*	*	*	*	*	*
Creative Entertainment	£1.0m	*	*	£4.5m	*	*	*	*	*	*	*	*
Total	£57.5m	£11.9m	£91.9m	£62.7m	£8.2m	£101.2m	£67.6m	£38.8m	£118.4m	£63.2m	£27.5m	£134.8m

1 These industries have been combined to help avoid disclosure
* Figures have had to be suppressed to avoid disclosure Figures may not add due to rounding
Results for 2009 are calculated on a sic 2007 basis, while earlier years are on sic 2003 – caution should be exercised when drawing comparisons.

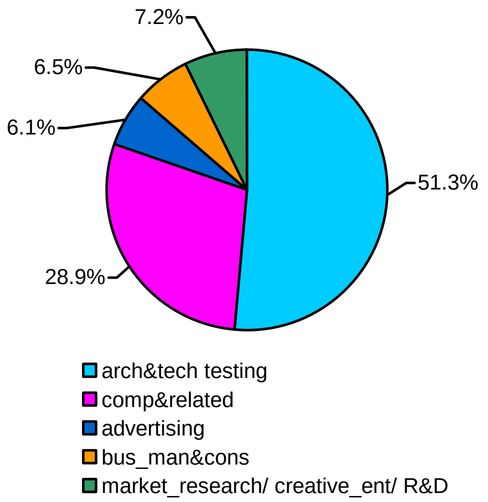
Figure 4: Proportion of Exports made by High Export Potential Group to Broad Destination



The only Broad Destination to report a substantial percentage increase in the proportion of exports since 2005 is Rest of EU, rising from 5.7% in 2005 to 17.3% in 2008, but falling back to 12.2% in 2009. In contrast, Rest of World fell from 56.4% in 2005 to 52.7% in 2008, but increased to 59.8% in 2009. The ROI has generally decreased over the period, from 37.9% in 2005 to 28.0% in 2009.

EXPORTS BY SECTOR & BROAD DESTINATION

Figure 5: Proportion of Exports to ROI by Sector



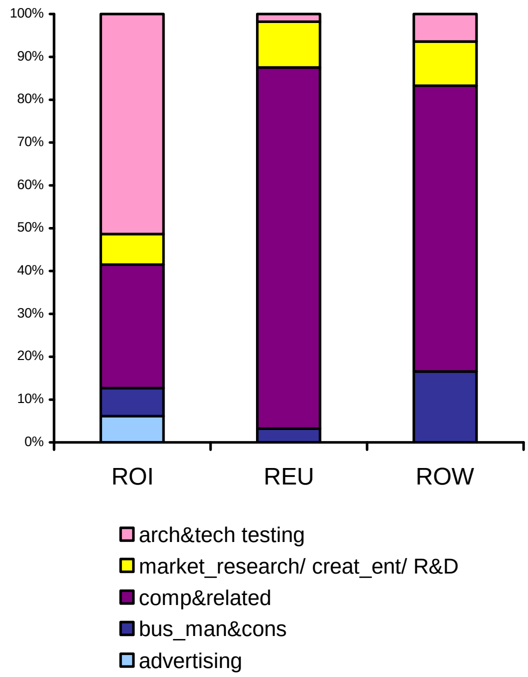
ROI

Figure 5, above, shows the proportion of exports made by each high export potential sector to the Republic of Ireland in 2009. The Architectural & Technical Testing sectors represent the largest exporting group (51.3%). The Computer & Related Activities sector is the second highest exporter to ROI, with a proportion of 28.9%. Between these two sectors, they contribute over four-fifths (80.2%) of exports to ROI.

REU & ROW

Figure 6, below, shows that the Computer & Related activities sector was the greatest exporter to both REU and ROW in 2009, representing 84.3% of all exports to REU and 66.6% of those to ROW. Business & Management Consultancy Activities account for the second largest share of exports to ROW in 2009 (16.6%) when exports increased over the year from £15.8 million in 2008 to £22.3 million in 2009.

Figure 6: 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 85.0% (or £191.7 million) of total exports made by companies within the high export potential group.**

- **The value of export of services amongst Invest NI clients has risen over the year, from £184.1 million in 2008 to £191.7 million in 2009.**

- **The increase in Invest NI supported companies over the year (4.1%) is greater than the marginal increase reported for the high export potential sectors as a whole (0.3%). It was, however, less marked than the increase in Invest NI supported companies recorded over the previous year (28.3% during 2007 to 2008).**

Invest NI clients were key contributors to the overall value and individual sector levels of exports in 2009. In particular, client companies accounted for 98.8% of exports made by companies classified within the Computer and Related Activities industry.

Non High Export Potential Sectors

3

Please note: All figures are provisional and subject to revision to take account of additional information.

