

Article

Estimating the value of service exports abroad from different parts of the UK: 2011 to 2015

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1 . Main points

The Experimental Statistics on exports of services show that London produced over £100 billion of service exports in 2015, which was 46% of all exports of services from the UK.

London had the largest year-on-year increase in the value of service exports in 2015, with an increase of £8.5 billion (or 9%) on 2014. The only other NUTS 1 areas with a year-on-year increase in service exports were in the north of England.

Financial services were responsible for 23% of all service exports in 2015 from Great Britain, followed by real estate, professional, scientific and technical (16%), travel (14%) and information and communication (14%).

London accounted for 56% of Great Britain's exports of financial services in 2015, followed by the North West of England accounting for 7%. In 2015, exports of financial services increased by 12% year-on-year in London and 8% in the rest of Great Britain.

Scotland had the highest percentage growth in exports of real estate, professional, scientific and technical services from 2011 to 2015, more than doubling from £1.6 billion in 2011 to £3.4 billion in 2015.

Exports of travel services grew by one-third across Great Britain between 2011 and 2015, with every region and country experiencing growth. This was driven by London, which accounts for more than half (55%) of Great Britain's travel services exports.

Information and communication services exports are geographically focused in the greater south east of England, with £15.6 billion of exports from London in 2015, followed by the South East with £7.5 billion and the East of England with £1.6 billion. The remaining £4.4 billion was spread fairly evenly across the remaining eight NUTS 1 areas of Great Britain.

Between 2014 and 2015, total service exports from most NUTS 1 areas either declined or increased only slightly. The main reason was exports of insurance and pension services across Great Britain having fallen by one-third from £18.9 billion to £12.8 billion.

2 . Introduction

This article provides estimates of the value of service exports from the NUTS 1¹ countries and regions of the UK. In July 2016, we published the [first estimated values of NUTS 1 Service Exports](#) and an explanation of the experimental methodology used to compile them. This article adds data for the year 2015 to the previous publication, which presented figures for 2011 to 2014, on the same methodological basis, and updates some figures for 2014 to account for updated figures from previous publications.

The article complements other sources of UK trade data. The [UK Balance of Payments](#), known as the Pink Book, shows the value of goods exports and of service exports, separately, from the UK overall to other countries. HM Revenue and Customs' [Regional Trade Statistics](#) provides estimates of the value of goods exports from the NUTS 1 areas of the UK, which are Scotland, Wales, Northern Ireland, and the nine former English government regions.

The original analysis of service exports was carried out in light of increasing demand for sub-UK-level trade statistics from the devolved administrations of Scotland, Wales and Northern Ireland, the Greater London Authority, and the new English “city regions”. In particular, because services are responsible for the majority of economic output in the UK, there has been a clear demand for information to show how the exports of services vary across the UK. Recent events including the [announcement of the UK leaving the European Union](#), the publication of the [Industrial Strategy](#) and continued devolution negotiations, have further increased this demand.

This article contains figures for Northern Ireland, which have been published at the same time as this article by the Northern Ireland Statistics and Research Agency (NISRA) in the report entitled [Northern Ireland Broad Economy Sales and Exports Statistics](#). The publications [UK trade: Mar 2017](#), which gives national-level short-term indicators of trade, and [UK overseas trade statistics: March 2017](#), providing statistics on trade in goods, were also released today.

Notes for: Introduction

1. The [Nomenclature of Units for Territorial Statistics \(NUTS\)](#) is a hierarchical classification of administrative areas, used across the EU for statistical purposes. There are 12 NUTS 1 areas in the UK: Scotland, Wales, Northern Ireland, and the nine former English Government Office Regions.

3 . Things you need to know about this release

In July 2016, we published the [first estimated values of Service Exports](#) from the NUTS 1 areas of the UK, for the years 2011 to 2014. This article adds data for the year 2015, on the same methodological basis. This release also updates figures for 2014 to take into account revisions to the data for Northern Ireland¹, and updated results from the [Business Register and Employment Survey \(BRES\)](#) and the Pink Book, which are all typically updated one year after initial publication. Changes to Northern Irish data affect the previous year’s values of transport services exports from all NUTS 1 areas, changes to Pink Book estimates affect the previous year’s values of financial services exports, and changes to BRES affect the previous year’s values of transport and insurance and pension services exports. Data for 2015 will be subject to the same changes in subsequent years’ estimates of service exports.

The methodology takes figures primarily from the [International Trade in Services survey \(ITIS\)](#) and the Inter-Departmental Business Register (IDBR), but also combines data from the UK Balance of Payments (the Pink Book), the [International Passenger Survey \(IPS\)](#), the [Business Register and Employment Survey](#) and the [Annual Business Inquiry \(ABI\)](#) for Northern Ireland.

