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Business Activity

Statistics Bulletin

Results from the Northern Ireland Manufacturing Sales & Exports Survey 2011/12

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Northern Ireland
**Statistics &
Research
Agency**

Results from the Northern Ireland Manufacturing Sales & Exports Survey 2011/12

18th December 2012

Please note that a correction has been made to this document. This bulletin was first published at 9.30am on Tuesday 18th December but an error was subsequently identified in Table 15 (page 27) whereby incorrect data was entered in the last three columns of the table. This was due to human error. This error has now been corrected and the revised bulletin was reissued at 10.30am on Tuesday 18th December 2012.

NISRA seeks to minimise the need for corrections in its statistical publications. However, where material errors are detected, it undertakes to issue corrections promptly, to alert key stakeholders and to provide an explanation.

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National Statistics

The Manufacturing Sales & Exports Survey is a National Statistic which is currently undergoing assessment by the UK Statistics Authority.

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 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 Manufacturing Sales and Exports Survey (MSES) provides information on the value of sales and exports generated by businesses classified within the manufacturing industry in Northern Ireland. The contents of this report will be of interest to government policy makers, Members of the Legislative Assembly (MLAs), the business community, economic commentators, academics and members of the general public with an interest in the NI economy. Uses and users of the MSES are separately documented at http://www.detini.gov.uk/summary_of_usage_of_the_mses.pdf

The latest Department of Enterprise, Trade and Investment Economic Commentary provides an overview of the state of the Northern Ireland economy, setting it in a global context. This can be found at: <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-4.htm>

The most up-to-date official statistics on the economy and labour market are available on the Economic Overview page of the DETI website at: <http://www.detini.gov.uk/deti-stats-index/deti-stats-index-2.htm>

Further information relating to Northern Ireland exports is available from the Exporting Northern Ireland Services Study (ENIS). The Exporting Northern Ireland Services (ENIS) Study is a survey which 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).

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 full bulletin can be accessed at: <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-exporting-ni-services.htm>

While directly comparable UK data for the MSES do not exist, HM Revenue & Customs (HMRC) are responsible for collecting the UK's international trade in goods data, which are published as two National Statistics series - the 'Overseas Trade Statistics (OTS) of the UK' and the 'UK Regional Trade Statistics (RTS)'. These UK regional statistics can be accessed at: https://www.uktradeinfo.com/index.cfm?task=td_regstats

The Scottish Government also publish export statistics from the Global Connections Survey. These statistics can be accessed at: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Exports/GCSIntroduction>

Revisions

The background notes in Section 8 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. This bulletin contains detailed provisional results for 2011/12. These 2011/12 provisional figures are subject to revision to take account of additional information. In line with this and with the MSES revisions policy, provisional MSES estimates for 2010/11 have been revised throughout this publication. The MSES revisions policy can be accessed at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm>

Details of the size of the revisions made to the 2010/11 data can be found in Annex A of this publication.

2: Summary and Commentary

Northern Ireland Manufacturing Sales and Exports

Results

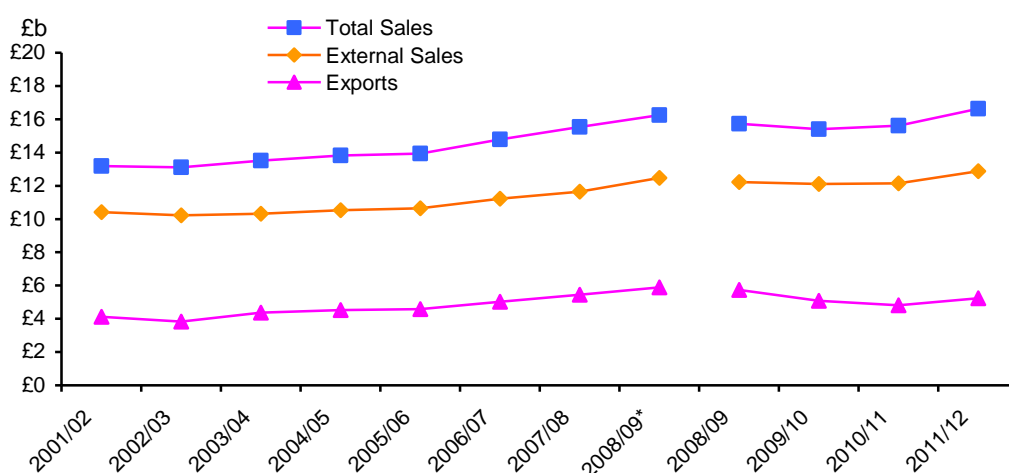
Total sales by manufacturing companies in Northern Ireland (NI) were estimated to be worth £16.6 billion in 2011/12. This represents a current price increase of 6.5% (£1,021 million) over the year. This compared to an increase of 1.3% last year.

In 2011/12, 77.5% of manufacturing sales were made to customers outside NI (external sales). This equated to £12.9 billion, representing an increase of 6.1% (£742 million) over the year. Manufacturing sales made outside NI have returned to levels above the peak of such activity recorded in 2008/09 (£12.5 billion).

Sales outside the UK (exports) were estimated to be worth £5.2 billion in 2011/12. This represented an increase of 8.9% over the year, compared to a decrease in the previous period (2009/10 – 2010/11) of 5.4%. The annual percentage rise in exports is the highest reported since 2005/06-2006/07 (9.7%). The value of exports is now between those reported in 2006/07 and 2007/08.

Figure 1 shows the values of total sales, external sales and exports over the 10 year period (2001/02 to 2011/12).

Figure 1: Sales, External Sales and Exports 2001/02 to 2011/12



*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Sales and Exports Performance in Constant Prices

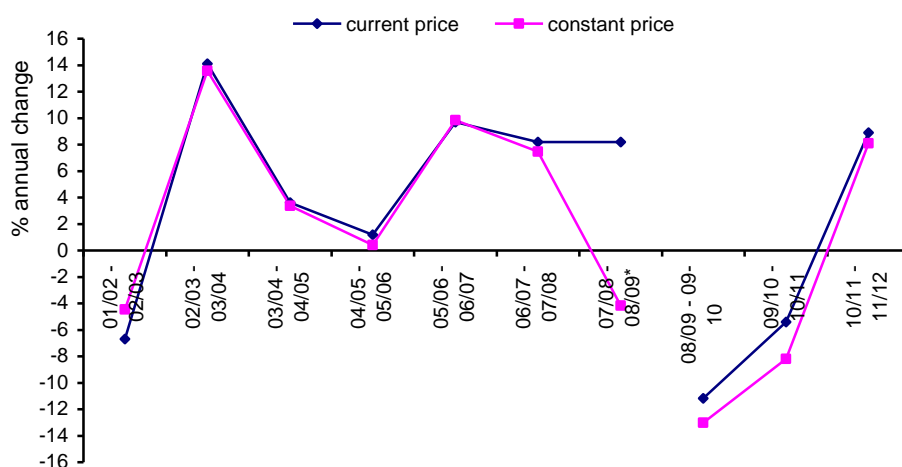
Constant prices allow figures to be presented with the effects of inflation removed, and reflect the effects of other factors such as exchange rate fluctuations. This allows changes to be reported in real terms (by using a

deflator). The transition from SIC 2003 to SIC 2007 has impacted on deflators, and this is discussed in the background note.

When considered in real terms, there has been an increase in total sales of 2.6% (£420 million) and an increase of 2.6% in external sales (£322 million) over the year. Sales within NI increased by 2.7% and those to GB fell by 0.9%. Total exports increased by 8.1%. This increase in exports was largely driven by an increase in sales to Rest of EU, which rose by 14.9% in real terms over the year. The increase in sales to the Republic of Ireland (ROI) and Rest of EU likely reflects the improved sterling to euro exchange rate over the period.

Figure 2 provides information on annual percentage changes in exports, in both current and constant prices. When considering export sales in current prices, there has been an increase of 27.4% over the 10 year period to 2011/12 while in constant prices, exports have actually increased by 12.7%. The annual rate of growth of exports (constant prices) continued to decrease in the periods 2007/08 – 2008/09 (-4.2%), 2008/09 – 2009/10 (-13.1%) and 2009/10 – 2010/11 (-8.2%). The increase of 8.1% from 2010/11 - 2011/12 is the first growth in exports in real terms since the growth reported in 2006/07 - 2007/08 (7.5%).

Figure 2: Annual Growth of Exports 2001/2002 to 2011/12 in current and constant prices



*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Information in the rest of the report is provided in current prices unless otherwise stated.

Analysis by Destination

Over the last year, sales to ROI have increased in current prices by 4.3%. This compared to a decrease of 16.6% last year. Sales to GB increased by 4.3%, Rest of World sales by 7.8% and NI sales by 8.0%. Sales to the Rest of the EU saw the largest proportional annual increase of 15.8%, rising by £189 million to £1,388 million in 2011/12.

Great Britain remains the most significant single market for sales from Northern Ireland manufacturing businesses, accounting for 46.0% (£7.6 billion) of total sales. This is the highest value of sales to GB on record for the survey (2001/02).

Sales destined for international customers (exports) accounted for almost a third (31.5%) of total sales. Sales to the ROI increased over the year by 4.3% and account for 7.6% of total sales and just under a quarter (24.2%) of exports.

Total sales to the ROI in 2011/12 were £1.3 billion, up £52 million (4.3%) over the year. This has halted the recent trend of annually decreasing sales to ROI from their peak of £1.6 billion in 2007/08. In real terms the value of exports to ROI increased by 3.5% over the year.

