

Statistical bulletin

UK Trade in Goods by Classification of Product by Activity CPA (08): Quarter 3 (July to September) 2014

The value of UK exports and imports of goods grouped by industry. Goods are attributed to the industry of which they are the principal products.

Contact:
Katherine Kent
trade.in.goods@ons.gsi.gov.uk

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1. Introduction

- This publication presents a quarterly analysis of UK exports and imports of goods grouped according to the activity of which those goods are principal products. Data are presented according to the classes of the 2008 Classification of Product by Activity (CPA(08))
- All data are shown on a seasonally adjusted Balance of Payments basis at current prices, which provides a comprehensive set of CPA(08) trade in goods figures fully compatible with the National Statistics Balance of Payments and National Accounts outputs
- The Quarter 3 2014 issue of UK trade in goods by CPA is consistent with the figures published in the UK Trade release of 10 December 2014. The data published in this issue are consistent with the 2014 Blue Book, released on 31 October 2014
- This bulletin is not affected by the recent corrections made as part of the October 2014 UK Trade release, published on 10 December 2014

2. UK trade in goods, Quarter 3 2014

In Quarter 3 2014, the deficit on trade in goods increased by £1.8 billion to £31.9 billion, compared with a deficit of £30.1 billion in Quarter 2 2014.

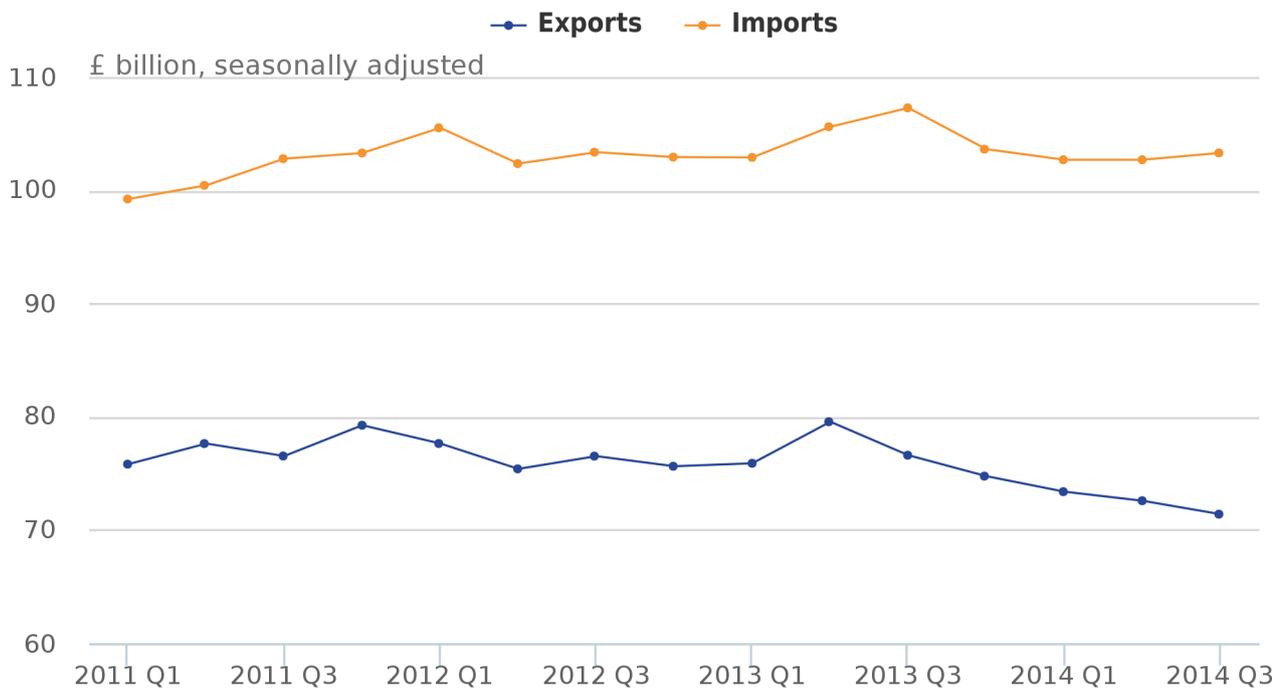
Table 1: UK Trade in Goods

Seasonally adjusted: £ billion

	Exports	Imports	Balance
2013 Q2	79.5	105.6	-26.0
Q3	76.6	107.3	-30.7
Q4	74.7	103.6	-28.9
2014 Q1	73.4	102.7	-29.3
Q2	72.6	102.7	-30.1
Q3	71.4	103.3	-31.9

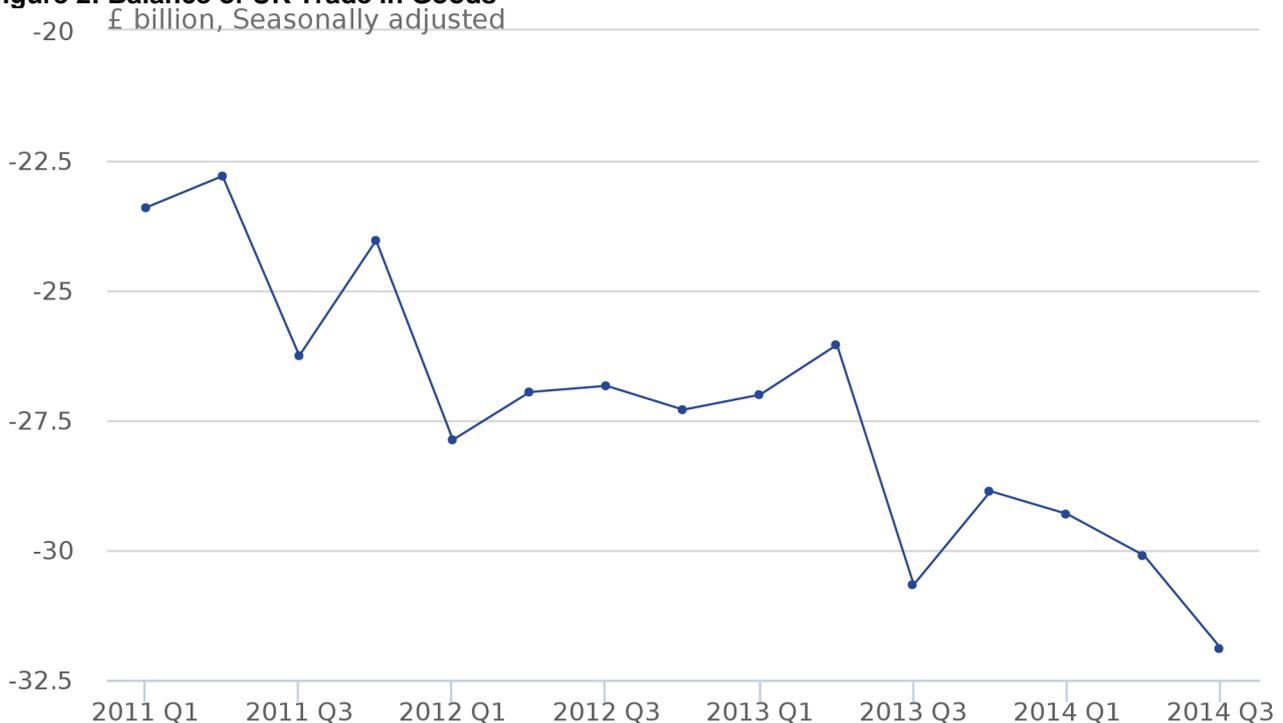
Source: Office for National Statistics

Figure 1: Value of UK Trade in Goods



Source: Office for National Statistics

Figure 2: Balance of UK Trade in Goods



Source: Office for National Statistics

3. Change in value by industry, Quarter 3 2014

In Quarter 3 2014, total exports decreased by £1.2 billion (1.6%) to £71.4 billion, and total imports increased by £0.6 billion (0.6%) to £103.3 billion. At the industry level the data is shown in Tables 2 and 3.