The Pink Book presents results compiled on a commodity (product) basis at the UK level, whereas the ITIS and ABI data used in this methodology are analysed on an industry basis, as this is the apparent demand from users of regional and country-level service exports. As a result of this, we present results broken down by the “functional categories” shown in Table 1, which are a combination of commodity categories for the estimates produced by breaking down UK figures from the Pink Book, and [UK Standard Industrial Classification 2007](#) (SIC 2007)-based industries for the estimates produced using ITIS and ABI data.

Table 1: Functional categories used in this analysis

Functional category	SIC07 section
Primary and utilities (agriculture, mining, utilities)	A, B, D, E
Manufacturing	C
Transport*	-
Travel*	-
Construction	F
Wholesale and motor trades	G (divisions 45 & 46)
Retail excl motor trades	G (division 47)
Information and communications	J
Real estate, professional, scientific and technical services	L, M
Insurance and pension services*	-
Financial*	-
Administrative and support services	N
Public admin, health and education; arts, entertainment and recreation; other services	O, P, Q, R, S

Source: The Pink Book; UK Standard Industrial Classification

Notes:

1. The categories shown above are UK Standard Industrial Classification 2007 (SIC07) sections used to analyse the ITIS and ABI data, excepting the categories indicated by an asterisk (*) symbol which are compiled on a product basis from the Pink Book.

Merging ITIS microdata with IDBR microdata we divide export values provided at organisational level to their constituent parts called “local units”, the individual physical locations making up the organisation. This is done using the employee counts, geographic location and industrial sector of each local unit, thereby assuming all parts of an organisation contribute to exporting (rather than just the trading office). This creates NUTS 1 area estimates of service exports of Great Britain for all rows in Table 1 except transport, travel, insurance and pension services, and financial services. The Northern Ireland Statistics and Research Agency (NISRA) separately produce similar results for Northern Ireland using the ABI.

For the remaining categories, we apportion Pink Book UK-level figures using a variety of indicators:

- for travel, we use information on overseas visitors’ spending by region and country from the IPS
- for transport, we use ABI data to estimate transport for Northern Ireland and, by subtracting Northern Ireland from the UK, generate figures for Great Britain; we then use counts from BRES to calculate the proportion of employees in each transport type working in each English region and in Scotland and Wales, making an adjustment for travel through the Channel Tunnel, and use this to apportion the remaining Great Britain-level Pink Book transport total
- for financial services, we use indicators of NUTS 1 area economic activity in the financial sector from the Bank of England, combined with information on NUTS 1 export shares for SIC 2007 Division 66 from ITIS apportioned using the IDBR (as described earlier)
- for insurance and pension services, we estimated a figure for Northern Ireland in line with the Northern Ireland proportion for financial services, then followed the BRES-based approach for regionalising Great Britain-level Pink Book figures as done for transport

As outlined, Northern Ireland's service export values are apportioned slightly differently to the rest of the UK's. As such, we present Great Britain's data when looking at service export values broken down by functional category. When looking at total service export values without a functional category breakdown, we present the UK as a whole.

While we use many of the same sources and definitions as are used to compile the UK Balance of Payments, there are still small differences to the total values. The total value of UK service exports calculated by summing the regional and country breakdowns in this article was £219.1 billion in 2015 whereas the UK Balance of Payments estimated that exports of services from the UK in 2015 were £225.5 billion². These differences are a result of differences in the methodology to calculate some functional categories, in the use of ABI data for Northern Ireland, and in final balancing adjustments carried out to align the UK Balance of Payments with the National Accounts.

We should note that the Scottish government produces its own estimates of the value of service exports from Scotland, available through the [Export Statistics Scotland \(ESS\) website](#). These numbers differ from our own as they are produced using a different methodology.

For more detailed information about the methodology used to create the NUTS 1 service exports and the decisions made in creating this methodology, please refer to our [previous publication](#).

Notes for: Things you need to know about this release

1. NISRA revise data for Northern Ireland from the previous year based on ongoing data validation, clarification of responses from individual businesses, and handling late returns from businesses.
2. Figure for exports of services taken from table 3.1 of the [UK Balance of Payments, The Pink Book: 2016](#), which was the source of Pink Book data used in this article.

4 . 2015 NUTS 1 service exports

London had the largest year-on-year increase in the value of service exports, with an increase of £8.5 billion (or 9%) between 2014 and 2015, as we can see in Figure 1. Elsewhere, each of the regions of the north of England (the North East, North West, and Yorkshire and The Humber) experienced a small growth in service exports between 2014 and 2015, meanwhile the remaining regions and countries of the UK experienced a year-on-year decline in exports of services.