Sales to the Rest of the EU¹ increased by 15.8% (£189 million) to 1.4 billion, over the year. Germany, France and the Netherlands are the main key destinations for sales and accounted for a combined 53.4% of sales to the Rest of the EU. This represents a return to levels just above those last reported in 2007/08. In real terms the value of exports to the Rest of the EU increased by 14.9%.

Sales to the Rest of the World² rose over the year by 7.8% (£186 million). The most significant market for sales outside the European Union in 2011/12 was North America which accounted for 38.2% of total Rest of World sales. Sales to the Rest of the World are just below levels last reported in 2008/09 (in current prices). Sales to the Rest of the World increased in real terms by 6.9%.

Analysis by Sector

The Machinery and Equipment not elsewhere classified division reported some of the highest proportional increases in total sales, external sales and exports over the year.

Indeed, the largest actual increase in total sales was in Machinery and Equipment not elsewhere classified (£193 million), followed by Fabricated Metal Products (£185 million) and the Food, Beverages and Tobacco grouping (SIC 10-12), with total sales estimated to have increased by £148 million.

The Machinery and Equipment not elsewhere classified division also reported highest actual increase in external sales (£205 million increase over the year from 2010/11), followed by the Computer, Electronic and Optical division (£82 million). The highest actual increase in export sales was again in Machinery and Equipment not elsewhere classified, followed by the Computer, Electronic and Optical division (£78 million) and by the Fabricated Metal Products division (£51 million).

The Food, Beverages and Tobacco grouped division (SIC 10-12) contributes the highest proportion of sales and external sales to the Northern Ireland manufacturing sector, accounting for over half of both total sales (51.6%) and external sales (52.3%). This grouped division also accounted for a fifth (20%) of exports, just ahead of the Other Transport Equipment division (13.7%) which accounted for the second highest proportion of total exports.

Almost all sales within the Computer, Electronic and Optical grouping (94.8%) were external, and this division was also the highest exporter as a proportion of total sales (91.2%). Other divisions which also had high proportions of sales attributable to exports were Manufacture of Other Transport Equipment (81.3%) and Chemicals and Chemical Products (76.4%).

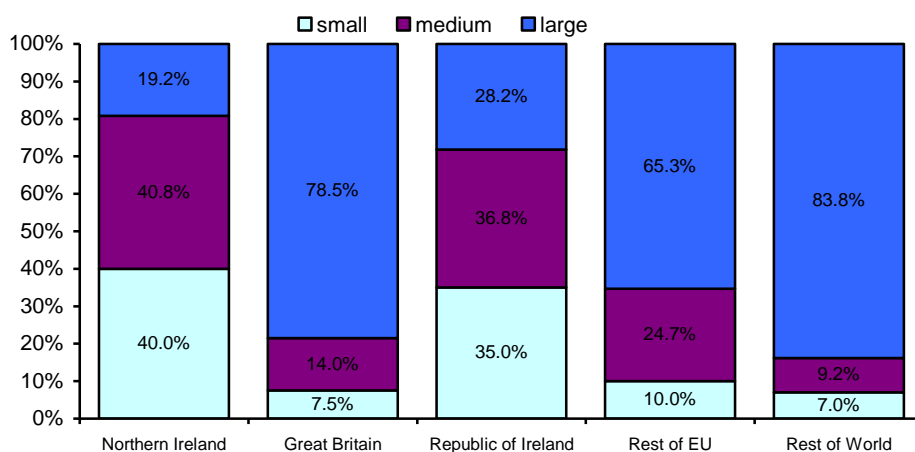
While almost four fifths (78.5%) of the value of Food, Beverages and Tobacco grouped division total sales were external, only 12.2% of this group's total sales were due to exports outside of NI and GB.

Analysis by size of business

For the purpose of this analysis, small (0-49 employees), medium (50-249 employees) and large (250+ employees) businesses have been examined. In 2011/12, small and medium businesses (combined) accounted for 39.0% of total sales, 26.8% of external sales and 34.6% of exports.

Figure 3 provides information on how the sales to each of the broad destinations are spread among small, medium and large businesses. It is evident that, the more distant the market, the more likely large firms are to have a greater share of the market. In contrast, small and medium sized businesses prefer domestic markets, accounting for over four fifths (80.8%) of internal sales (sales within NI).

Figure 3: Sales by Broad Destination & Size of Business in 2011/12



Exports by small businesses showed a large increase (51.2%) over the year to 2011/12. This was mainly driven by increased sales to ROI. Exports by large businesses increased by 6.5%, while Medium sized businesses reported a decrease in export sales of 3.7% over the year.

¹ The Rest of the EU is composed of the following countries: Germany; France; Belgium; Luxembourg; Netherlands; Italy; Denmark; Portugal; Spain; Greece; Austria; Sweden; Finland; Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Bulgaria and Romania.

² The Rest of World refers to all destinations outside the European Union.

3: Sales and Export Performance

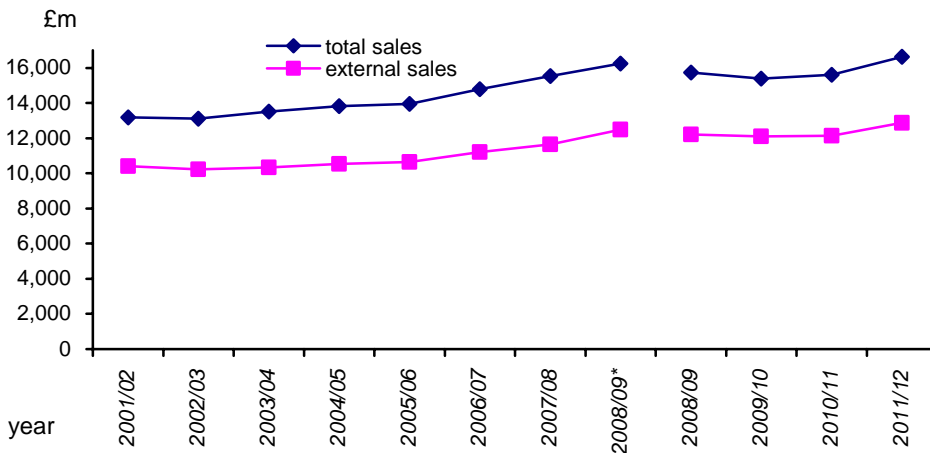
Total sales are defined as the sum of sales to Northern Ireland, Great Britain, the Republic of Ireland, the Rest of the European Union and the Rest of the World. Total sales include all taxes and duties on goods invoiced with the exception of VAT which is excluded from total sales.

Provisional figures from the Northern Ireland Manufacturing Sales and Exports Survey for 2011/12, estimate the value of sales from NI manufacturing businesses to be worth some £16.6 billion, this represents a current price increase of 6.5% (£1,021 million) over the year, a rise of 12.4% over the 5-year period, 2006/07 to 2011/12, and a rise of 26.1% over the last decade (2001/02 to 2011/12) (Table 12 and 13).

External sales are comprised of those sales made outside Northern Ireland, that is, sales to Great Britain, the Republic of Ireland, the Rest of the European Union and the Rest of the World.

Sales to customers based outside Northern Ireland (external sales) accounted for over three-quarters (77.5%) of total sales in 2011/12. The value of such sales has increased over the year by 6.1% from £12.1 billion in 2010/11 to £12.9 billion in 2011/12. Manufacturing sales made outside NI are at their highest level on record.

Figure 4: Total Sales & External Sales (Current Prices) made by NI Manufacturing Businesses, 2001/02 – 2011/12

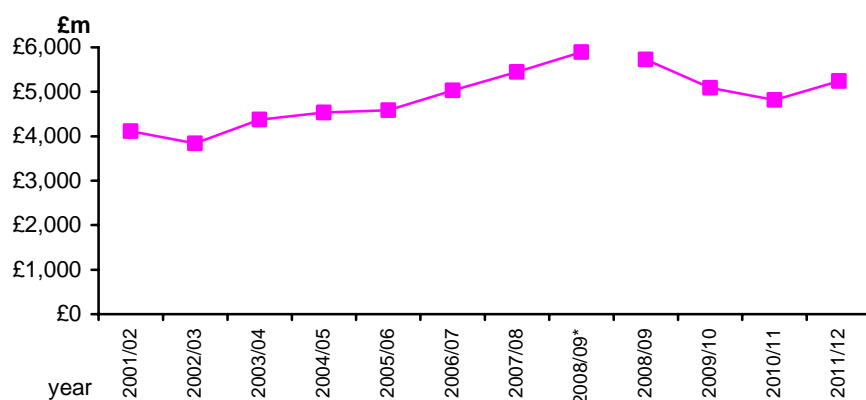


*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Figure 4 provides information on the level of sales and external sales for the 10 year period 2001/02 to 2011/12. There has been relatively consistent growth in both sales and external sales (increasing by 26.1% and 23.7% respectively).

Exports consist of all sales made outside the United Kingdom. Figure 5 shows export performance in the 10 years to 2011/12.

Figure 5: Export Sales (Current Prices) made by Northern Ireland Manufacturing Businesses, 2001/02 – 2011/12



*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Estimates for 2011/12 show an increase of 8.9% in manufacturing exports over the year from the revised figure of £4.8 billion in 2010/11 to £5.2 billion in 2011/12. The value of exports is just below levels last reported in 2007/08. Although there has been an increase in the level of exports since 2006/07 from £5.0 billion to £5.2 billion, there were decreases of 11.2% and 5.4% in 2009/10 and 2010/11. Exports have risen significantly over the last decade from £4.1 billion to £5.2 billion, an increase of £1.1 billion (27.4%).