Table 2: Exports: Change in Value by Industry Grouping, Quarter 3 2014 Compared with Quarter 2 2014

Seasonally adjusted: £ billion

	Exports
Section A: Products of Agriculture, Forestry & Fishing	98
Section B: Mining & Quarrying	9
Section C: Manufactured Products	-1370
Section D: Electricity, Gas, Steam & Air Conditioning	-4
Section E: Water supply, Sewerage & Waste Management	7
Section J: Information & Communication Services	101
Section M: Professional, Scientific & Technical Services	2
Section R: Arts, Entertainment & Recreation Services	-30

Source: Office for National Statistics

Table 3: Imports: Change in Value by Industry Grouping, Quarter 3 2014 Compared with Quarter 2 2014

£ million, seasonally adjusted

	Imports
Section A: Products of Agriculture, Forestry & Fishing	-309
Section B: Mining & Quarrying	-214
Section C: Manufactured Products	959
Section D: Electricity, Gas, Steam & Air Conditioning	0
Section E: Water supply, Sewerage & Waste Management	97
Section J: Information & Communication Services	-29
Section M: Professional, Scientific & Technical Services	0
Section R: Arts, Entertainment & Recreation Services	99

Source: Office for National Statistics

4. Imports of illegal drugs

[National Accounts articles - Inclusion of Illegal Drugs and Prostitution in the UK National Accounts](#)

Table 4: Imports of Illegal Drugs

	£ billion
2003	1.7
2004	1.8
2005	1.7
2006	1.6
2007	2.1
2008	2.5
2009	2.7
2010	2.5
2011	2.2
2012	3.9
2013	2.8

Source: Office for National Statistics

5. Background notes

1. What's new?

On 10 June 2014, ONS published an article '[Methodological changes to the measurement of trade due to the introduction of new international standards](#)' describing changes that were introduced in the [August 2014 UK Trade Release](#) published on 10 October 2014, in order to comply with European statistical guidelines.

Revisions

Trade in goods figures are revised to take in adjustments to the Overseas Trade Statistics (OTS) data and changes in the seasonal adjustment factors. There is a need to revise the EU estimates over a longer period of time because of the Intrastat system. Most revisions are small in relation to the variability of the series.

In this release, periods from Q1 1998 have been revised based on improved methodology.

2. UK trade in goods by classification of product by activity designated as National Statistics

The [United Kingdom Statistics Authority](#) has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the [Code of Practice for Official Statistics](#).

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

3. Special events

An article outlining the [ONS policy on special events](#) can be found on the ONS website.

4. Code of practice for Official Statistics

National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

5. Understanding the data

The statistics of trade in goods compiled by the Office for National Statistics (ONS) are derived principally from data provided by Her Majesty's Revenue & Customs (HMRC).

6. Overseas Trade Statistics compiled by HMRC

Since 1993 statistics of the UK's overseas trade in goods comprise:

- Statistics of UK imports from and exports to countries outside the EU, which have been compiled from declarations made to HM Revenue & Customs (HMRC), previously Customs & Excise.
- Statistics of UK arrivals (imports) from and dispatches (exports) to other member states of the EU, compiled from Intrastat returns sent to HMRC.

The Intrastat system is linked to Value Added Tax (VAT) and has applied since 1993 in all EU member states. Prior to 1993, statistics of UK trade with all countries were compiled from declarations made to HM Revenue & Customs.

7. For statistical purposes, the UK adopts the valuation bases recommended in the International Merchandise Trade Statistics Concepts and Definitions published by the United Nations. This means the valuation of exports (dispatches) is on a free on board (FOB) basis, that is the cost of goods to the purchaser abroad, and the valuation of imports (arrivals) is on a cost, insurance and freight (CIF) basis. This includes all expenses incurred moving the goods to the point of entry into the UK, but excludes any duty or tax chargeable in the UK.