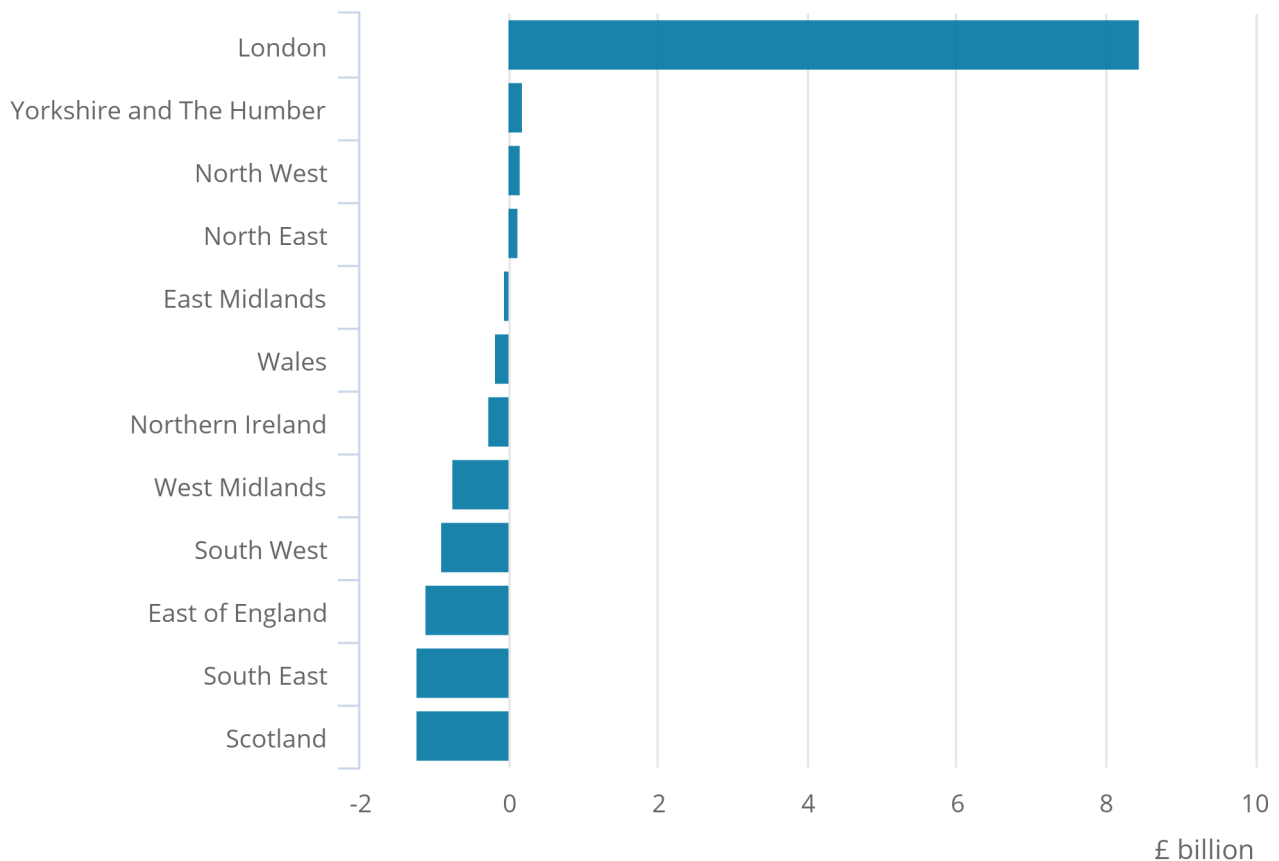
Of London's £8.5 billion growth of service exports between 2014 and 2015, financial services contributed £3.1 billion. While this was a strong increase it followed a decline in exports the previous year and as such London's exports from the financial services sector in 2015 remained below that seen in 2011 and 2013. In the rest of the UK, the low growth rates in service exports in 2015 were largely due to declines in exports of insurance and pension services that impacted across the country.

Figure 1: Change in total value of service exports from the UK by NUTS 1 area

2014 to 2015

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2014 to 2015



Source: Office for National Statistics, UK Balance of Payments - The Pink Book; International Trade

Source: Office for National Statistics, UK Balance of Payments - The Pink Book; International Trade in Services; Northern Ireland Annual Business Inquiry

