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Business Activity

Statistics Bulletin

# Exporting Northern Ireland Services Study 2010

25 July 2012

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

### Introduction

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 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, is used as a baseline to monitor the progress of the High Export Potential Sector. This latest report contains 2010 provisional results, and results for 2009, 2008 and 2007, 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).

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

ONS has responsibility for the production of the recently published UK national estimates for 2010. The latest UK national estimates for 2010 can be found at
http://www.ons.gov.uk/ons/dcp171778_261594.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 2012) 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_2012_economic_commentary-2.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

**Revisions**

The background notes in Section 6 of this publication provide detailed information on the methodology used to produce the statistics as well as information on the quality and accuracy of the data. These 2010 figures are occasionally subject to revision to take account of additional information. The revisions policy employed on the 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

# 2: Summary and Commentary

## BACKGROUND

The 2010 Exporting NI Services Study is the seventh set of results from an experimental series designed to measure tradable services which is a key area for future economic development in Northern Ireland. The publication bring 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.

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.

## KEY POINTS

### 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 £409.6 million in 2010, a drop of 17.4% compared to the figure reported in 2009 (£496.0 million).

### Construction Services

The decline was driven mainly by a reduction in the export of services in the Construction industry which fell by 41.8% (£94.3 million), from £225.4 million in 2009 to £131.2 million in 2010.

It should be noted that the value of service exports from the Construction sector can vary year on year due to the number of company employees shifting above or below the 10 employee threshold. The decline in Construction sector exports reflected the drop in the number of construction companies with 10 or more employees (from 1,000 in 2009 to 709 in 2010).

### Manufacturing Services

The export of services from the Manufacturing sector also fell by 15.3% (£6.9 million), from £45.1 million to £38.2 million over the same period.

### Export of Services by the High Export Potential Group

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

- In 2010, the High Export Potential Group exported services valued at £240.2 million; this represents an annual increase of £14.7 million or 6.5%.

- The increase during 2009 to 2010 (6.5%) compounds a marginal rate of growth of 0.3% during 2008 to 2009.

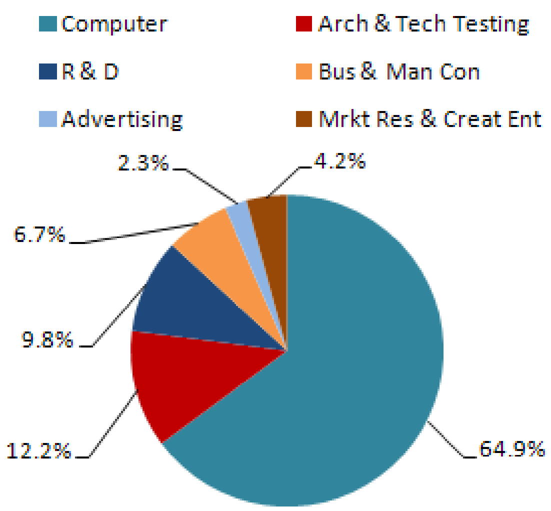
- The growth rate from 2006 to 2010 of 48.9% (£78.9 million) shows that there has been a noticeable rise in the trade of services in the high export potential group.

- The largest annual percentage increase was in the Advertising sector (43.1%, or £1.7 million).

- The Computer & Related Activities Industry contributed the largest share of exports, accounting for 64.9% (£155.8 million) of the total services exported by the high potential group in 2010. This sector also reported the largest absolute increase in exports, increasing by £24.6 million (18.7%) from £131.2 million to £155.8 million.

Figure 1, below, displays the contribution each sector makes to the overall level of exports within the High Export group in 2010.

**Figure 1: Proportion of Exports made by Industries within the High Export Potential Group in 2010**




**Exports as a Proportion of Sales**

In 2010, exports within the high export potential category accounted for approximately 21.2% 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 2010 from exports (34.3% and 34.1% respectively).

