



Statistics Release

Economy Series

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SCOTLAND'S GLOBAL CONNECTIONS SURVEY 2004

Introduction

This Statistics Release presents the main results of Scotland's Global Connections Survey¹ for 2004. This is the only export survey covering all sectors of the Scottish economy. Exports are shown by industry and destination and comparisons are made with the value of Scottish exports from previous surveys in 2002 and 2003.

Exports by Broad Industry Sector & Trade Area

In 2004, total Scottish exports were provisionally estimated to be £17.5 billion, of which 70 per cent (£12.2 billion) were attributable to manufacturing. It was estimated that the service sector accounted for £4.6 billion exports (26 per cent). The value of exports identified as going to the European Union was estimated at £8.8 billion (53 per cent) with a further £7.9 billion to the rest of the world.

Table 1: Scottish Exports by sector and trade area (£million), 2004

	EU25	Non-EU	Total exports
Primary ¹	300	285	590
Production ² & Construction	6,875	5,410	12,285
<i>of which manufacturing</i>	<i>6,835</i>	<i>5,385</i>	<i>12,220</i>
Services	1,645	2,220	4,615
TOTAL	8,825	7,915	17,485

Notes:

1. Excludes the value of oil & gas extracted from the UK Continental Shelf, see Notes.
2. Includes manufacturing, mining & quarrying and electricity/gas/water supply.
3. EU25 and Non-EU estimates exclude exports from some service sector industries - SICs 61, 62, 65, 66 and 90 (see Note 10). The total exports figure includes this £745m of exports which could not be allocated to a region.

¹ The Global Connections Survey was carried out by the Scottish Executive with support from Scottish Development International. Results are based on data received from nearly 4,000 companies, supplemented with partial information on a further 1,500 companies obtained from other sources.

Key points

- Scottish exports in 2004 (excluding oil and gas) were provisionally estimated to be £17.5 billion, of which £12.2 billion was attributable to manufacturing industries. This represents a decrease in overall exports of £0.6 billion since 2003, and a decrease of £1 billion in exports from manufacturing industries from 2003, largely caused by the decline in electronics.
- The top exporting industries in 2004 were food & beverages (£2.8 billion), office machinery (£1.8 billion), business services (£1.8 billion), chemicals (including petroleum products) (£1.7 billion) and radio/television and communication equipment (£1.4 billion). These industries together accounted for more than half of total exports.
- The USA was Scotland's top destination for exports in 2004 for the second year running with an estimated £2.6 billion exports (16 per cent of total exports). This compared with £2.1 billion of exports to the USA in both 2003 and 2002.
- An estimated £8.8 billion (53 per cent) of all Scottish exports were destined for the EU. Within the EU, the Netherlands was the largest market, with £1.6 billion exports. Germany also had £1.6 billion exports, a slight drop from 2003, reflecting the decline in the electronics industry, as Germany has been an important destination for electronics.
- The top five export markets (USA, Netherlands, Germany, France and Spain) accounted for £7.8 billion of exports (45% of all exports) from Scotland.