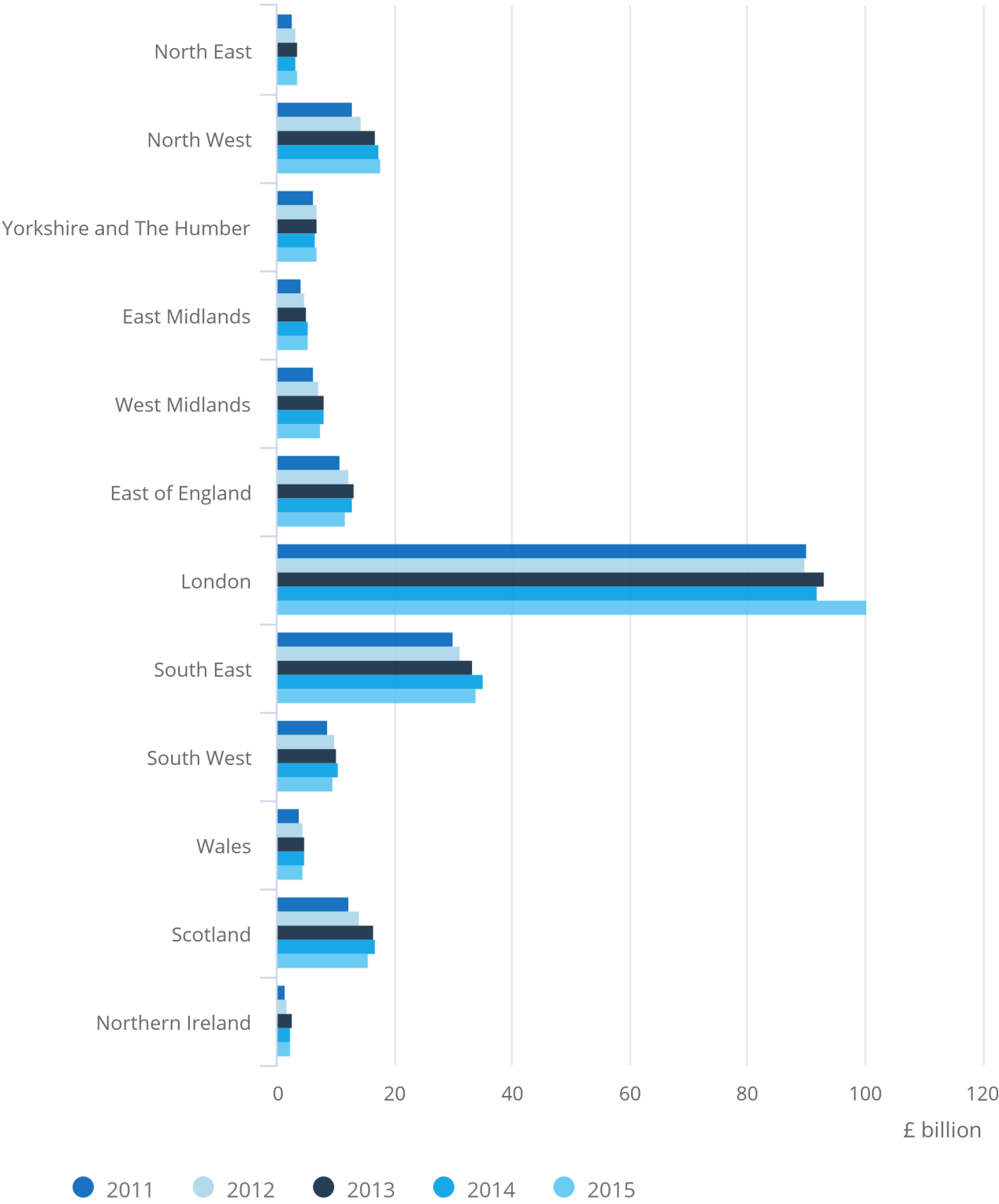
Figure 2 shows that London dominated values of service exports in every year 2011 to 2015, producing a little over £100 billion of service exports in 2015, which was 46% of all service exports that year. The South East was the next largest exporting NUTS 1 area, producing 16% of all exports of services, followed by the North West and Scotland with 8% and 7% respectively.