- Advertising doubled its percentage of exports to total sales from 10.8% in 2009 to 21.6% in 2010. Exports within the Business & Management Consultancy Services reported the largest percentage decrease in exports as a proportion of total sales by sector, decreasing from 31.2% in 2009 to 6.4% in 2010

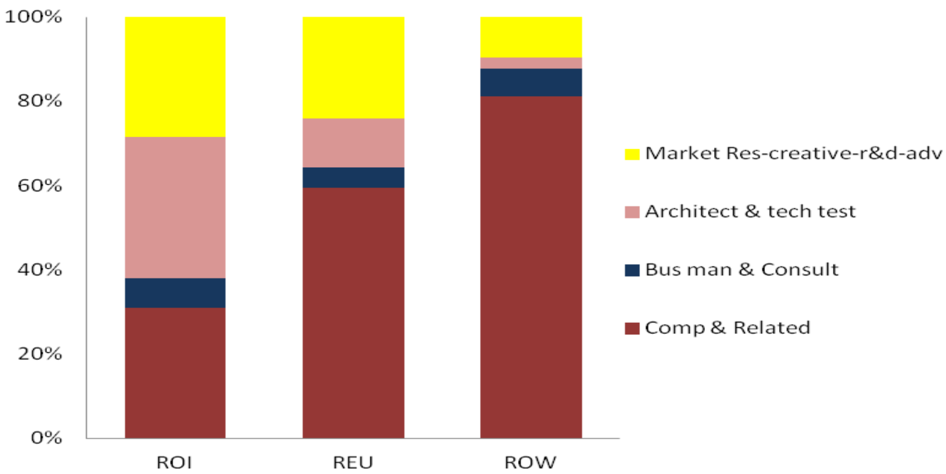
## Destination of Exports

It has been possible to publish data on the destination of exports within the high export potential sector since 2005.

- Over the year the value of exports to ROI and ROW have increased (10.4% and 12.7% respectively) while exports to REU report a percentage decrease of 32.4%.
- The Rest of World, 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 (58.8% in 2007, 52.7% in 2008, 59.8% in 2009 and 63.2% in 2010) of export sales destined for such countries.

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

- Invest NI client companies account for 82.6% (or £198.5 million) of total exports made by companies within the high export potential group.
- The value of export services amongst Invest NI clients rose by 3.5% over the year, from £191.7 million in 2009 to £198.5 million in 2010.

# 3: High Export Potential Group, 2006-2010

In 2010, DETI Statistics Branch was successful in obtaining a response rate to the International Trade in Services (ITIS) survey of 87.5% 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 2010 survey were produced on a sic 2007 basis comparable with 2009 results. Caution should be exercised when comparing results with results prior to 2009 which are calculated on a sic 2003 basis. Provisional results show that:

- In 2010, the High Export Potential Group exported services valued at £240.2 million; this represents an annual increase of £14.7 million or 6.5%.

- The increase during 2009 to 2010 (6.5%) compounds a marginal rate of growth of 0.3% during 2008 to 2009.

- The growth rate from 2006 to 2010 of 48.9% (£78.9 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 (43.1%, or £1.7 million).

- The Computer & Related Activities Industry contributed the largest share of exports, accounting for 64.9% (£155.8 million) of the total services exported by the high potential group in 2010. This sector also reported the largest absolute increase in exports, increasing by £24.6 million (18.7%) from £131.2 million to £155.8 million.

- The Architectural & Engineering Activities & technical Testing & Analysis sector reported the greatest absolute drop in financial activity (by £12.3 million or 29.6%). Business & Management Consultancy reported the largest proportional decrease in sales (41.6%, or £11.4 million) during 2009 to 2010.

**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 (£24.6 million) with service exports of £155.8 million compared with service exports of £131.2 million in 2009. The Research & Development sector showed the next largest absolute increase in service exports (£6.2 million).

In 2010 within the non-disclosive sectors the Architectural & Engineering Activities & Technical Testing & Analysis sector and the Business & Management Consultancy Services sector reported the largest absolute annual decreases in exporting services (£12.3 million and £11.4 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 2006 to 2010.

**Table 1: Value of Exports made by High Export Potential companies in 2006 to 2010 (£million)**

| Sector | 2006 £m | 2007 £m | 2008 £m | 2009 £m | 2010(p) £m | % change 2006-10 | % change over year |
|---|---|---|---|---|---|---|---|
| Computer & Related Activities | £97.5 | £102.4 | £144.8 | £131.2 | £155.8 | 59.9% | 18.7% |
| Architectural & Engineering Activities & Technical Testing & Analysis | £29.7 | £34.0 | £32.1 | £41.5 | £29.3 | -1.4% | -29.6% |
| Research & Development | £12.7 | £16.2 | £15.4 | £17.4 | £23.5 | 85.8% | 35.5% |
| Business & Management Consultancy Services | £11.2 | £14.6 | £22.5 | £27.4 | £16.0 | 42.2% | -41.6% |
| Advertising | £7.9 | £5.7 | £3.2 | £3.9 | £5.6 | -29.2% | 43.1% |
| Market Research | £1.4 | £1.1 | £1.9 | * | £1.2 | -15.2% | * |
| Creative Entertainment | £1.0 | £7.1 | £4.9 | * | £8.9 | 787.9% | * |
| Total | £161.3 | £181.1 | £224.8 | £225.5 | £240.2 | 48.9% | 6.5% |