Current Price and Constant Price Changes

Current prices show data where the value for each item is expressed in terms of the prices in that period. All prices presented in this report are provided in current price terms, unless otherwise stated.

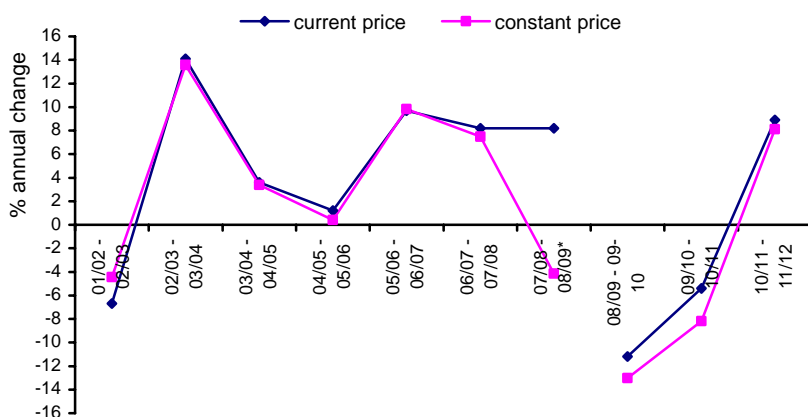
Constant prices present data in real terms, by applying a deflator to the current price (prices have been adjusted to 2011/12=100). Using deflators to produce constant prices removes the effect of inflation and reflects the impact on prices of other factors such as exchange rate fluctuations. Further information on the deflators used can be found in the background notes in section 8.

Constant prices therefore provide a method to compare changes in sales and exports over time, by allowing real growth to be shown without the effect of inflation. When expressed in real terms (constant prices) the picture is broadly similar to that shown using the current price data. Both total sales and external sales increased by 2.6% in real terms in 2010/11-2011/12. Sales within NI increased by 2.7%; however, those to GB fell by 0.9%. Total exports increased by 8.1%. This increase in exports was largely driven by an increase in sales to Rest of EU, which rose by 14.9% in real terms over the year (Tables 14 and 15).

Figure 6 provides information on annual percentage changes in exports, in both current and constant prices. When considering export sales in current prices, there has been an increase of 27.4% over the 10 year period to 2011/12 while in constant prices, exports have actually increased by 12.7%. The annual rate of growth of exports (constant prices) continued to decrease in the periods 2007/08 – 2008/09 (-4.2%), 2008/09 – 2009/10 (-

13.1%) and 2009/10 – 2010/11 (-8.2%). The increase of 8.1% from 2010/11 - 2011/12 is the first growth in exports in real terms since the growth reported in 2006/07 - 2007/08 (7.5%).

Figure 6: Comparison of current & constant price annual changes in Exports



* Please note that constant prices for 2008/09 (SIC 2003) and earlier years are deflated to base 2008/09 (SIC 2003)=100 while 2008/09 (SIC 2007) and later years are deflated to base 2011/12 (SIC 2007)=100. For more information, please see the background notes.

Table 1 provides further information on the effects of current and constant prices on exports over 1, 2, 5 and 10 year periods. The percentage growth is more evident as time increases in both series. Due to discontinuities in trends, SIC 03 results are deflated to 2008/09=100, while SIC 07 results are deflated to 2011/12=100.

Table 1: Comparing changes in exports over 1, 3, 5 and 10 years, in current and constant prices.

	1998/99 to 2008/09	2003/04 to 2008/09	2008/09 to 2011/12*	2010/11 to 2011/12*
	SIC 03 % change (10yr)	SIC 03 % change (5yr)	SIC 07 % change (3 yr)	SIC 07 % change (1 yr)
Exports (current)	68.8%	34.6%	-8.5%	8.9%
Exports (constant)	53.9%	17.4%	-13.8%	8.1%

*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

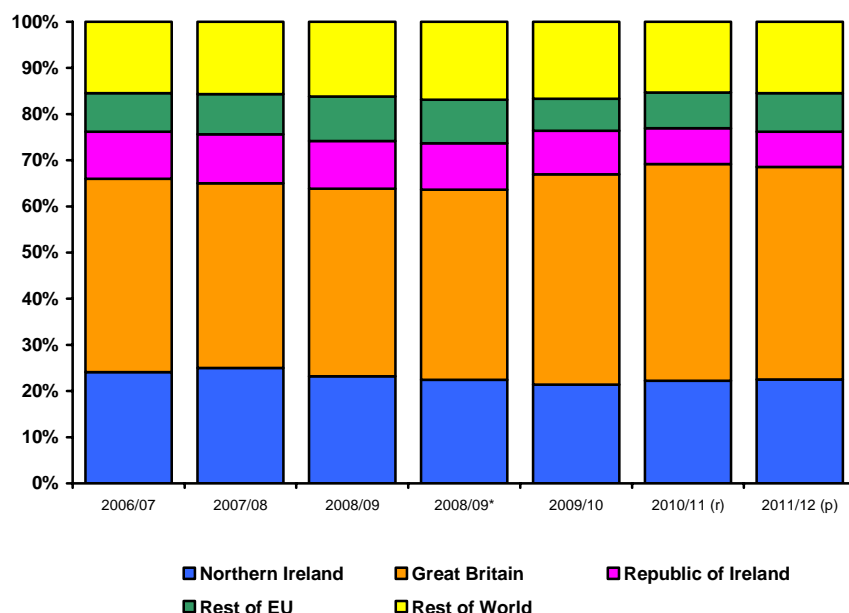
Further data in both current and constant prices can be found in the results tables in section 7.

4: Analysis by Destination

Sales by broad destination

Figure 7 provides information on the destination of sales from NI Manufacturing businesses for the years 2006/07 to 2011/12.

Figure 7: Total Sales by Broad Destination, 2006/07 to 2011/12



*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Figure 7 illustrates that there has been a fall in the proportion of sales to both NI and ROI over the 5 year period (-1.6 and -2.6 percentage points). Sales to both the Rest of the EU and the Rest of the World are at similar levels in 2011/12 compared to 2006/07. In this 5 year period, 2006/07 to 2011/12, there has been an increase in the importance of GB as a destination for sales, with the proportion of sales destined for GB increasing from 41.8% in 2006/07 to 46.0% (£7.6 billion) in 2011/12. This is the highest value of sales to GB on record for the survey.

This increase in the dominance of GB as a market for sales (by 4.1 percentage points) over the 5 year period means it remains the most significant destination for sales, accounting for just under half of total sales in 2011/12.

The most important export market in terms of broad destination in 2011/12 was the Rest of the World, which accounts for 15.5% of total manufacturing sales in Northern Ireland. This compared to 7.6% for ROI and 8.3% for the Rest of the EU. Table 2 provides further information on sales to the broad destinations over time, in current prices.

Table 2: Broad Destination Sales, 2001/02, 2006/07, 2010/11, and 2011/12

	2001/02	2006/07	2010/11*	2011/12 (P)
	£m	£m	£m	£m
Total Sales	£13,184	£14,789	£15,607	£16,628
Northern Ireland	£2,772	£3,570	£3,469	£3,749
External Sales	£10,412	£11,219	£12,137	£12,879
Great Britain	£6,299	£6,187	£7,326	£7,641
Export Sales	£4,112	£5,032	£4,811	£5,238
Republic of Ireland	£910	£1,508	£1,217	£1,269
Rest of EU	£1,236	£1,230	£1,199	£1,388
Rest of World	£1,965	£2,294	£2,395	£2,581

*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Changes in sales by broad destination over time

Table 3 reports the percentage changes in sales over the year, 2010/11 to 2011/12 and also for the 3, 5 and 10 year periods (2008/09 to 2011/12, 2006/07 to 2011/12 and 2001/02 to 2011/12).

Table 3: Changes in Broad Destination Sales over 1, 3, 5 and 10 years

	% change (10 year)	% change (5 year)	% change (3 year)	% change (1 year)
	2001/02 to 2011/12	2006/07 to 2011/12	2008/09 to 2011/12	2010/11* to 2011/12
Northern Ireland	35.2%	5.0%	6.5%	8.0%
Great Britain	21.3%	23.5%	17.8%	4.3%
Republic of Ireland	39.4%	-15.8%	-20.2%	4.3%
Rest of EU	12.2%	12.8%	-6.2%	15.8%
Rest of World	31.3%	12.5%	-2.9%	7.8%

*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Sales to GB, ROI, Rest of EU and the Rest of the World have experienced substantial percentage increases over the last decade, 2001/2002 to 2011/12, (21.3%, 39.4%, 12.2% and 31.3% respectively).

Over the 5-year period, 2006/07 to 2011/12, the largest percentage increases in sales have been to GB (rising by 23.5%, from £6,187 million to £7,641 million) and to the Rest of EU (rising by 12.8%, from £1,230 million to £1,388 million). While sales to NI and the Rest of the World increased (5.0% and 12.5% respectively), sales to ROI fell by 15.8%, from £1,508 million in 2006/07 to £1,269 million in 2011/12.

Over the 3 year period, 2008/09 to 2011/12, NI and GB were the only broad destinations to report an increase in sales. At 17.8%, the increase in GB sales (from £6,489 million to £7,641 million in 2011/12) was noticeably higher than sales to NI (6.5%). While the Rest of the EU and the Rest of the World reported decreases of 6.2% and 2.9% respectively, the most marked decrease in sales was to ROI (decreasing by 20.2%, from £1,590 million to £1,269 million).