Figure 2: Total value of service exports from the UK by NUTS 1 area

2011 to 2015

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2011 to 2015



Source: UK Balance of Payments - The Pink Book; International Trade in Services

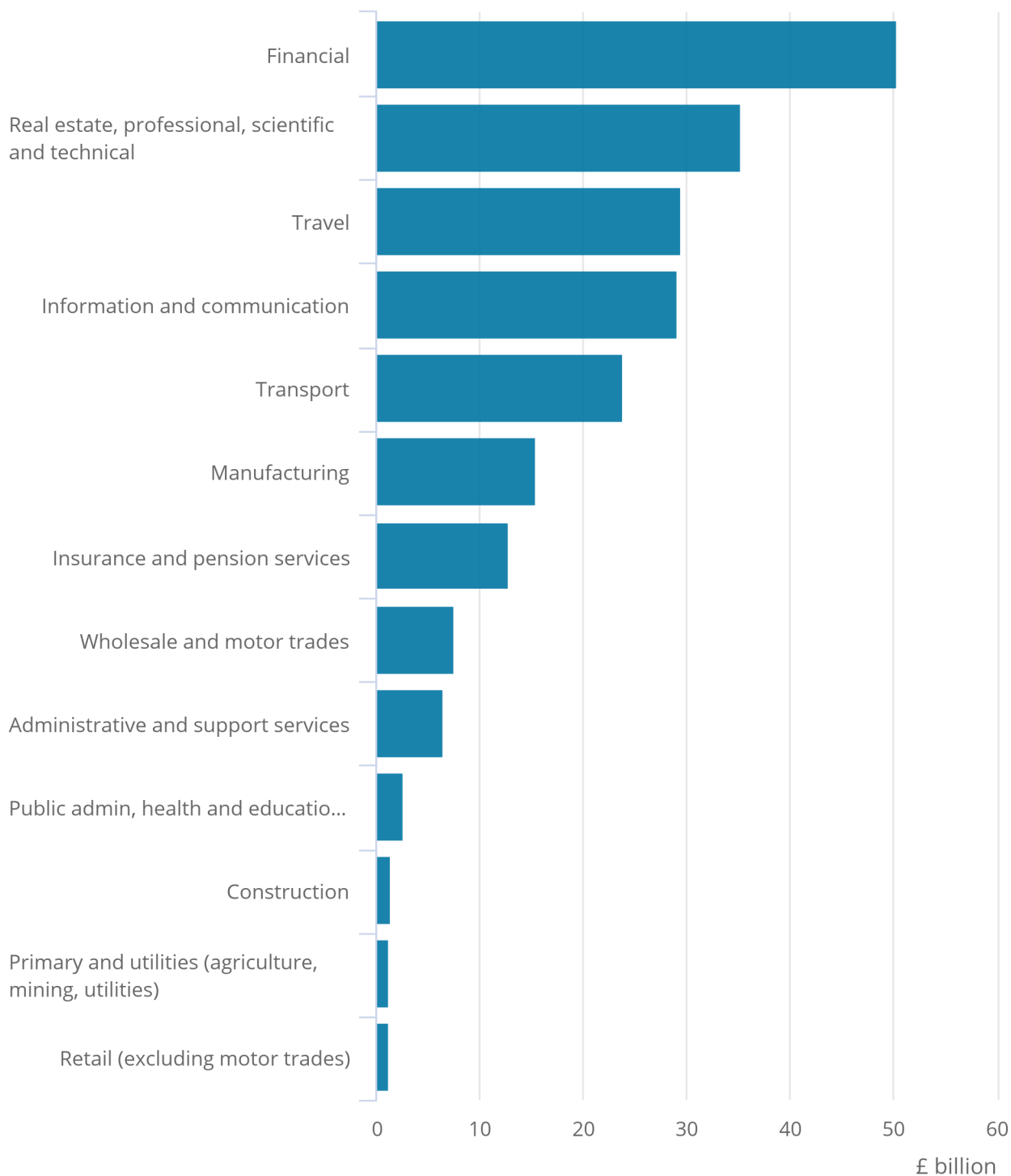
Figure 3 shows each functional category and the value they contributed to service exports from Great Britain in 2015.

Figure 3: Total value of service exports from Great Britain by functional category

2015

Figure 3: Total value of service exports from Great Britain by functional category

2015



Source: UK Balance of Payments - The Pink Book; International Trade in Services

Financial services were the greatest contributing functional category to service exports, producing 23% of the total (£50.4 billion), with the next largest functional category being real estate, professional, scientific and technical services, producing 16% of the total (£35.3 billion). In fact, exports of financial services from London contributed 13% to all service exports across Great Britain, or £28.3 billion. Table 2 displays service export values in each region and country by functional category.

Table 2: Value of service exports from each NUTS 1 area of Great Britain, 2015

Great Britain, 2015

Functional category	Service export value										
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland
Primary and utilities	2	33	26	52	20	31	28	110	17	18	922
Manufacturing	760	3,888	781	1,314	936	1,131	620	2,043	1,556	1,037	1,290
Transport	522	2,128	984	465	525	1,567	10,920	3,723	892	429	1,658
Travel	372	1,658	690	610	1,118	1,315	16,322	3,070	1,447	561	2,322
Construction	20	43	34	20	45	135	867	57	73	10	102
Wholesale and motor trades	67	1,236	133	153	178	230	3,183	1,919	309	29	168
Retail (excluding motor trades)	17	70	41	35	44	63	491	301	88	22	44
Information and communication	163	809	401	547	759	1,615	15,638	7,509	744	268	717
Real estate, professional, scientific and technical	389	1,997	584	442	694	2,390	16,597	7,668	915	209	3,400
Insurance and pension services	238	1,245	422	174	858	954	2,374	3,229	1,054	937	1,331
Financial	852	3,546	2,528	1,450	2,171	1,926	28,270	3,095	2,252	946	3,372
Administrative and support services	93	456	106	113	122	347	3,763	1,066	171	54	257
All other services	15	505	67	52	43	79	1,354	277	32	6	143
Total for NUTS1 area	3,509	17,615	6,797	5,427	7,513	11,783	100,425	34,066	9,549	4,527	15,725

Source: UK Balance of Payments - The Pink Book; International Trade in Services

Notes:

1. The category "Primary and utilities" includes UK Standard Industrial Classification 2007 (SIC07) sections A, B, D and E which covers agriculture, mining and utilities. The category "All other services" includes SIC07 sections O, P, Q, R and S which covers public administration, health and education; arts, entertainment and recreation; other services.