*- Figures have had to be suppressed to avoid disclosure     Figures may not add due to rounding
Results for 2009 & 2010 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 2006, this sector has accounted for at least 56.5% of exports, increasing to a period-high of 64.9% in 2010.

- **Computer and Related Activities contributed by far the highest level of exports, accounting for 64.9% (£155.8 million) of the total services exported by the high potential group.**

The Architectural & Engineering Activities & Technical Testing & Analysis sector and the Business & Management Consultancy Services sector each reported absolute decreases in exports during 2009 to 2010 and their decreased contribution to exports is reflected in Table 2 overleaf. Conversely, the Research and Development sector now accounts for almost 10% of exports, compared to 7.7% in 2009.

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

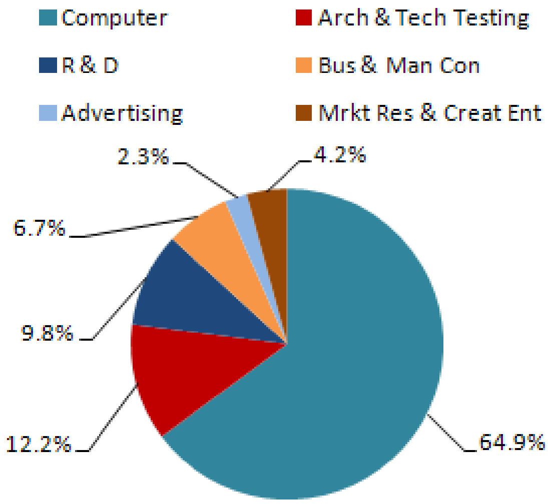
**Table 2: Proportion of Exports made by Sectors in the High Export Potential group, 2006 to 2010**

| Sector | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Computer & Related Activities | 60.4% | 56.5% | 64.4% | 58.2% | 64.9% |
| Architectural & Engineering Activities & Technical Testing & Analysis | 18.4% | 18.8% | 14.3% | 18.4% | 12.2% |
| Research & Development | 7.8% | 8.9% | 6.9% | 7.7% | 9.8% |
| Business & Management Consultancy Services | 7.0% | 8.1% | 10.0% | 12.1% | 6.7% |
| Advertising | 4.9% | 3.2% | 1.4% | 1.7% | 2.3% |
| Market Research | 0.9% | 0.6% | 0.9% | * | 0.5% |
| Creative Entertainment | 0.6% | 3.9% | 2.2% | * | 3.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

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

Figure 3, below, illustrates the proportion accounted for by each high export sector in 2010. From the chart it is evident that the Computer Industry sector and the Architectural Engineering & Technical Testing sectors combined account for the majority (77.0%) of service exports. Advertising, Market Research and Creative Entertainment account for only 6.5% of service exports.

**Figure 3: Proportion service exports accounted for by each high export sector, 2010**




### Exports as a Proportion of Total Sales

Provisional results from the 2010 Northern Ireland Annual Business Inquiry (NIABI) estimate the level of turnover within the high export group to be approximately £1,132.7 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 2010, exports within the high export potential category accounted for 21.2% of total sales; this proportion is relatively small when compared to the Manufacturing sector. The 2010/11 Manufacturing Sales and Exports Survey estimates exports made by manufacturing businesses to account for approximately 31.8% of all sales.

- Exports account for approximately 21.2% 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 the Research & Development sector and Computer & Related activities each generate over one third of their sales from exports (34.3% and 34.1% respectively).

Advertising doubled its percentage of exports to total sales from 10.8% in 2009 to 21.6% in 2010. Exports within the Business & Management Consultancy Services reported the largest percentage decrease in exports as a proportion of total sales by sector, decreasing from 31.2% in 2009 to 6.4% in 2010.