Over the last year, sales to all broad destinations have increased. The last time that total sales exceeded £16,000m was in 2008/09, when total sales were £16,245. Sales to the Rest of the World increased by 7.8%, GB sales by 4.3%, ROI sales by 4.3% and NI sales by 8.0% over the year. Sales to NI are just below levels last reported in 2008/09. Sales to the Rest of the EU (REU) saw the largest annual increase, increasing by £189 million to £1,388 million in 2011/12. This represents a return to levels last reported in 2007/08.

Table 4 provides information on the value of sales to export markets in the European Union (excludes NI, GB and ROI).

Table 4: Exports to markets within the Rest of the EU (2011/12)

Export Market	Sales	% of REU sales
	£m	
Germany	£313.8	22.6%
France	£287.5	20.7%
Netherlands	£139.6	10.1%
Italy	£115.1	8.3%
Belgium	£106.6	7.7%
Spain	£89.0	6.4%
Poland	£66.1	4.8%
Denmark	£51.4	3.7%
Sweden	£49.2	3.5%
Hungary	£25.7	1.9%
Finland	£25.1	1.8%
Czech Republic	£21.3	1.5%
Austria	£16.3	1.2%
Romania	£15.5	1.1%
Greece	£13.5	1.0%
Portugal	£10.9	0.8%
Latvia	£5.6	0.4%
Slovakia	£5.3	0.4%
Cyprus	£3.4	0.2%
Bulgaria	£3.3	0.2%
Malta	£3.1	0.2%
Lithuania	£2.2	0.2%
Luxembourg	£1.9	0.1%
Estonia	£1.8	0.1%
Slovenia	£1.6	0.1%
EU non specified*	£12.3	0.9%
Rest EU ¹	£1,387.5	100.0%

*Non Specified is comprised of those units which did not specify the destination within the European Union

¹ The Rest of the 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 and Slovenia. Throughout the report, 2004/05 REU information refers to the enlarged EU whilst 2003/04 and previous years exclude the aforementioned accession countries. Bulgaria and Romania joined the EU on 1st January 2007 and is reported within the Rest of the EU from 2007/08.

In 2011/12 NI manufacturing businesses have reported Germany, France and the Netherlands as the main export destinations within the Rest of the EU accounting for over half (53.4%) of all sales to the Rest of the EU. In 2007/08 Sales to Bulgaria and Romania were reported within EU for the first time and, this year, are estimated to account for 1.4% of sales within the Rest of the EU.

Table 5 below, provides information on the major export markets outside of the European Union which form the Rest of World (ROW) destination group. NI Manufacturing businesses reported sales of £986.4 million to North America in 2011/12 which accounts for the single largest share of the sales to markets outside the European Union, representing 38.2% of all sales to the Rest of the World group.

Table 5: Major Export Markets outside the European Union

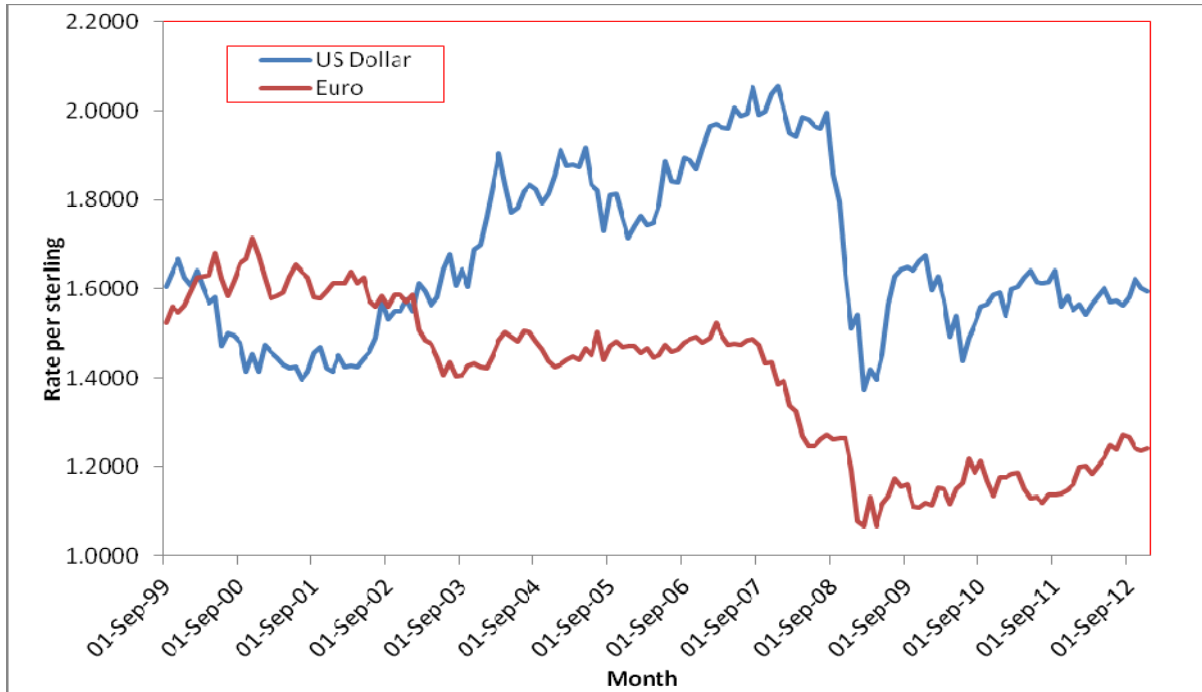
Export Market	Sales	% of ROW
	£m	
North America Total	£986.4	38.2%
Switzerland	£423.0	16.4%
Asia Total	£416.7	16.1%
Middle East Total	£220.7	8.5%
Australia	£97.3	3.8%
Africa Total	£68.2	2.6%
Russia	£63.4	2.5%
Central and South America Total	£56.4	2.2%
Turkey	£39.1	1.5%
Norway	£16.5	0.6%
New Zealand	£8.4	0.3%
Europe Other	£6.0	0.2%
East Europe	£3.0	0.1%
Rest of World non specified*	£176.2	6.8%
Rest of World ²	£2,581.1	100.0%

*Non-Specified is comprised of those units which did not specify the destination of sales within the RoW

² The Rest of World refers to all destinations outside the European Union.

Figure 8 below shows the Sterling Exchange Rates with Euro and US Dollar. The exchange rates with both Euro and US Dollar have decreased substantially since 2008.

Figure 8: Sterling Exchange Rates with Euro and US Dollar: September 1999 – December 2012
(Source: HMRC)



5: Analysis by Sector

Table 6 and Figure 9 provide information on total sales, external sales and exports for each of the industrial divisions in 2011/12.

The Food, Beverages and Tobacco grouped division contributes the highest proportion of total sales (51.6%) and external sales (52.3%) to the Northern Ireland manufacturing sector. This grouped division also accounted for a fifth (20.0%) of exports, just ahead of the Other Transport Equipment division (13.7%) which accounted for the second highest proportion of total exports. Examples of activities included in the latter division are described in the Standard Industry Classification 2007 Manual as “the manufacture of transportation equipment such as ship building, railway rolling stock and locomotives and air and spacecraft and the manufacture of parts thereof.”

Table 6: Share of Sales and Exports by Industrial Division 2011/12

SIC(07) Division	Industrial sector	Total sales (p)		External sales (p)		Exports (p)	
		Total Sales £m	% Total sales	External Sales £m	% External Sales	Exports £m	% Exports
10-12	Food, Beverages and tobacco	£8,579	51.6%	£6,737	52.3%	£1,047	20.0%
13	Textiles	£222	1.3%	£194	1.5%	£67	1.3%
14	Wearing apparel	£178	1.1%	£167	1.3%	£51	1.0%
15	Manufacture of leather and related products	d	d	d	d	d	d
16	Wood and of products of wood and cork	£274	1.6%	£144	1.1%	£60	1.1%
17	Paper and paper products	£213	1.3%	£149	1.2%	£98	1.9%
18	Printing and reproduction of recorded media	£154	0.9%	£56	0.4%	£30	0.6%
19	Coke and refined petroleum products	d	d	d	d	d	d
20	Chemicals and chemical products	£312	1.9%	£254	2.0%	£239	4.6%
21	Pharmaceutical	£274	1.6%	£251	1.9%	£165	3.2%
22	Rubber and plastics	£824	5.0%	£626	4.9%	£406	7.7%
23	Non-metallic minerals	£451	2.7%	£224	1.7%	£69	1.3%
24	Basic metals	£88	0.5%	£67	0.5%	£30	0.6%
25	Fabricated metal products	£817	4.9%	£366	2.8%	£143	2.7%
26	Computer, electronic and optical	£557	3.4%	£528	4.1%	£508	9.7%
27	Electrical equipment	£933	5.6%	£881	6.8%	d	d
28	Machinery and equipment n.e.c.	£1,093	6.6%	£906	7.0%	£681	13.0%
29	Motor vehicles and trailers	£381	2.3%	£335	2.6%	£81	1.5%
30	Other transport equipment	£880	5.3%	£821	6.4%	£715	13.7%
31	Furniture	£214	1.3%	£88	0.7%	£36	0.7%
32	Other manufacturing	£108	0.7%	£63	0.5%	£46	0.9%
33	Repair and installation of equipment	£51	0.3%	£21	0.2%	£18	0.3%
	Total	£16,628	100%	£12,879	100%	£5,238	100%

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

Figure 9, below, displays external sales and exports as a proportion of total sales for each of the divisions within manufacturing.