The industrial breakdowns of service exports from each NUTS 1 area have broadly not changed between 2011 and 2015, suggesting that the specialisation of each area remains stable. Table 3 shows service export values of each functional category in each NUTS 1 area as a percentage of total service export values in that NUTS 1 area. We can see that exports of financial services are the largest functional category in 6 of the 11 NUTS 1 areas and it is only the South East where financial services are not one of the top three functional categories. Regions in northern England, namely the North East, North West, and Yorkshire and The Humber, all have the same top three functional categories: financial services, manufacturing services, and transport services.

Table 3: Service exports in each functional category as a percentage of each NUTS 1 area of Great Britain, 2015

Great Britain, 2015

Values are exports in each category of each NUTS1 area as a percentage of each NUTS1 area

Functional category	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland
Primary and utilities	0.1	0.2	0.4	1.0	0.3	0.3	0.0	0.3	0.2	0.4	5.9
Manufacturing	21.7	22.1	11.5	24.2	12.5	9.6	0.6	6.0	16.3	22.9	8.2
Transport	14.9	12.1	14.5	8.6	7.0	13.3	10.9	10.9	9.3	9.5	10.5
Travel	10.6	9.4	10.2	11.2	14.9	11.2	16.3	9.0	15.2	12.4	14.8
Construction	0.6	0.2	0.5	0.4	0.6	1.1	0.9	0.2	0.8	0.2	0.6
Wholesale and motor trades	1.9	7.0	2.0	2.8	2.4	2.0	3.2	5.6	3.2	0.6	1.1
Retail (excluding motor trades)	0.5	0.4	0.6	0.6	0.6	0.5	0.5	0.9	0.9	0.5	0.3
Information and communication	4.6	4.6	5.9	10.1	10.1	13.7	15.6	22.0	7.8	5.9	4.6
Real estate, professional, scientific and technical	11.1	11.3	8.6	8.1	9.2	20.3	16.5	22.5	9.6	4.6	21.6
Insurance and pension services	6.8	7.1	6.2	3.2	11.4	8.1	2.4	9.5	11.0	20.7	8.5
Financial	24.3	20.1	37.2	26.7	28.9	16.3	28.2	9.1	23.6	20.9	21.4
Administrative and support services	2.7	2.6	1.6	2.1	1.6	2.9	3.7	3.1	1.8	1.2	1.6
All other services	0.4	2.9	1.0	1.0	0.6	0.7	1.3	0.8	0.3	0.1	0.9
Total for NUTS1 area	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UK Balance of Payments - The Pink Book; International Trade in Services

Notes:

1. The category "Primary and utilities" includes UK Standard Industrial Classification 2007 (SIC07) sections A, B, D and E which covers agriculture, mining and utilities. The category "All other services" includes SIC07 sections O, P, Q, R and S which covers public administration, health and education; arts, entertainment and recreation; other services.