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 2009/10 and revised results for 2008/09 as published in December 2010. 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 2009/10, service exports by manufacturing businesses were estimated to be worth £57.0 million, decreasing by 8.3% (£5.2 million) over the year (2008/09 to 2009/10). The value of manufacturing service exports equates to 1.1% of the total value of exports (£5.2 billion) from Northern Ireland manufacturing businesses in 2009/10.

- **In 2009/10, the value of exports of services from Northern Ireland Manufacturing businesses was estimated to be worth £57.0 million.**

Table 5 details the level of service exports made by each of the manufacturing subsectors in 2009/10. 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, 2009/10

		Total Export of Services (p)	
SIC(07) Division	Industrial sector	£million	%
33	Repair and installation of equipment	£11.1	19.4%
10-12	Food, Beverages and tobacco	£7.6	13.4%
31	Furniture	£7.5	13.2%
25	Fabricated metal products	£7.1	12.5%
26	Computer, electronic and optical	£5.8	10.2%
16-18	Wood, paper and recorded media	£5.2	9.1%
28	Machinery and equipment n.e.c.	£4.3	7.6%
22-23	Rubber, plastics and other non-metallics	£1.7	2.9%
29-30	Transport equipment	£1.4	2.5%
32	Other manufacturing	£0.6	1.0%
14	Wearing apparel	£0.0	0.0%
15, 19, 24	Other manufacturing, not elsewhere classified	£0.0	0.0%
20	Chemicals and chemical products	£0.0	0.0%
13	Textiles	*	*
21	Pharmaceutical	*	*
27	Electrical equipment	*	*
	Total	£57.0	100.0%
	*(p) = provisional * = disclosive* *Note: Figures may not add due to rounding*		

- **The 'Repair and installation of equipment' sector reported the highest level of service exports (£11.1 million) within the manufacturing industries, accounting for a fifth of total service exports (19.4%).**

- **The 'Food, Beverages and tobacco' sector returned the second highest level of export of services (£7.6 million), This sector, along with the 'Furniture' sector and the 'Fabricated metal products' sector, each accounting for approximately 13% of service exports.**

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 are considered, the 'Repair and installation of equipment' sector service exports account for noticeably the largest proportion (57.4%) followed by the 'Furniture' sector (13.8%).

Table 6: Export of Services as a Proportion of Total Exports by Manufacturing Subsector, 2009/10

	Total Export of Services	Total Exports[1]	Service Exports as a % of Total Exports[1]
SIC(07) Division	£m	£m	%
33	£11.1	£19.3	57.4%
10-12	£7.6	£1,038.1	0.7%
31	£7.5	£54.4	13.8%
25	£7.1	£147.6	4.8%
26	£5.8	£573.5	1.0%
16-18	£5.2	£239.5	2.2%
28	£4.3	£433.1	1.0%
22-23	£1.7	£467.4	0.4%
29-30	£1.4	£1,059.6	0.1%
32	£0.6	£41.7	1.4%
14	£0.0	£24.0	0.0%
15, 19, 24	£0.0	£3.9	0.0%
20	£0.0	£323.5	0.0%
13	*	£39.1	*
21	*	£133.6	*
27	*	£642.0	*
Manufacturing	£57.0	£5,240.2	1.1%

[1]Total exports relate to figures published within the Manufacturing Sales and Export Survey 2009/10 published in December 2010 and refer to the level of exports of **all** businesses classified within Manufacturing
Note: Figures may not add due to rounding

- **The 'Repair and installation of equipment' sector generates service exports through the provision of services such as maintenance and repair of equipment, some of which was in the service sectors under sic 2003 classification.**

Table 7 shows the annual change in the value of service exports by industrial sector over the year 2008/09 to 2009/10. Manufacturing Service Exports have been estimated to have decreased by £5.2 million over the year. The sectors 'Fabricated metal products', 'Rubber, plastics and other non-metallics' and 'Wood, paper and recorded media' reported decreases of £12.3 million, £4.5 million and £3.7 million respectively, offset by increases in 'Repair and installation of equipment' (£8.3 million), and 'Furniture' (£7.0 million).

Table 7: Annual Change in Export of Services by Industrial Sector, 2008/09 – 2009/10

		Total Export of Services		
SIC(07) Division	Industrial sector	2008/ 09 (r)	2009/ 10 (p)	Change £m
10-12	Food, Beverages and tobacco	£4.1	£7.6	£3.5
13	Textiles	£2.6	*	*
14	Wearing apparel	£0.0	£0.0	£0.0
15, 19, 24	Other manufacturing, not elsewhere classified	*	£0.0	*
16-18	Wood, paper and recorded media	£8.8	£5.2	-£3.7
20	Chemicals and chemical products	£0.0	£0.0	£0.0
21	Pharmaceutical	*	*	*
22-23	Rubber, plastics and other non-metallics	£6.1	£1.7	-£4.5
25	Fabricated metal products	£19.4	£7.1	-£12.3
26	Computer, electronic and optical	£3.1	£5.8	£2.7
27	Electrical equipment	£1.7	*	*
28	Machinery and equipment n.e.c.	£2.4	£4.3	£1.9
29-30	Transport equipment	£0.6	£1.4	£0.9
31	Furniture	£0.5	£7.5	£7.0
32	Other manufacturing	£0.1	£0.6	£0.5
33	Repair and installation of equipment	£2.8	£11.1	£8.3
	Manufacturing Total	£62.2	£57.0	-£5.2