The Computer, Electronic and Optical division was the highest exporter as a proportion of total sales (91.2%). Other divisions which also had high proportions of sales attributable to exports were Other Transport Equipment (81.2%), Chemicals and Chemical Products (76.4%) and Machinery and Equipment not elsewhere classified (62.3%).

While almost four fifths of the value of Food, Beverages and Tobacco grouped division total sales were external, only 12.2% of this group's total sales were due to exports outside of NI and GB.

Figure 9: External Sales and Exports as a Proportion of Total Sales by Industry 2011/12

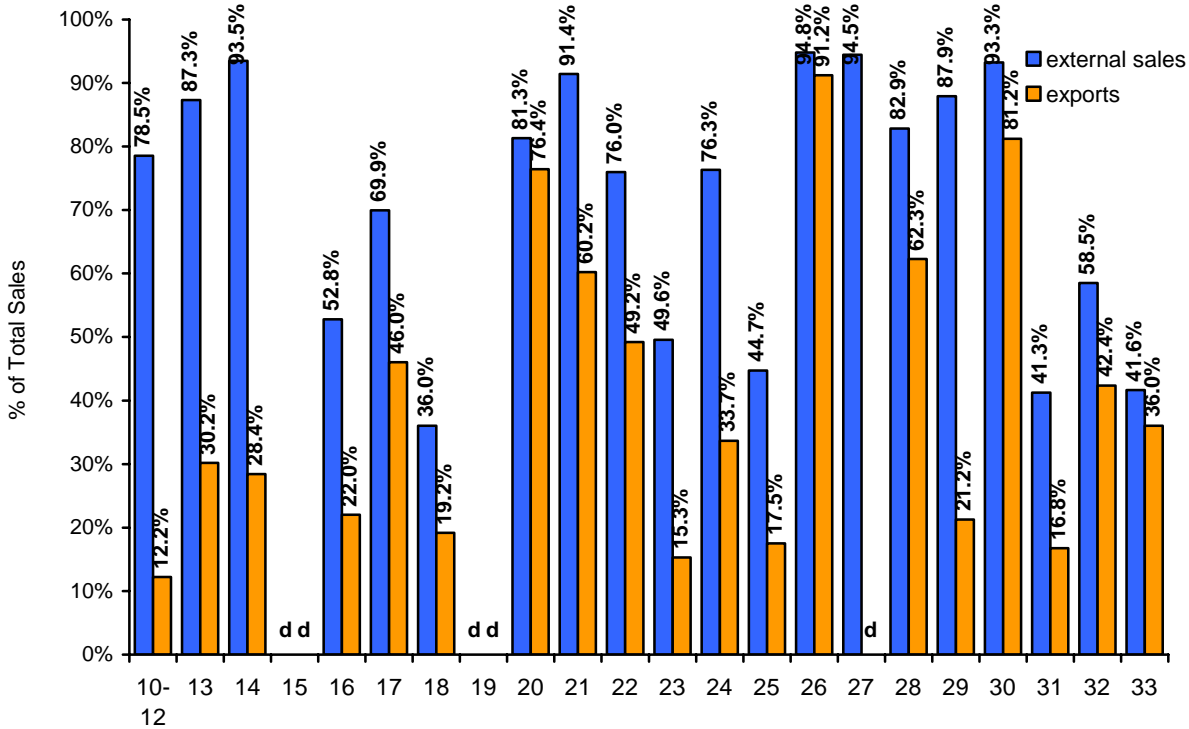


Figure 10 provides further information on the share of sales, external sales and exports by industrial sector.

Figure 10: Share of Sales, External Sales and Exports by Industrial Sector 2011/12

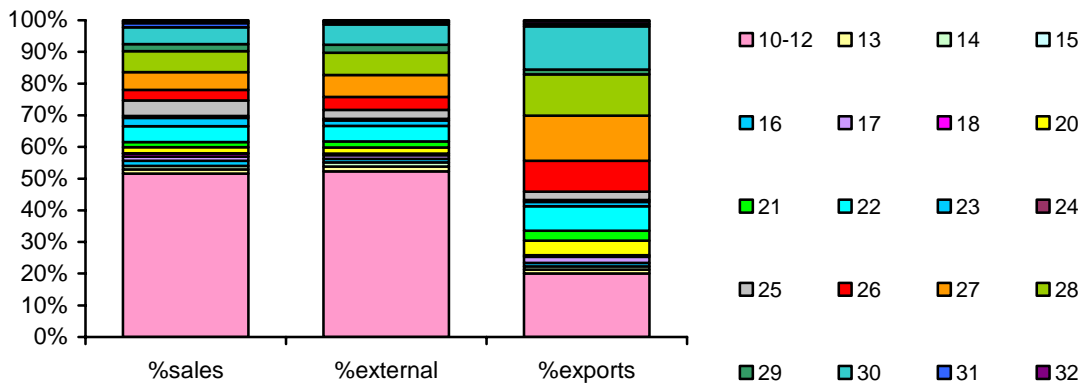


Table 7 provides information on the sales, external sales and exports of each of the manufacturing sectors in 2010/11 and 2011/12.

The largest proportional increases in total sales and external sales across the divisions were reported in Wearing Apparel, while the largest proportional increase in exports was in Wearing apparel. These increases, however, are based on relatively small sales figures.

However, the largest actual increase in total sales was in Machinery and Equipment not elsewhere classified (£193 million), followed by Fabricated Metal Products (£185 million) and the Food, Beverages and Tobacco grouping (SIC 10-12), with total sales estimated to have increased by £148 million.

The Machinery and Equipment not elsewhere classified division (which includes such activity as manufacture of crushing machinery, and agricultural and forestry machinery etc) also reported highest actual increase in external sales (£205 million increase over the year from 2010/11), followed by the Computer, Electronic and Optical division (£82 million). The highest actual increase in export sales was again in Machinery and Equipment not elsewhere classified, followed by the Computer, Electronic and Optical division (£78 million) and by the Fabricated Metal Products division (£51 million).

Three divisions have experienced declines in total sales, external sales and export sales over the year. The Paper and Paper Products division and the Non-metallic Minerals division reported drops in sales of 14.3% (£36 million) and 12.7% (£66 million) respectively. There was also a fall in sales in the Wood and Products of Wood and Cork division of 7.7% (£23 million).

The sum of falls in these divisions accounted for a fall of £41 million in external sales and a fall of £42 million in export sales.

Table 7: Annual Change in Sales, External Sales & Exports by Industrial Sector, 2010/11– 2011/12

SIC(07) Division		Total Sales			External Sales			Exports		
		2010/11 (r)	2011/12 (p)	% change	2010/11 (r)	2011/12 (p)	% change	2010/11 (r)	2011/12 (p)	% change
		£m	£m	%	£m	£m	%	£m	£m	%
10-12	Food, Beverages and tobacco	£8,431	£8,579	1.7%	£6,698	£6,737	0.6%	£1,048	£1,047	0.0%
13	Textiles	£191	£222	16.2%	£144	£194	34.4%	£36	£67	83.5%
14	Wearing apparel	£122	£178	45.8%	£95	£167	75.7%	£30	£51	71.5%
15	Manufacture of leather and related products	d	d	d	d	d	d	d	d	d
16	Wood and of products of wood and cork	£296	£274	-7.7%	£153	£144	-5.8%	£71	£60	-15.2%
17	Paper and paper products	£249	£213	-14.3%	£170	£149	-12.5%	£106	£98	-7.0%
18	Printing and reproduction of recorded media	£126	£154	22.2%	£47	£56	17.4%	£27	£30	7.5%
19	Coke and refined petroleum products	-	d	d	-	d	d	-	d	d
20	Chemicals and chemical products	£296	£312	5.6%	£251	£254	1.1%	£236	£239	1.0%
21	Pharmaceutical	£256	£274	7.1%	£232	£251	8.2%	£143	£165	15.3%
22	Rubber and plastics	£734	£824	12.2%	£586	£626	6.8%	£399	£406	1.7%
23	Non-metallic minerals	£517	£451	-12.7%	£234	£224	-4.6%	£93	£69	-25.3%
24	Basic metals	£80	£88	10.4%	£56	£67	20.4%	£21	£30	41.3%
25	Fabricated metal products	£632	£817	29.2%	£321	£366	14.0%	£92	£143	55.3%
26	Computer, electronic and optical	£506	£557	10.1%	£446	£528	18.4%	£430	£508	18.2%
27	Electrical equipment	£811	£933	15.1%	£764	£881	15.4%	£641	d	d
28	Machinery and equipment n.e.c.	£900	£1,093	21.4%	£701	£906	29.2%	£590	£681	15.3%
29	Motor vehicles and trailers	£355	£381	7.3%	£314	£335	6.5%	£79	£81	2.0%
30	Other transport equipment	£783	£880	12.4%	£774	£821	6.1%	£677	£715	5.6%
31	Furniture	£203	£214	5.4%	£75	£88	17.2%	£35	£36	1.3%
32	Other manufacturing	£81	£108	34.4%	£54	£63	16.9%	£40	£46	14.3%
33	Repair and installation of equipment	d	£51	d	d	£21	d	d	£18	d
	Total	£15,607	£16,628	6.5%	£12,137	£12,879	6.1%	£4,811	£5,238	8.9%

Note: Figures may not add due to rounding (r) = revised (p) = provisional d = disclosive - = no businesses responded in this division

6: Analysis by Size of Business

Table 8 details the value of total sales, external sales and exports by size of business in 2011/12. Prior to 2005/06 survey years, the size of business was expressed as large businesses (defined as those employing 50 or more employees) and small businesses (defined as those employing less than 50 employees). Since 2005/06 information on Small (0-49 employees), Medium (50-249 employees) and Large (250+ employees) businesses has been provided.