Exports by industry

Chart 1: Scottish exports 2002 - 2004 (£million), by industry

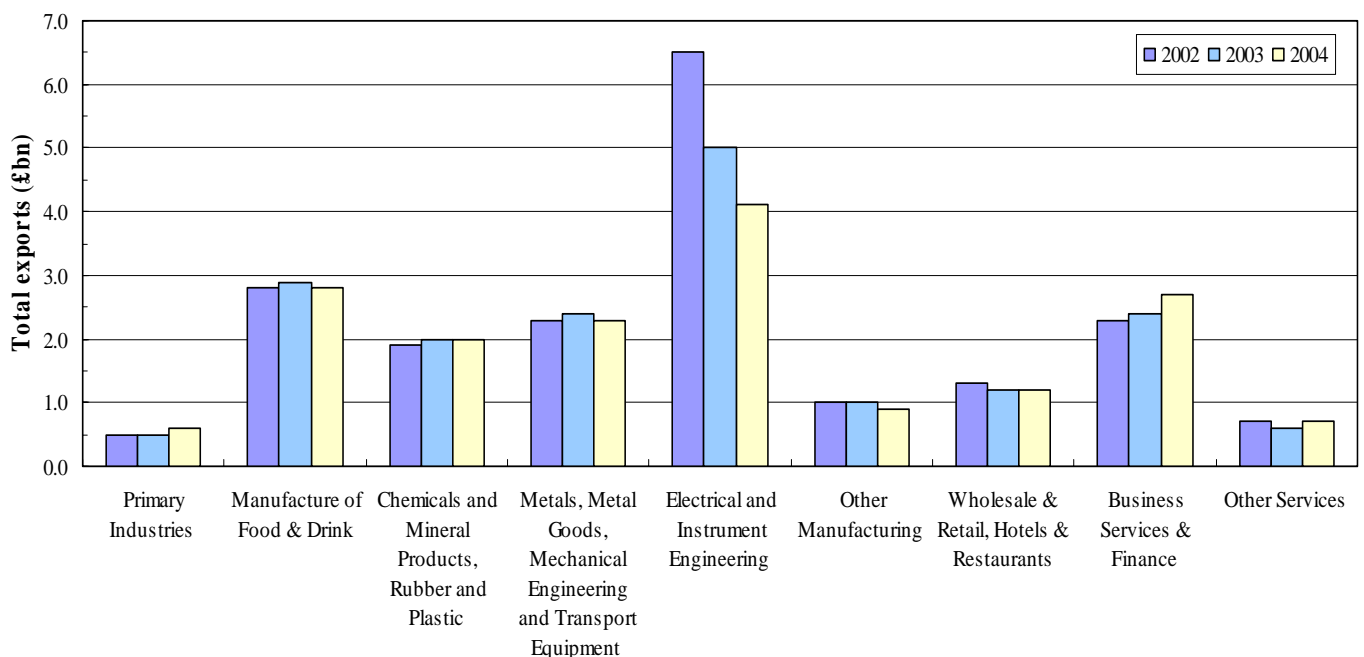


Chart 1 illustrates that most decline in exports has been seen in the electronics sector, while growth was observed in business services and finance. Table 2 provides the estimates by detailed industry.

Table 2: Total Exports by Grouped Industry Sector, 2002 - 2004, (£million)

Industry Groupings (2 Digit SIC Division Groups)		Total Exports (£million)		
		2002	2003	2004
01, 02, 05	Agriculture, Forestry & Fishing	165	145	145
10, 11, 13, 14	Mining, Quarrying & Extraction of Petroleum	335	380	440
15	Manufacture of Food Products and Beverages	2,805	2,895	2,840
15.91	<i>Of Which Manufacture of Distilled Potable Alcoholic Beverages</i>	2,330	2,405	2,355
17	Manufacture of Textiles & Textile Products	325	320	315
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	55	40	45
19	Tanning and Dressing of Leather; Manufacture of Luggage; Handbags, Saddlery, Harness & Footwear	55	50	55
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	50	40	55
21	Manufacture of Pulp, Paper & Paper Products	315	290	295
22	Publishing, Printing and Reproduction of Recorded Media	75	100	60
23, 24	Manufacture of Coke, Refined Petroleum Products & Nuclear Fuel, Manufacture of Chemicals & Chemical Products	1,550	1,705	1,650
25	Manufacture of Rubber & Plastic Products	345	330	335
26	Manufacture of Other Non-Metallic Mineral Products	95	105	125
27	Manufacture of Basic Metals	125	155	80
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	370	345	345
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	955	905	895
30	Manufacture of Office Machinery & Computers	3,725	2,240	1,785
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	415	395	275
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,840	1,760	1,380
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	500	635	670
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	85	65	65
35	Manufacture of Other Transport Equipment	640	780	825
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	70	55	55
37	Recycling	50	65	65
40, 41, 45	Electricity, Gas & Water Supply, Construction	80	65	65
50, 51, 52, 55	Wholesale ¹ , Retail & Repairs, Hotels & Restaurants	1,270	1,215	1,225
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Activities	310	300	305
64	Post & Telecommunication	60	75	100
65, 66, 67	Financial Intermediation	580	605	910
70, 71	Real Estate & Renting	100	110	105
72, 73, 74	Business Services ²	1,620	1,665	1,755
80	Education	140	150	160
85, 90, 92, 93	Other Services ³	65	65	55
	Total Exports	19,170	18,055	17,485

1. Wholesale figures include the wholesale of agricultural products, fish and crustaceans & molluscs.

2. Business Services include the following activities: computer and related activities; research & development; legal, accounting, book-keeping and auditing activities; tax consultancy; market research; public opinion polling; business and management consultancy.

3. 'Other Services' includes the following activities: Health and other community activities, social and personal service activities.

In 2004, the top five exporting industries were food & beverages (£2.8 billion – of which spirits accounted for 83 per cent), office machinery (£1.8 billion), business services (£1.8 billion), chemicals (including petroleum products) (£1.7 billion), and radio/television and communication equipment (£1.4 billion). In total, these five industries accounted for 54 per cent of total exports.

In 2004, manufactured exports were estimated at £12.2 billion (70 per cent of total exports). Of this, £2.8 billion (23 per cent) was food and drink. The electronics industry as whole (defined as SIC divisions 30 - 33) had estimated exports of £4.1 billion, accounting for 34 per cent of manufactured exports and 24 per cent of total exports. The 2002 and 2003 figures for electronics were £6.5 billion and £5 billion respectively, with total manufactured exports at £14.4 billion in 2002 and £13.3 billion in 2003.

Exports from the service sector increased from £4.2 billion to £4.6 billion between 2003 and 2004, mainly caused by the increase in international trade of financial services.

Export Destinations

Table 3 shows estimates of exports to international destinations. Along with exports to North America, exports to Asia increased, while other regions experienced drops in the estimated value of exports. Exports to the EU25 countries accounted for 53 per cent of total exports, and decreased from 2003. However, the amount that could not be allocated increased, due to increased exports of financial intermediation – about which detailed destination data are not available.