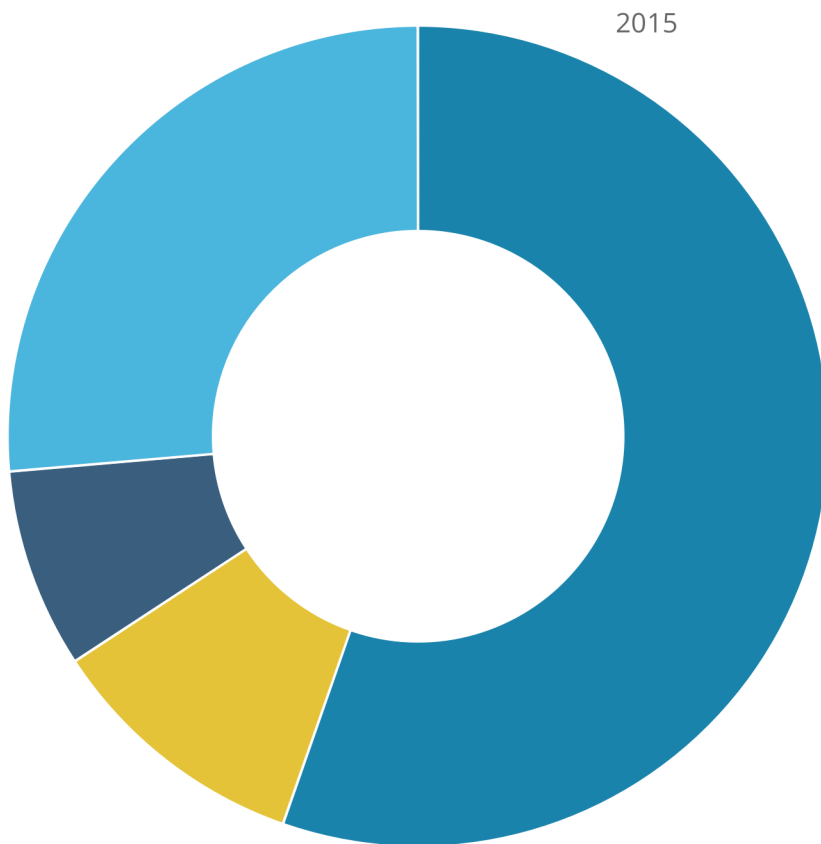
In the last year, between 2014 and 2015, exports of insurance and pension services across Great Britain fell by one-third from £18.9 billion to £12.8 billion, reflecting the changes shown in the Pink Book. All NUTS 1 areas experienced a reduction in insurance and pension services service exports of between 19% (Yorkshire and The Humber) and 44% (the South West). The largest absolute reduction was in the South East, falling by £1.3 billion from £4.5 billion, followed by London falling £1.2 billion from £3.5 billion, between 2014 and 2015. This was a result of reductions in values of life insurance and non-life insurance¹, which are sourced from regulatory records covering premiums, commissions, investments, changes in reserves and other sources of insurance incomes.

The UK was the country ranked eighth in the world for number of tourist arrivals in 2015, having received 34.4 million overnight arrivals, and ranked fifth for tourism receipts having received US \$45.5 billion, according to provisional figures from the United Nations World Tourism Organisation publication [Tourism Highlights: 2016 Edition](#). We have seen strong growth of 34% in exports of travel services across Great Britain over the period 2011 to 2015. London drives this growth, as it accounts for more than half (55%) of Great Britain's exports of travel services as we can see in Figure 4. The highest percentage growth was in the West Midlands, which grew by 56% from £717 million in 2011 to £1,118 million in 2015. The greatest absolute growth was in London, from £11.8 billion to £16.3 billion, an increase of £4.5 billion between 2011 and 2015, with all other Great Britain NUTS 1 areas also growing.

Figure 4: Breakdown of exports of travel services by NUTS 1 area of Great Britain

2015

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Source: UK Balance of Payments - The Pink Book