**Table 3: Exports as a proportion of Sales 2009 and 2010**

| Sector | 2009 (r) | | | 2010 (p) | | |
|---|---|---|---|---|---|---|
| | Exports £m | Sales £m | % | Exports £m | Sales £m | % |
| Computer & Related Activities | £131.2 | £518.9 | 25.3% | £155.8 | £457.0 | 34.1% |
| Architectural & Engineering Activities & Technical Testing & Analysis | £41.5 | £266.1 | 15.6% | £29.3 | £223.3 | 13.1% |
| Research & Development | £17.4 | £62.5 | 27.8% | £23.5 | £68.6 | 34.3% |
| Business & Management Consultancy Services | £27.4 | £87.7 | 31.2% | £16.0 | £248.7 | 6.4% |
| Advertising | £3.9 | £36.2 | 10.8% | £5.6 | * | * |
| Market Research | * | * | * | £1.2 | * | * |
| Creative Entertainment | * | £207.3 | * | £8.9 | £101.5 | 8.7% |
| Total | £225.5 | £1,184.9 | 19.0% | £240.2 | £1,132.7 | 21.2% |

Note 2010 figures are provisional * - Figures have had to be suppressed to avoid disclosure
Figures may not add due to rounding
Results for 2009 & 2010 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 increased by 10.4% to £69.8 million in 2010. This represents 29.0% of all High Export Potential exports in 2010. The proportion of exports going to the Republic of Ireland (ROI) had been relatively stable during 2006 and 2007 (36%), however this dropped to 30.1% in 2008 and 28.0% in 2009.

Total services exported to the Rest of EU (REU) decreased by 32.4% over the year from £27.5 million in 2009 to £18.6 million in 2010. The Computer and Related Activities sector accounted for much of this decrease, with exports dropping from £23.2 million in 2009 to £11.0 million in 2010.

[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

Conversely, total services exported to the Rest of World (ROW) increased by 12.7% over the year from £134.8 million in 2009 to £151.9 million in 2010. The Computer & Related Activities sector exports increased from £89.8 million in 2009 to £123.2 million in 2010, and accounted for the largest share of sales to this destination (81.1%).

The Rest of World, 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 (58.8% in 2007, 52.7% in 2008, 59.8% in 2009 and 63.2% in 2010) of export sales destined for such countries.

Table 4, below, shows the value of exports to each broad destination by sector 2007 to 2010.

**Table 4: Destination of Exports (£'m) made by High Potential companies 2007 - 2010 by sector**

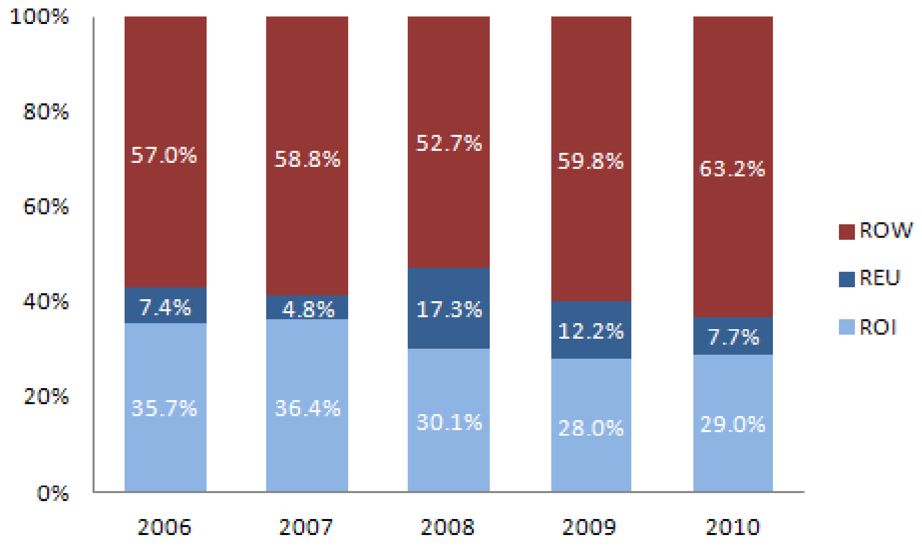
| Sector | 2007 £'m | | | 2008 £'m | | | 2009 £'m | | | 2010 £'m | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ROI | REU | ROW | ROI | REU | ROW | ROI | REU | ROW | ROI | REU | ROW |
| Computer & Related Activities | £22.8 | £6.6 | £73.0 | £26.1 | £31.7 | £87.2 | £18.2 | £23.2 | £89.8 | £21.5 | £11.0 | £123.2 |
| Architectural & Engineering Activities & Technical Testing & Analysis | £31.2 | £0.2 | £2.7 | £27.8 | £0.2 | £4.1 | £32.4 | £0.5 | £8.6 | £23.3 | £2.2 | £3.8 |
| Research & Development | * | * | £15.0 | £0.5 | £5.5 | £9.4 | £0.9 | £2.9 | £13.6 | * | * | £14.0 |
| Business & Management Consultancy Services | £3.5 | £0.6 | £10.5 | £5.4 | £1.2 | £15.8 | £4.1 | £0.9 | £22.3 | £5.0 | £0.9 | £10.1 |
| Advertising | £5.7 | £0.0 | £0.0 | £3.1 | * | * | £3.9 | £0.0 | £0.0 | £5.1 | * | * |
| Market Research | * | * | * | * | * | * | * | * | * | * | * | * |
| Creative Entertain-ment | £4.5 | * | * | * | * | * | * | * | * | £8.5 | * | * |
| Total | £62.7 | £8.2 | £101.2 | £67.6 | £38.8 | £118.4 | £63.2 | £27.5 | £134.8 | £69.8 | £18.6 | £151.9 |