Table 8: Total Sales, External Sales and Exports by Size of Business, 2011/12

	Small Business	Medium Business	Large Business	Total
Northern Ireland	£1,499	£1,530	£719	£3,749
%	40.0%	40.8%	19.2%	100.0%
External Sales	£1,341	£2,114	£9,424	£12,879
%	10.4%	16.4%	73.2%	100.0%
Great Britain	£576	£1,068	£5,998	£7,641
%	7.5%	14.0%	78.5%	100.0%
Export Sales	£765	£1,046	£3,426	£5,238
%	14.6%	20.0%	65.4%	100.0%
Republic of Ireland	£444	£467	£358	£1,269
%	35.0%	36.8%	28.2%	100.0%
Rest of European Union	£139	£342	£906	£1,388
%	10.0%	24.7%	65.3%	100.0%
Rest of World	£182	£237	£2,162	£2,581
%	7.0%	9.2%	83.8%	100.0%
Total Sales	£2,841	£3,644	£10,143	£16,628
%	17.1%	21.9%	61.0%	100.0%

Large manufacturing businesses accounted for the largest proportion of sales within each of the external markets in 2011/12 with the exception of the Republic of Ireland where small businesses accounted for 35% of sales, medium for 36.8%, and large for 28.2%. Large businesses account for 73.2% of external sales and 65.4% of export sales.

Over four fifths of internal sales (sales to Northern Ireland) are split between small and medium businesses with small businesses accounting for 40% of total sales to Northern Ireland and medium businesses accounting for 40.8%.

Figure 11 compares small, medium and large businesses in terms of broad destination sales and shows the proportion of broad destination sales accounted for by size of business. The divide between small, medium and large businesses, in terms of the destination of sales, appears smallest where the distance which goods travel is limited.

Figure 11: Proportion of Small, Medium and Large Business Sales made to each Broad Destination 2011/12

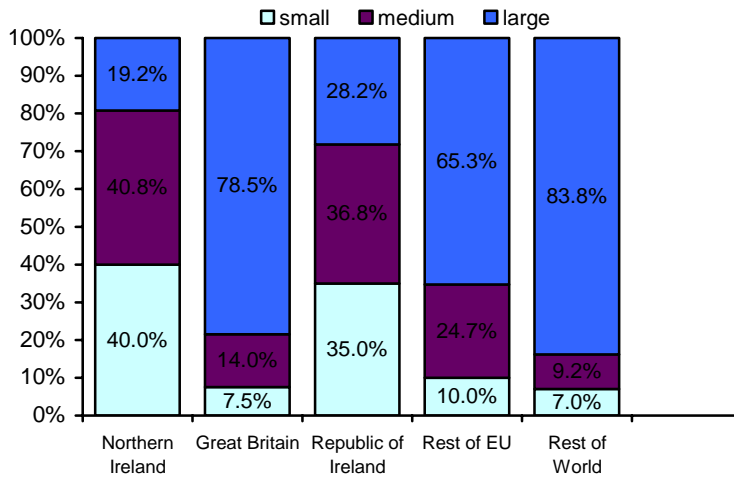
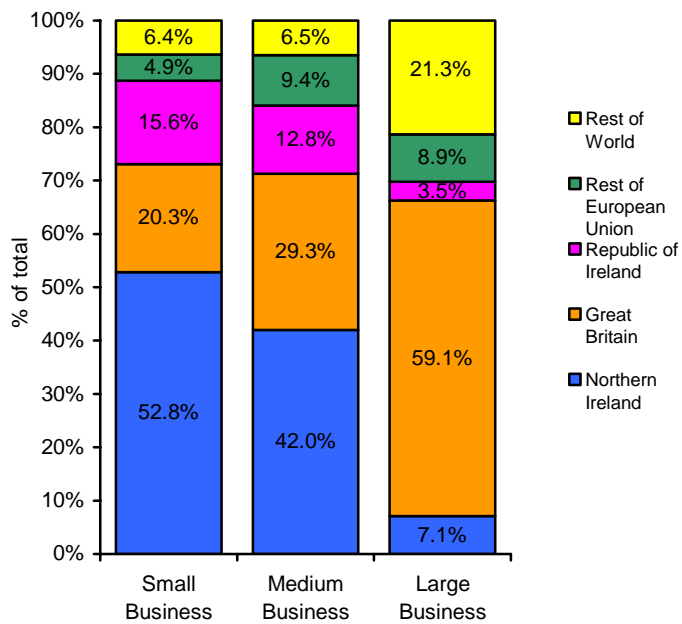


Figure 12 provides information on how the sales to each of the broad destinations are spread among small, medium and large businesses.

Figure 12: Share of Sales by Broad Destination and Size of Business 2011/12



Small businesses are heavily reliant on the internal market with 52.8% of sales made within Northern Ireland.

Medium sized businesses also show some reliance on the internal market with 42% of sales made to NI whilst external sales to Great Britain accounted for 29.3% and export sales for 28.7%.

Large businesses have a significant share of both external and export markets accounting for 78.5% of GB sales, 28.2% of ROI sales, 65.3% of Rest of the EU sales and 83.8% of

Rest of the World sales. GB is the most significant single market for large businesses, representing 59.1% of sales destined there.

Large businesses are more inclined to export, with 33.8% of their sales made outside the UK. In comparison, 28.7% of sales from medium businesses and 26.9% of sales from small businesses are exported. While the main export market for large businesses was the Rest of the World, ROI was the main export market for small and medium sized businesses.

Table 9, below, reports the percentage changes in Sales, External Sales and Exports by size of business over 1, 5 and 10 years. Tables 10 and 11 show sales, external sales and exports for 2001/02, 2006/07, 2010/11 and 2011/12 in current and constant prices respectively.

Table 9: Changes in Sales, External Sales and Exports by size of business over 1, 5 and 10 years

		% change (10 year)	% change (5 year)	% change (1 year)
	Size of business	2001/02 to 2011/12	2006/07 to 2011/12	2010/11 to 2011/12*
Total Sales	0-49	42.4%	3.3%	31.2%
	50-249	30.5%	3.3%	-0.1%
	250+	20.8%	19.2%	3.6%
External Sales	0-49	54.6%	17.4%	56.0%
	50-249	9.7%	-4.3%	-5.1%
	250+	23.7%	19.8%	4.1%
Export Sales	0-49	36.9%	1.8%	51.2%
	50-249	9.1%	-13.6%	-3.7%
	250+	32.0%	11.7%	6.5%

*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Over the 10 year period (2001/02 to 2011/12) the largest percentage rise in total sales was reported in small sized businesses, increasing by 42.4%. Total sales for medium sized businesses increased by 30.5% and for large sized businesses increased by 20.8% during this period. Small businesses also reported the largest increase in external sales (54.6%) and exports (36.9%), while large sized businesses also reported large increases in external sales (23.7%) and exports (32.0%). Medium sized businesses reported increased external sales and export sales, but the percentage growth was much lower than for small and large businesses.

Over the period 2006/07 to 2011/12, large businesses reported noticeably higher percentage increases in total sales (19.2%), external sales (19.8%) and exports (11.7%). Total sales for both small and medium sized businesses increased by 3.3% during this period. External sales by small sized businesses increased by 17.4% during this 5 year period, while external sales by medium sized businesses fell by 4.3%. Medium sized businesses also reported a decrease in export sales (13.6%).

Over the period 2010/11 to 2011/12, small businesses reported an annual increase in total sales of 31.2%, an increase of 56.0% in external sales and an increase of 51.2% in exports. The increase in external sales for small businesses was mainly driven by increased sales to GB while exports were mainly driven by increased sales to ROI. Over the year, medium businesses saw falls in total sales (-0.1%), external sales (-5.1%) and export sales (-3.7%). Large businesses had increased total sales (3.6%), external sales (4.1%) and export sales (6.5%).

Table 10: Sales, External Sales and Exports by size of business 2001/02, 2006/07, 2010/11 and 2011/12 (Current Prices)

		2001/02	2006/07	2010/11*	2011/12
Total Sales	0-49	£1,994	£2,750	£2,165	£2,841
	50-249	£2,792	£3,527	£3,648	£3,644
	250+	£8,397	£8,511	£9,794	£10,143
	Total	£13,184	£14,789	£15,607	£16,628
External Sales	0-49	£868	£1,142	£860	£1,341
	50-249	£1,928	£2,209	£2,228	£2,114
	250+	£7,619	£7,867	£9,050	£9,424
	Total	£10,414	£11,219	£12,137	£12,879
Export Sales	0-49	£559	£752	£506	£765
	50-249	£959	£1,211	£1,086	£1,046
	250+	£2,597	£3,068	£3,219	£3,426
	Total	£4,114	£5,032	£4,811	£5,238

*Changes in SIC 03 and SIC 07 have resulted in discontinuity of trends. Please see background notes for more information.

Table 11 shows that, as with current prices, changes in constant prices over the 10 year period 2001/02 to 2011/12 show an increase in total sales, external sales and export sales. However, these increases are less marked based on constant prices. Based on constant prices, medium sized businesses now show a decrease in external sales (-4.4%) and export sales (-3.5%) during this period.