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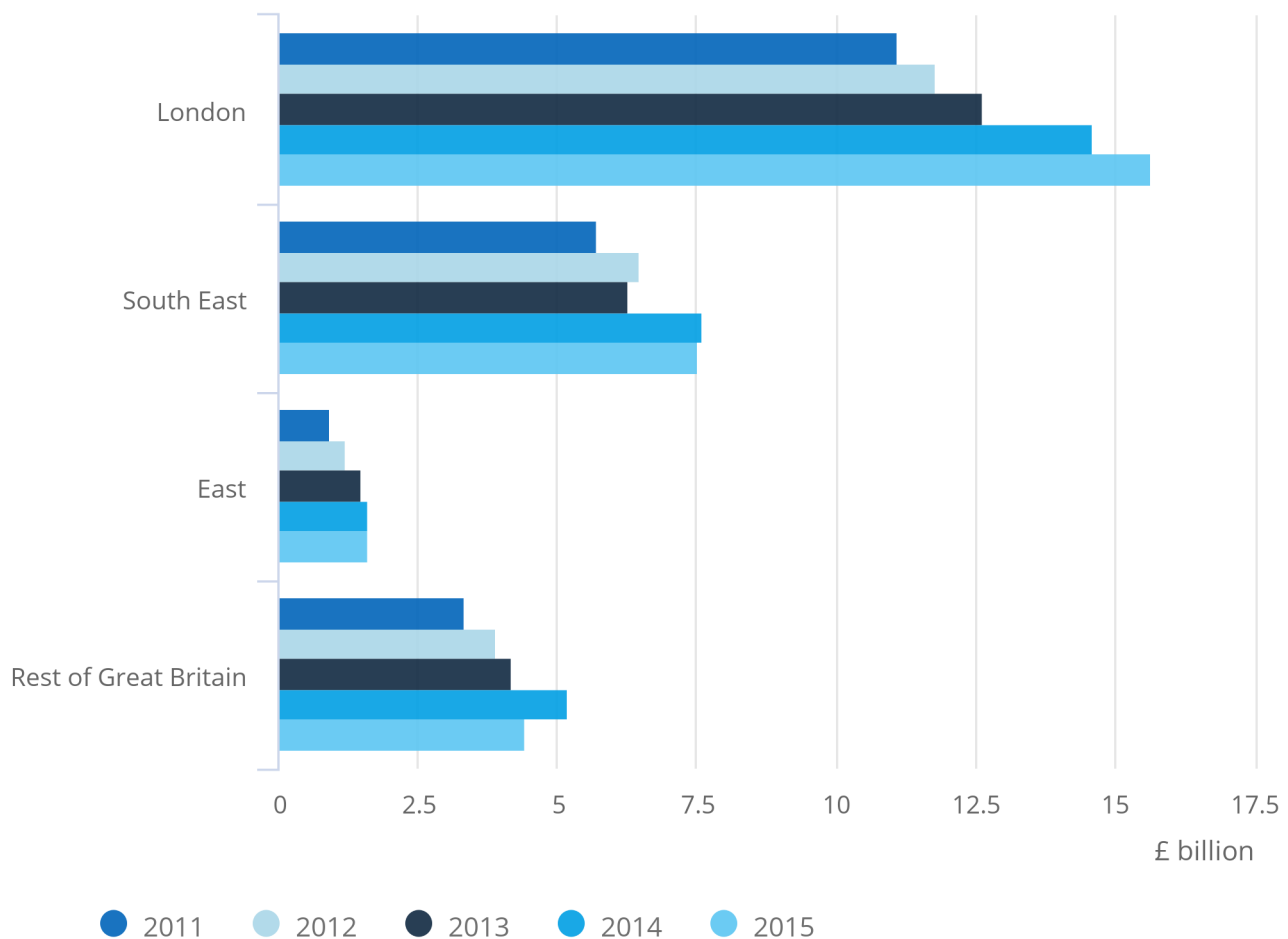
Changes in the real estate, professional, scientific and technical category have been focused in London, the South East and Scotland. In absolute terms, London showed the highest growth, by £3.6 billion reaching £16.6 billion between 2011 and 2015, followed by Scotland growing by £1.8 billion then the South East growing by £1.7 billion in the same period. This growth in Scotland more than doubled exports of real estate, professional, scientific and technical services from the country, from £1.6 billion to £3.4 billion between 2011 and 2015, which was the strongest percentage growth over this period.

Exports of information and communication services have grown steadily over the period, growing by 38% from £21.1 billion in 2011 to £29.2 billion in 2015 across Great Britain. Whereas all NUTS 1 areas of Great Britain grew, the absolute change was very focused, as depicted in Figure 5. London experienced 56% of this growth in exports of information and communication services across Great Britain between 2011 and 2015, rising by £4.5 billion to reach £15.6 billion in 2015. This was followed by the South East accounting for 22% of the growth, growing by £1.8 billion to reach £7.5 billion in 2015, then the East of England 8% of the overall change, growing by £0.7 billion to £1.6 billion in 2015. The remaining 14% of growth in exports of information and communication services between 2011 and 2015 was spread fairly evenly across the remaining NUTS 1 areas.

Figure 5: Total value of exports of information and communication services from Great Britain by selected NUTS 1 area

2011 to 2015

Figure 5: Total value of exports of information and communication services from Great Britain by selected NUTS 1 area
2011 to 2015



Source: Office for National Statistics - International Trade in Services

Source: Office for National Statistics - International Trade in Services

Notes for: 2015 NUTS 1 service exports

1. The term “non-life insurance” covers insurances protecting policyholders against events other than death, such as accidents, home and vehicle insurance. For a full definition of insurance terminology, please refer to chapter 16 of the [European System of Accounts 2010](#).

5 . Further developments

For the time being, these estimates remain [Experimental](#), but we are continuing development work. In the coming months, we intend to publish a methodological article attempting to break down the NUTS 1 area service export estimates according to the country or continent of destination of export. We also intend to carry out a user consultation to gather user views of the NUTS 1 service exports with the intention of making these estimates into [official statistics or National Statistics](#). Continuing development of the NUTS 1 service exports methodology forms part of the [ONS Supporting Devolution programme](#) and also part of the [UK trade development plan](#).

In December 2016, HM Revenue and Customs (HMRC) made improvements to its Regional Trade Statistics methodology for goods exports, bringing it more in line with our service exports estimates. However, the two outputs are still not directly comparable and users are advised to proceed with caution in any attempt to combine the two sets of export statistics. We continue to work with colleagues at HMRC in attempting to align our outputs even further.

We would welcome your feedback, through the [statistical contact](#) for this release, particularly suggestions toward improving the methodology or upon whether this approach meets your needs. You are also invited to get in touch if you wish to feed into the forthcoming user consultation.