* - Figures have had to be suppressed to avoid disclosure Figures may not add due to rounding
Results for 2009 & 2010 are calculated on a sic 2007 basis, while earlier years are on sic 2003 – caution should be exercised when drawing comparisons

In 2010, almost two thirds (64.4%) of High Export Potential group exports to ROI were within the Architectural & Engineering and Technical Testing & Analysis sector (33.5%) and the Computer & Related Activities sector (30.9%).

Figure 4 below shows the proportion of exports made by made by the High Export Potential Group to broad destination over the period 2006 to 2010.

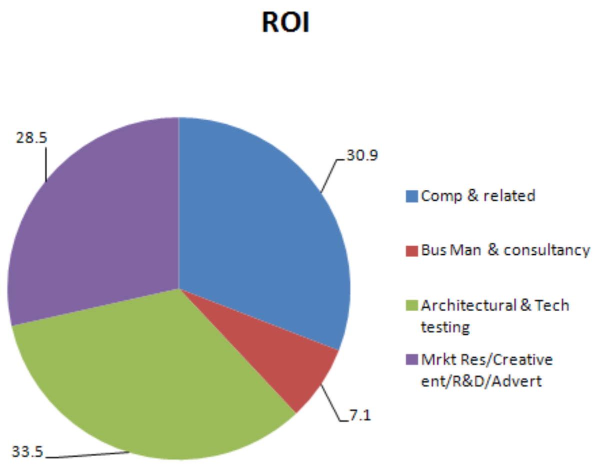
**Figure 4: Proportion of Exports made by High Export Potential Group to Broad Destination**




Since 2006, 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. ROI was the destination of 29.0% of sales in 2010, which was marginally higher than in 2009 (28.0%) However, REU experienced a proportional decrease in the value of sales by broad destination, falling from 12.2% in 2009 to 7.7% in 2010.