While changes in constant prices over the 5 year period 2006/07 to 2011/12 show an increase in total sales and external sales for large businesses, export sales have fallen by 1.7%. Small and medium sized businesses reported a decrease in total sales and export sales. Medium sized businesses also showed a fall in external sales during this period, based on constant prices.

When considered in constant prices, small businesses had large increases in total sales (26.0%), external sales (52.2%) and export sales (50.1%). Medium size businesses showed decreases in total sales, external sales and export sales. Large businesses reported a slight fall in total sales (-0.2%). However they also reported a marginal increase in external sales (0.5%) and a larger increase in export sales (5.6%).

Table 11: Sales, External Sales and Exports by size of business 2001/02, 2006/07, 2010/11 and 2011/12 (Constant Prices)

		2001/02	2006/07	2010/11*	2011/12
Total Sales	0-49	£2,302	£3,044	£2,255	£2,841
	50-249	£3,217	£3,915	£3,790	£3,644
	250+	£9,684	£9,451	£10,163	£10,143
	Total	£15,202	£16,410	£16,208	£16,628
External Sales	0-49	£991	£1,282	£881	£1,341
	50-249	£2,211	£2,470	£2,296	£2,114
	250+	£8,778	£8,745	£9,379	£9,424
	Total	£11,980	£12,498	£12,557	£12,879
Export Sales	0-49	£632	£855	£510	£765
	50-249	£1,084	£1,377	£1,095	£1,046
	250+	£2,935	£3,487	£3,243	£3,426
	Total	£4,651	£5,718	£4,848	£5,238

Please note that constant prices for 2001/02 and 2006/07 (SIC 2003) are deflated to base 2008/09 (SIC 2003)=100 while 2009/10 to 2011/12 (SIC 2007) are deflated to base 2011/12 (SIC 2007)=100. For more information on this and the impact of changing from SIC 2003 to SIC 2007, please see the background notes.

7: 2001/02 to 2011/12 Results

Table 12: Total Sales, External Sales and Exports, 2001/02 - 2011/12 (current prices)

	2001/02 £m	2002/03 £m	2003/04 £m	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 (sic2003) £m	2008/09 (sic2007) £m	2009/10 £m	2010/11 (revised) £m	2011/12 (provisional) £m
Total Sales	£13,184	£13,116	£13,508	£13,826	£13,944	£14,789	£15,535	£16,245	£15,736	£15,401	£15,607	£16,628
Northern Ireland	£2,772	£2,898	£3,182	£3,288	£3,305	£3,570	£3,883	£3,763	£3,520	£3,298	£3,469	£3,749
External Sales	£10,412	£10,218	£10,326	£10,538	£10,639	£11,219	£11,652	£12,482	£12,216	£12,103	£12,137	£12,879
Great Britain	£6,299	£6,382	£5,949	£6,005	£6,052	£6,187	£6,208	£6,591	£6,489	£7,015	£7,326	£7,641
Exports	£4,111	£3,836	£4,377	£4,533	£4,586	£5,032	£5,444	£5,891	£5,727	£5,087	£4,811	£5,238
Republic of Ireland	£910	£978	£1,115	£1,243	£1,308	£1,508	£1,649	£1,687	£1,590	£1,459	£1,217	£1,269
Rest of EU	£1,236	£1,102	£1,133	£1,212	£1,132	£1,230	£1,351	£1,567	£1,479	£1,062	£1,199	£1,388
Rest of World	£1,965	£1,756	£2,129	£2,078	£2,147	£2,294	£2,444	£2,637	£2,658	£2,566	£2,395	£2,581

Table 13: Annual Nominal Growth in Total Sales, External Sales and Exports, 2001/02 - 2011/12

	Change 01/02 - 02/03 %	Change 02/03 - 03/04 %	Change 03/04 - 04/05 %	Change 04/05 - 05/06 %	Change 05/06 - 06/07 %	Change 06/07 - 07/08 %	*Change 07/08 - 08/09 %	*Change 08/09 - 09/10 %	Change 09/10 - 10/11 %	Change 10/11 - 11/12 %
Total Sales	-0.5	3.0	2.4	0.9	6.1	5.0	4.6	-2.1	1.3	6.5
Northern Ireland	4.5	9.8	3.3	0.5	8.0	8.8	-3.1	-6.3	5.2	8.0
External Sales	-1.9	1.1	2.1	1.0	5.4	3.9	7.1	-0.9	0.3	6.1
Great Britain	1.3	-6.8	0.9	0.8	2.2	0.3	6.2	8.1	4.4	4.3
Exports	-6.7	14.1	3.6	1.2	9.7	8.2	8.2	-11.2	-5.4	8.9
Republic of Ireland	7.5	14.0	11.5	5.2	15.3	9.3	2.3	-8.2	-16.6	4.3
Rest of EU	-10.8	2.8	7.0	-6.6	8.6	9.9	16.0	-28.2	12.9	15.8
Rest of World	-10.6	21.2	-2.4	3.3	6.8	6.6	7.9	-3.5	-6.6	7.8

*Please note that 07/08 – 08/09 and earlier changes are on a SIC 2003 basis, while 08/09 – 09/10 and later changes are on a SIC 2007 basis.

Table 14 - Total Sales, External Sales and Exports, 2001/02 - 2011/12 (constant prices)

	2001/02 £m	2002/03 £m	2003/04 £m	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m	*2008/09 (SIC2003) £m	*2008/09 (SIC2007) £m	2009/10 £m	2010/11 (revised) £m	2011/12 (provisional) £m
Total Sales	£15,200	£15,192	£15,565	£15,777	£15,645	£16,410	£16,853	£16,244	£17,290	£16,629	£16,208	£16,628
Northern Ireland	£3,225	£3,360	£3,676	£3,747	£3,687	£3,912	£4,119	£3,763	£3,943	£3,629	£3,651	£3,749
External Sales	£11,975	£11,831	£11,889	£12,030	£11,958	£12,498	£12,734	£12,481	£13,347	£13,000	£12,557	£12,879
Great Britain	£7,328	£7,400	£6,873	£6,843	£6,751	£6,780	£6,585	£6,591	£7,269	£7,719	£7,709	£7,641
Exports	£4,647	£4,432	£5,016	£5,187	£5,208	£5,718	£6,149	£5,891	£6,078	£5,281	£4,848	£5,238
Republic of Ireland	£1,029	£1,130	£1,278	£1,422	£1,485	£1,714	£1,862	£1,687	£1,688	£1,515	£1,226	£1,269
Rest of EU	£1,397	£1,273	£1,298	£1,387	£1,285	£1,397	£1,526	£1,567	£1,570	£1,102	£1,208	£1,388
Rest of World	£2,221	£2,029	£2,440	£2,378	£2,437	£2,607	£2,761	£2,637	£2,821	£2,663	£2,414	£2,581

Table 15 - Annual Real Growth in Total Sales, External Sales and Exports, 2001/02 - 2011/12

	Change 01/02 - 02/03 %	Change 02/03 - 03/04 %	Change 03/04 - 04/05 %	Change 04/05 - 05/06 %	Change 05/06 - 06/07 %	Change 06/07 - 07/08 %	**Change 07/08 - 08/09 %	**Change 08/09 - 09/10 %	Change 09/10 - 10/11 %	Change 10/11 - 11/12 %
Total Sales	-0.1	2.5	1.4	-0.8	4.9	2.7	-3.6	-3.8	-2.5	2.6
Northern Ireland	4.2	9.4	1.9	-1.6	6.1	5.3	-8.6	-8.0	0.6	2.7
External Sales	-1.2	0.5	1.2	-0.6	4.5	1.9	-2.0	-2.6	-3.4	2.6
Great Britain	1.0	-7.1	-0.4	-1.3	0.4	-2.9	0.1	6.2	-0.1	-0.9
Exports	-4.6	13.2	3.4	0.4	9.8	7.5	-4.2	-13.1	-8.2	8.1
Republic of Ireland	9.8	13.1	11.3	4.4	15.4	8.7	-9.4	-10.2	-19.1	3.5
Rest of EU	-8.9	2.0	6.8	-7.3	8.7	9.2	2.7	-29.8	9.5	14.9
Rest of World	-8.7	20.3	-2.5	2.5	6.9	5.9	-4.5	-5.6	-9.4	6.9

*Please note that constant prices for 2008/09 (SIC 2003) and earlier years are deflated to base 2008/09 (SIC 2003)=100 while 2008/09 (SIC 2007) and later years are deflated to base 2010/11 (SIC 2007)=100. For more information, please see the background notes.

**Please note that 07/08 – 08/09 changes are on a SIC 2003 basis, while 08/09 – 09/10 and later changes are on a SIC 2007 basis.

Table 16 - Share of Total Sales by Broad Destination, 2001/02 - 2011/12, (current prices)

	2001/02 %	2002/03 %	2003/04 %	2004/05 %	2005/06 %	2006/07 %	2007/08 %	2008/09 (SIC2003) %	2008/09 (SIC2007) %	2009/10 %	2010/11 (revised) %	2011/12 (provisional) %
Northern Ireland	21.0	22.1	23.6	23.8	23.7	24.1	25.0	23.2	22.4	21.4	22.2	22.5
Great Britain	47.8	48.7	44.0	43.4	43.4	41.8	40.0	40.6	41.2	45.6	46.9	46.0
Republic of Ireland	6.9	7.5	8.3	9.0	9.4	10.2	10.6	10.4	10.1	9.5	7.8	7.6
Rest of EU	9.4	8.4	8.4	8.8	8.1	8.3	8.7	9.6	9.4	6.9	7.7	8.3
Rest of World	14.9	13.4	15.8	15.0	15.4	15.5	15.7	16.2	16.9	16.7	15.3	15.5
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1994/95 - 2003/04 Rest of the EU figures are based on information for the following member states of the European Union: Germany; France; Belgium; Luxembourg; Netherlands; Italy; Denmark; Portugal; Spain; Greece; Austria; Sweden and Finland.