Table 3: Exports by geographic region¹ (£million), 2002 - 2004

Region	Exports value 2002	Exports value 2003	Exports value 2004
EU25	10,415	9,215	8,825
Rest of Europe	1,730	2,060	1,300
North America	2,390	2,475	2,890
Central and South America	665	500	435
Middle East	975	830	635
Asia	1,650	1,750	2,050
Africa	295	225	240
Australasia	570	545	365
Unallocable ¹	510	460	745
Total exports	19,170	18,055	17,485

1. The estimates for regions exclude exports from SICs 61, 62, 65, 66 and 90, see Note 10.

Table 4 shows the top 20 markets for Scottish exports. The top export destination in 2004 was the USA, which accounted for an estimated £2.6 billion exports (16 per cent of total exports that could be allocated to a country). This was followed by the Netherlands and Germany with an estimated £1.6 billion each (10 per cent of the total). The top 20 export destinations accounted for 80 per cent of total allocable exports. India was included in the top 20 for the first time and Australia re-entered, replacing South Africa and Malaysia.

Table 4: Top 20 export destinations¹ (£million), 2002 - 2004

Rank	2002		2003		2004	
	Destination	Total Exports	Destination	Total Exports	Destination	Total Exports
1	Germany	2,215	USA	2,145	USA	2,610
2	USA	2,070	Germany	1,640	Netherlands	1,645
3	France	1,720	Netherlands	1,565	Germany	1,600
4	Netherlands	1,570	France	1,240	France	1,165
5	Italy	1,045	Norway	1,095	Spain	775
6	Spain	780	Spain	890	Eire	700
7	Norway	675	Eire	750	Switzerland	585
8	Canada	615	Italy	720	Belgium	555
9	Eire	520	Belgium	600	Italy	525
10	Sweden	505	Switzerland	485	Singapore	465
11	Switzerland	505	Japan	405	Sweden	380
12	Belgium	425	Sweden	390	Japan	325
13	Denmark	365	Denmark	365	Denmark	325
14	Japan	325	Canada	325	Finland	315
15	Russia	320	Finland	305	Norway	310
16	Korea	275	UAE	245	Canada	275
17	Israel	255	Singapore	240	Korea	240
18	Australia	255	Korea	215	India	210
19	UAE	235	Malaysia	210	Australia	210
20	HongKong	230	SouthAfrica	200	UAE	165

1. The estimates for countries exclude exports from SICs 61, 62, 65, 66 and 90. See Note 10 for details.

Acknowledgments

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Notes:

1. A representative sample of 11,000 businesses operating in Scotland were invited to participate in this voluntary survey, and responses (including nil responses) were received from 3,500 companies. The exports results are supplemented with data from UK surveys carried out by the Office for National Statistics (ONS).
2. Estimates for 2002 and 2003 have been revised from those published last year. These revised figures incorporate new information provided by companies and ONS, and reflect improvements made possible by the availability of 3 years' survey responses. Revisions are also caused to industry figures by the reclassification of companies to industries. The 2004 results are provisional, and may be revised in the future if improved information becomes available.
3. Due to sampling differences and also because companies can move between industry sectors, estimates of changes over time in smaller industries should be treated with reasonable caution.
4. Further information and tables to download are available from the following Scottish Executive website: <http://www.scotland.gov.uk/exports>.
5. The Executive also produces a quarterly index of manufactured exports (IME), to provide an indication of the up-to-date trends. These can also be accessed via the above website. The January 2006 release of the IME up to 2005 Q3 will be aligned with these results from the Global Connections Survey. As part of this alignment process, improvements have also been made to the GCS results for 2002 and 2003.
6. Figures for 2002 are based on the 1992 Standard Industrial Classification (SIC) of economic activities. Figures for 2003 and 2004 are based on the 2003 UK SIC. The changes between these are only at the detailed level of industrial classification and will not affect total industry results shown.
7. In accordance with National Accounting principles, total Scottish exports do not include any exports of oil and gas extracted from the UK continental shelf, and so exclude companies classified as SIC 11.1. This is consistent with the approach taken in all Scottish economic statistics in that, following European System of Accounts (ESA 95) conventions, the National Accounts determine that these cannot be allocated to any one region of the UK. Exports of services provided to the oil and gas industry are included under SIC 11.2 (although surveying and engineering consulting for the oil industry are within SIC 74).
8. The value of exports of fishing (SIC 5.01) relating to direct sales of fish abroad has been provided by the Scottish Executive Environment and Rural Affairs Department (SEERAD) and is not derived from Scotland's Global Connections Survey (GCS).
9. The figures given in tables and charts have been independently rounded, so they may not always sum to the relevant sub-totals or totals.
10. Country results are subject to more sampling error than industry estimates as they are based on less information. It is important to note that differences in the reported export markets of the companies responding to the survey could affect the year on year changes in the destination estimates, and that ranks of countries with similar exports estimates can change considerably.
11. Due to a lack of reliable company information for particular industries, destination estimates exclude SIC 61 (water transport), SIC 62 (air transport), SIC 65 (financial intermediation), SIC 66 (insurance and pension funding) and SIC 90 (sewage and refuse disposal). The total for these is shown as unallocable in table 3. Again, this means that rankings of individual countries should be treated as indicative.