**Exports by Sector and Broad Destination**

**Figure 5: Proportion of Exports to ROI by Sector**



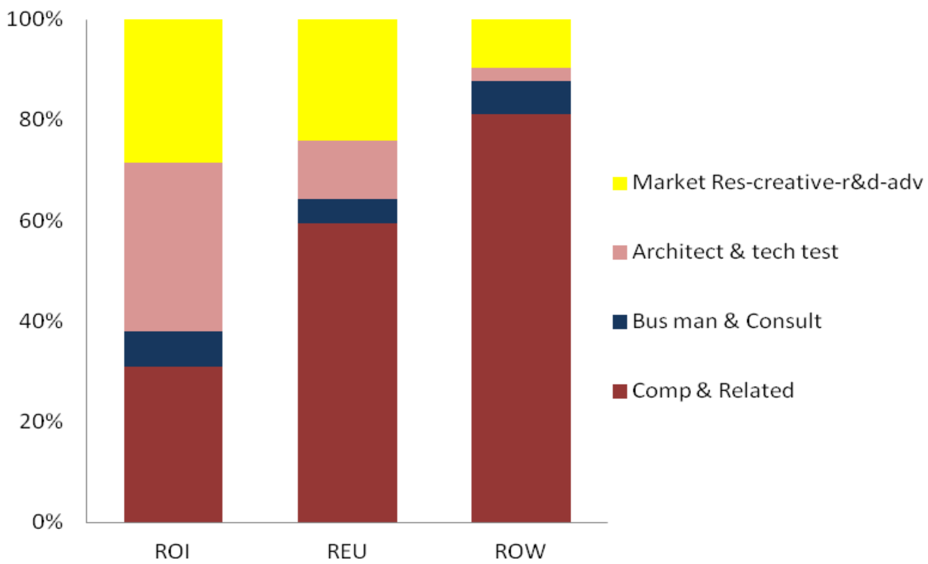

**ROI**

Figure 5 above shows the proportion of exports made by each high export potential sector to the Republic of Ireland in 2010. In 2010, almost two thirds (64.4%) of High Export Potential group exports to ROI were within the Architectural & Engineering and Technical Testing & Analysis sector (33.5%) and the Computer & Related Activities sector (30.9%).

### REU & ROW

Figure 6 below shows that the Computer & Related activities sector was again the greatest exporter to both ROW and REU in 2010, representing 81.1% of exports to ROW and 59.4% to REU (£123.2 million and £11.0 million respectively).

**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 82.6% (or £198.5 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 3.5% over the year, from £191.7 million in 2009 to £198.5 million in 2010.

- The increase in Invest NI supported companies over the year is marginally less than the comparable increase in exporting services reported for 2009 (4.1%). The reported increase of 3.5% for 2009-10 for Invest NI companies is just over half that reported for the high export potential sectors as a whole (6.5%).

Invest NI clients were key contributors to the overall value and individual sector levels of exports in 2010. In particular, client companies accounted for 97.7% of exports made by companies classified within the Computer & Related Activities industry.

# 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 2010/11 and revised results for 2009/10 as published in December 2011 (NI Manufacturing Sales & Export Survey 2010/11). 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 2010/11, service exports by manufacturing businesses were estimated to be worth £38.2 million, decreasing by 15.3% (£6.9 million) over the year (2009/10 to 2010/11). The value of manufacturing service exports equates to 0.8% of the total value of exports (£5.1 billion) from Northern Ireland manufacturing businesses in 2010/11.

- In 2010/11, the value of exports of services from Northern Ireland manufacturing businesses was estimated to be worth £38.2 million.

Table 5 details the level of service exports made by each of the manufacturing subsectors in 2010/11. 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, 2010/11**

| | | Total Export of services (p) | |
|---|---|---|---|
| SIC (07) Division | Industrial sector | £ million | % |
| 25 | Fabricated metal products | £7.6 | 19.9% |
| 10-12 | Food beverages and tobacco | £5.9 | 15.4% |
| 29-30 | Transport equipment | £5.0 | 13.1% |
| 28 | Machinery and equipment n.e.c. | £4.2 | 11.1% |
| 33 | Repair and installation of equipment | £3.1 | 8.1% |
| 22-23 | Rubber, plastics and other non-metallics | £2.3 | 5.9% |
| 26 | Computer, electronic and other optical | £1.6 | 4.1% |
| 16-18 | Wood paper and recorded media | £1.2 | 3.3% |
| 13 | Textiles | £0.0 | £0.0 |
| 20 | Chemicals and chemical products | £0.0 | 0.0% |
| 31 | Furniture | £0.0 | 0.0% |
| 27 | Electrical equipment | * | * |
| 14 | Wearing Apparel | * | * |
| 15,19,24 | Other manufacturing not elsewhere classified | * | * |
| 21 | Pharmaceutical | * | * |
| 32 | Other manufacturing | * | * |
| | Total | £38.2 | 100.0% |

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

- The ‘Fabricated metal products’ sector reported the highest level of service exports (£7.6 million) within the manufacturing industries, accounting for a fifth of total service exports (19.9%).

- ‘Food, beverages and tobacco’ sector returned the second highest level of export services (£5.9 million, or 15.4%).

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 are considered, the 'Fabricated Metal products' sector service exports account for noticeably the largest proportion (7.4%).