In May 2004, the accession countries joined the EU and hence 2004/05 results refer to the enlarged EU. The accession countries are: Cyprus; Czech Republic; Estonia; Hungary; Latvia; Lithuania; Malta; Poland; Slovakia and Slovenia.

In January 2007 Bulgaria and Romania joined the EU and figures for these member states are included within the EU from 2007/08

Annex A: Revisions to 2010/11 Results

It is normal practice to revise the data from the previous year based on ongoing data validation and clarification of responses from individual businesses. Table A1 below shows that revisions to the previously published 2010 data have resulted in a decrease of £307 million in total sales, a decrease of £247 in external sales and a decrease of £264 million in export sales.

Table A1 – Size of revisions to previously published 2010/11 data

	2010/11 revised results £m	2010/11 published results £m	Difference £m
Total Sales	£15,607	£15,914	£-307
Northern Ireland	£3,469	£3,529	£-60
External Sales	£12,137	£12,384	£-247
Great Britain	£7,326	£7,327	£-1
Exports	£4,811	£5,057	£-246
Republic of Ireland	£1,217	£1,230	£-13
Rest of EU	£1,199	£1,228	£-30
Rest of World	£2,395	£2,599	£-204

8: Background Notes

Background

The annual Northern Ireland Manufacturing Sales and Exports Survey (MSES) provides estimates of the sales and exports generated by all businesses within the manufacturing industry in Northern Ireland (classified as Standard Industrial Classification 2007 (SIC07) divisions 10-33). The survey has been carried out since 1991/92. The Northern Ireland Economic Research Centre conducted the survey fieldwork each year prior to 2003 when it was passed to Economic and Labour Market Statistics Branch, DFP. It provides information on total sales, external sales and exports by SIC07 division and destination of goods.

Survey reference period

The current survey covers the accounting period 2011/12 which runs from 1 April 2011 to 31 March 2012. Calendar year information is accepted if financial year information is not readily available.

MSES sample

Given the size of the manufacturing sector in Northern Ireland, the sample is designed as a census of all businesses within manufacturing with 5 or more employees.

Data collection, validation and calculation of Sales and Exports results

Forms were issued from Economic and Labour Market Statistics Branch, DFP in April 2012 and the returned forms were subjected to a range of validation and congruency checks. The 2011/12 response rate was 76.3%,

Individual estimates are made for those companies with 50 or more employees, which fail to respond to the survey. Estimation is based on previous year returns, if available, by applying growth rates, calculated from changes over the year in similar businesses. If no previous year data is available, a sales value is derived from another comparable survey and destination information is estimated based on the returns of the industry to which the non-respondent belongs. If no data are available, an estimate is made based purely on the returns of similar businesses.

No individual estimate is made for those companies which fall below the 50 employee threshold, instead responses are grossed thus providing a population estimate of the full value of sales for such companies in Northern Ireland. Grossing factors are calculated using surveys such as the Quarterly Employment Survey (QES) and the Census of Employment as the population; factors are produced at a divisional level thus reflecting the distributions across the various industrial sectors.

The results are presented in current prices, and where possible, in constant prices.

Constant/Current Prices

Constant prices allow figures to be presented so that the effects of inflation are removed and changes can be reported in real terms (by using a deflator). The deflators used are based on price indices which report the prices of manufactured products both within the UK and internationally. The deflators therefore fully recognise the impact of inflation and other factors such as exchange rates which are represented in the price changes of goods.

The values for each time period are usually expressed in terms of the prices in some base period (2011/12=100). However, the move from SIC 2003 to SIC 2007 has resulted in two base years, and this is more fully discussed later in this section

Current price figures show data where the value for each item is expressed in terms of the prices in that period. All prices presented in the report are provided in current price terms, unless otherwise stated.

Deflation

A deflator is an index showing the price movements over a period of time. Constant price data are normally calculated by dividing current price data by the deflator. Sales to Northern Ireland and Great Britain have historically been deflated using price index PLLU – net output of manufactured products, and exports have been deflated using price index BQKK – total trade in goods excluding oil (exports).

However, as a result of changing from SIC 2003 to SIC 2007, the PLLU index has been discontinued, meaning that the Northern Ireland and Great Britain figures from 2008/09 onwards have been deflated using price index JVZ7. This is discussed more fully below.

Producer Price Indices (PPIs) are a series of economic indicators that measure the price movement of goods bought and sold by UK manufacturers. It is a base weighted index working on the basket of goods concept. A wide range of representative products are selected and the prices of these collected each month.

The movement in the prices are weighted to reflect the relative importance of the products in a chosen year (known as the base year) currently 2011/12. These are then aggregated for various industrial sectors to provide indices that are published monthly by National Statistics.

Details on the changes to the ONS deflators methodology can be found at the following link.

<http://www.ons.gov.uk/ons/rel/naa1-rd/national-accounts-concepts--sources-and-methods/august-2011/deflation-improvements-in-the-uk-national-accounts.pdf>

Move from SIC 2003 to SIC 2007

As highlighted in the 2008/09 MSES bulletin, the Office for National Statistics (ONS) in conjunction with various stakeholders has implemented major revisions to the UK Standard Industrial Classification of Economic Activities (SIC).

The UK is required by European legislation to revise the SIC in parallel with NACE (Statistical classification of economic activities in the European Community) 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 these revisions and correspondence between SIC 2007 and the previous SIC 2003 can be accessed via the following link:

<http://www.ons.gov.uk/ons/guide-method/classifications/development-projects/operation-2007/index.html>

As a result, the SIC 2003 categorisation of business activities has been replaced and updated by the new SIC 2007 activity codes within the MSES 2011/12. This has resulted in discontinuities between results presented on a SIC 2003 (2008/09 and earlier years) and SIC 2007 (2008/09 and subsequent years) basis.

As discussed earlier, grossing factors for the MSES are calculated using the QES, and the extent of the changes in QES estimates for Manufacturing based on SIC 2003 and SIC 2007 can be accessed via the following link:

http://www.detini.gov.uk/notice_for_publication_of_sic2007_estimates.pdf

Caution should therefore be exercised when comparing results presented on a SIC 2003 and SIC 2007 basis.

The move from SIC 2003 to SIC 2007 has also resulted in the ONS discontinuing the SIC 2003 deflator price index PLLU (in favour of the 2007 JVZ7 index). Details of PPI implementation of SIC 2007 and the impact of this move can be accessed by e-mailing ppi@ons.gov.uk

This discontinuation means that constant prices for MSES results collected on a SIC 2003 basis will be deflated to base period (2008/09=100) from now on, while SIC 2007 results will be deflated to the current year (i.e. 2011/12=100 in this report). Section 7 of this bulletin quantifies the differences that occur when deflating the SIC 2003 results to base years 2008/09=100 and 2011/12=100.

Rest of European Union

The Rest of EU refers to the member states of the European Union, excluding the UK and ROI. REU figures prior to 2004/05 refer to the following member states: Germany; France; Belgium; Luxembourg; Netherlands; Italy; Denmark; Portugal; Spain; Greece; Austria; Sweden and Finland. From 2004/05 results onwards, the Rest of EU refers to the aforementioned countries plus the accession countries (Cyprus; Czech Republic; Estonia; Hungary; Latvia; Lithuania; Malta; Poland; Slovakia and Slovenia) which joined the EU in May 2004. Bulgaria and Romania joined the EU in January 2007 and are included in the Rest of EU from 2007/08.

Quality reporting

A summary quality report for the MSES can be found at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm>

This report describes in detail the quality of the statistics presented in this publication (in terms of relevance, accuracy, timeliness and punctuality, accessibility and clarity, coherence and comparability, trade-offs between output quality components, assessment of user needs and perceptions, performance, cost and respondent burden and confidentiality, transparency and security).

Status of figures in current bulletin

The most recent figures, 2011/12 are provisional and are subject to revision in the next reporting period. The 2010/11 figures have been revised downwards by approximately £307 million. Please see Annex A for further details.

Sales and exports values are reported in £ million unless otherwise specified.

Percentage changes are reported to one decimal place.

SIC03 constant prices are deflated to 2008/09 values and SIC07 constant prices are deflated to the most recent year.

Planned future revisions

The MSES revisions policy can be found at: <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm>

Publications policy

All Economic and Labour Market Statistics Branch statistical publications are available to download free of charge from the website

<http://www.detini.gov.uk/deti-stats-index.htm>

The MSES statistical bulletin is available at <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm>

The tables from the current publication are available in Excel format to download free of charge from the MSES website at: <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-manufacturing-sales-exports.htm>

The MSES is published in early December each year and the Economic and Labour Market Statistics Branch statistics publication schedule is available at:

http://www.detini.gov.uk/publication_schedule_11-17.pdf

The list of people given pre-release access to this publication is available at

http://www.detini.gov.uk/publication_pre-release_access_list-18.pdf

Next publication

The next publication will be published in early December 2013.

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