(p) = provisional   ** = disclosive*
Note: Figures may not add due to rounding

While the 'Repair and installation of equipment' sector has experienced the largest increase in share of total manufacturing service exports (increasing from 4.5% to 19.4%) over the year, the 'Fabricated metal products' sector has reported the largest decrease over the year (from 31.2% to 12.5% in 2009/10). It should be noted that some of the variation in results may be due to the transition from sic 2003 to sic 2007. Further information on the SIC re-classification can be found in the background notes, section 4.

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 4.

- **Provisional results for 2009 estimate that Construction companies in Northern Ireland exported services worth £225.4 million.**

- **2009 estimates noted a marginal 1.3% annual increase with results for 2008 being estimated at £222.7 million.**

- **The number of Construction companies with 10 or more employees also varied from year to year, 944 in 2005, 917 in 2006, 954 in 2007, 985 in 2008, and 1,000 in 2009. 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.**

Value of exports made by the Construction sector, 2007 - 2009
Table 8

Sector	2007	2008	2009
Construction	£199.4m	£222.7m	£225.4m

Note vast 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 2009 are calculated on a sic 2007 basis, while earlier years are on sic 2003 – caution should be exercised when drawing comparisons.

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 £507.9 million in 2009. This was comprised of £225.5 million for the High Export Potential Group, a further £57.0 million from service exports made by the Manufacturing industry, and an additional £225.4 million estimated to be the level of service exports made by the Construction industry.

- **Provisional results for 2009 estimate that the total value of known (high export potential combined with Manufacturing and Construction) service exports was £507.9 million.**

- **This was similar to the estimate of service sector export activity in 2008 (£509.6 million).**

Background Information & Methodology

4

BACKGROUND INFORMATION

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.

HIGH EXPORT POTENTIAL GROUP RESPONSE RATES

In 2003, the survey was based on 338 businesses which employed 10 or more persons and fell within the high export potential sectors. In 2004, this number dropped slightly to 336 businesses, in 2005 there were 344, in 2006 there were 334, in 2007 there were 323, in 2008 there were 374, and in 2009 a total of 353 such businesses were selected. The results presented are based on an effective response rate of 100.0%, comprising of an 85.5% 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 DETI 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. In 2009 businesses were 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 sizeband 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 used can be obtained using the contact details in Chapter 5.

FUTURE DEVELOPMENTS IN MEASURING EXPORTS IN SERVICES

The ENIS Study now comprehensively measures the level of service export activity in the High Export Potential Sector, the Manufacturing Sector and the Construction Sector. Various initiatives are in place to monitor other sectors, through surveys such as the NI Annual Business Inquiry and the Manufacturing Sales and Export Survey. If evidence of substantial trade activity is found in other sectors, the ITIS sample will be boosted further.

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.statistics.gov.uk/methods_quality/sic/downloads/SIC2007explanatorynotes.pdf

Provisional results from the 2009 survey were produced on a sic 2007 basis for the first time. Caution should therefore be exercised when comparing them with earlier years, which are calculated on a sic 2003 basis.

PLANNED FUTURE REVISIONS

The MSES revisions policy can be found at:
http://www.detini.gov.uk/deti_revisions_policy-3.pdf

PUBLICATIONS POLICY

All DETI 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 DETI 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-13.pdf

Subject to further analysis, the information in this bulletin will be used to measure progress towards Public Service Agreement 1 (PSA 1) and its related sub-indicators.

Further information regarding PSA 1 can be found via the following link:

http://www.detini.gov.uk/psa1_delivery_agreement_-_pdf_version_for_website.pdf

Contact Information

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If you require further information about this publication, please contact:

Dermott Quigley
Department of Enterprise, Trade and Investment,
Statistics Research Branch,
Room 120,
Netherleigh,
Massey Avenue,
Belfast
BT4 2JP.

Tel: (028) 9052 9563 or (028) 9052 9646
Fax: (028) 9052 9658
Textphone: (028) 9052 9304
Email: dermott.quigley@detini.gov.uk or statistics@detini.gov.uk

Media contact:

Press Office, Netherleigh, Massey Avenue, Belfast BT4 2JP

Tel: (028) 9052 9604
Textphone: (028) 9052 9304
Email: pressoffice@detini.gov.uk

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.statistics.gov.uk/StatBase/Source.asp?vlnk=465&More=Y

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