**Table 6: Export of Services as a Proportion of Total Exports by Manufacturing Subsector, 2010/11**

| | Total Export of Services | Total Exports | Service Exports as a % of Total Exports[1] |
|---|---|---|---|
| SIC (07) Division | £m | £ m | % |
| 25 | £7.6 | £103.1 | 7.4% |
| 10-12 | £5.9 | £995.4 | 0.6% |
| 29-30 | £5.0 | £1,004.8 | 0.5% |
| 28 | £4.2 | £571.4 | 0.7% |
| 33 | £3.1 | * | * |
| 22-23 | £2.3 | £512.5 | 0.4% |
| 26 | £1.6 | £492.6 | 0.3% |
| 16-18 | £1.2 | £173.1 | 0.7% |
| 13 | £0.0 | £36.6 | 0.0% |
| 20 | £0.0 | £236.6 | 0.0% |
| 31 | £0.0 | £30.6 | 0.0% |
| 27 | * | £640.5 | * |
| 14 | * | £33.3 | * |
| 15,19,24 | * | * | * |
| 21 | * | £126.5 | * |
| 32 | * | £55.9 | * |
| Manufacturing | £38.2 | £5,057.3 | 0.8% |

[1] Total exports relate to figures published within the Manufacturing Sales and Export Survey 2010/11 published in December 2011 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 2009/10 to 2010/11. Manufacturing Service Exports have been estimated to have decreased by £6.9 million over the year. The 'Repair and installation of equipment' sector reported the largest decrease (£8.0 million) whereas 'Transport equipment' reported the largest increase (of £4.5 million).

**Table 7: Annual Change in Export of Services by Industrial Sector, 2009/10 – 2010/11**

| SIC (07) Division | Industrial sector | Total Export of Services (p) | | Change £m |
|---|---|---|---|---|
| | | 2009/10 (r) £m | 2010/11 (p) £m | |
| 10-12 | Food beverages and Tobacco | £7.6 | £5.9 | -1.8 |
| 13 | Textiles | * | £0.0 | * |
| 14 | Wearing Apparel | £0.0 | * | * |
| 15,19,24 | Other manufacturing not elsewhere classified | £0.0 | * | * |
| 16-18 | Wood paper and recorded media | £2.4 | £1.2 | -1.2 |
| 20 | Chemicals and chemical products | £0.0 | £0.0 | 0.0 |
| 21 | Pharmaceutical | * | * | * |
| 22-23 | Rubber, plastics and other non-metallics | * | £2.3 | * |
| 25 | Fabricated metal products | £7.1 | £7.6 | 0.5 |
| 26 | Computer, electronic and other optical | £4.9 | £1.6 | -3.4 |
| 27 | Electrical equipment | £1.2 | * | * |
| 28 | Machinery and equipment n.e.c. | £4.3 | £4.2 | -0.1 |
| 29-30 | Transport equipment | £0.5 | £5.0 | 4.5 |
| 31 | Furniture | £3.3 | £0.0 | -3.3 |
| 32 | Other manufacturing | £0.6 | * | * |
| 33 | Repair and installation of equipment | £11.1 | £3.1 | -8.0 |
| Total | Total | £45.1 | £38.2 | -6.9 |

(p) = provisional
* - Figures have had to be 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 4.

- Provisional results for 2010 estimate that Construction companies in Northern Ireland exported services worth £131.2 million.

- 2010 estimates indicate a substantial annual decrease of 41.8%, with results for 2009 being estimated at £225.4 million.

- The number of Construction companies employing 10 or more employees varied from year to year. 985 in 2008, 1,000 in 2009 and 709 in 2010. 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, 2008-2010**

| Sector | 2008 | 2009 | 2010 |
|---|---|---|---|
| Construction | £222.7m | £225.4m | £131.2m |

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 2010 are calculated on a sic 2007 basis (comparable with 2009), 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 £409.6 million in 2010. This was comprised of £240.2 million for the High Export Potential Group, a further £38.2 million from service exports made by the Manufacturing industry and an additional £131.2 million estimated to be the level of service exports made by the Construction industry.

- Provisional results for 2010 estimate that the total value of known (high export potential combined with Manufacturing and Construction) service exports was £409.6 million.

- This figure represents a percentage fall of 17.4% (£86.4 million) in the estimate of service sector export activity compared to 2009 (£496.0 million).

# 6: 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.

### 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, in 2009 there were 353 and in 2010 a total of 323 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 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 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.ons.gov.uk/ons/guide-method/classifications/development-projects/operation-2007/index.html

- Provisional results from the 2010 survey were produced on a sic 2007 basis, as for the 2009 survey. Caution should therefore be exercised when comparing figures prior to 2009, which are calculated on a sic 2003 basis.

**Planned Future Revisions**

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

**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

## 7: Contact Information

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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