8. Balance of Payments statistics compiled by ONS

To conform to the International Monetary Fund (IMF) Balance of Payments (BoP) definition, the value of imports required is the value of goods at the point of export (that is, the Customs border of the exporting country) rather than the value of goods as they arrive in the UK. The freight and insurance costs of transporting the goods to the UK needs to be deducted from the values recorded by HMRC.

9. In addition, ONS has to make various other adjustments to include transactions which are not reported to HMRC and to exclude transactions reported to HMRC but where there is no change of ownership. Table 2.4 in the annual ONS publication [United Kingdom Balance of Payments](#) summarises the transition from trade in goods statistics on an Overseas Trade Statistics (OTS) basis (compiled by HMRC) to a BoP basis (compiled by ONS) for each of the last 11 years.
10. Following a change in the pattern of trading associated with Missing Trader Intra-Community (MTIC) fraud, identified by HMRC, interpretation of the breakdown between EU and non-EU trade is more difficult. Some VAT MTIC fraud has affected non-EU exports from 2004 onwards. However, the MTIC trade adjustments are added to the EU import estimates derived from Intrastat returns as it is this part of the chain that is generally not recorded. Changes to the pattern of MTIC can therefore make it difficult to analyse trade by commodity group and by country as increases inflate both imports and exports. In particular, adjustments affect trade in capital goods and intermediate goods – these categories include mobile phones and computer components.

11. **Classifications and definitions**

CPA(08) data have been derived by mapping detailed 8-digit Harmonised Commodity Description and Coding System (HS) data provided by HMRC to an applicable activity based on a Eurostat-produced [correspondence table](#).

The CPA is the classification of products at the level of the European Union. Product classifications are designed to categorise products that have common characteristics. They provide the basis for collecting and calculating statistics on the production, distributive trade, consumption, foreign trade and transport of such products. A major revision of the CPA was adopted in April 2008. New concepts, such as originals and intellectual property products, have been introduced, and further detail has been added to reflect new products. A correspondence table between the [CPA02 and CPA08 classifications](#) can be found on the Eurostat website.

12. Not all exports allocated to an industry were necessarily produced in establishments classified to that industry. However, the exports attributed to an industry are broadly comparable with sales figures for principal products of that industry. Imports refer to the industry by which the commodity was produced, rather than by the importing industry.

13. **Seasonal adjustment**

The quarterly trade in goods figures published by ONS are on a seasonally adjusted basis. The seasonally adjusted series for total trade in goods are derived by summing or weighting together major commodity components. In common with other ONS outputs, the seasonal adjustment package used is X12ARIMA, developed by Stats Canada.

14. **Rounding**

Figures on a Balance of Payments basis are adjusted to ensure arithmetical consistency, in line with conventions used in the National Accounts.

15. **Related data**

Equivalent information at constant prices is available from the ONS Customer Contact Centre (see the reverse title page of this publication). We can also supply comparable information for UK trade with the EU and non-EU countries. As a result of the methodological changes which could not be carried through to world totals, a few EU and non-EU series may have negative values.

16. **Further information**

A paper entitled [Statistics on Trade in Goods \(GSS Methodological Series No. 36\) \(384.4 Kb Pdf\)](#) gives comprehensive explanations of the bases on which trade in goods statistics are compiled and is available on the ONS website.

17. **Publication policy**

Details of the policy governing the release of new data are available from the [Media Relations Office](#).

18. **Accessing data**

The complete run of data in the tables of this Statistical Bulletin are also available to view and download in other electronic formats free of charge, using the [UK Trade in Goods by CPA\(08\), Q3 2014 Dataset](#) website service. Users can download the complete Statistical Bulletin in a choice of zipped formats, or view and download their own selections of individual series.

19. Follow ONS on [Twitter](#) and receive up to date information about our statistical releases.

20. Like ONS on [Facebook](#) to receive our updates in your newsfeed and to post comments on our page.

21. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.