

Statistical bulletin

# International trade in services by partner country, UK: April to June 2017

UK imports and exports of services by country

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Release date:  
1 November 2017

Next release:  
To be announced

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# 1 . Main points

This bulletin presents quarterly estimates of UK trade in services statistics by 54 countries for the first time. Previously information was only available for nine non-EU countries. This follows a recent increase to the quarterly International Trade in Services survey at the start of 2017, enabling improvements to be made to the granularity, timeliness and accuracy of trade in services estimates.

The ITIS survey is the main source of UK trade in services data, covering most industries but with a number of exceptions: travel; transport; banking and other financial institutions; higher education; charities, and most activities within the legal profession. The data for these industries are obtained from other sources and are not included in this bulletin. Statistics presented are not seasonally adjusted.

The UK exported more services than it imported in Quarter 2 (Apr to June) 2017, giving a positive net trade balance over that quarter; the value of exports was around double that of imports. Furthermore, exports increased by more than imports between Quarter 1 2017 (Jan to Mar) and Quarter 2 2017, resulting in an improvement in the trade balance.

The United States (£8,377 million) was the largest country for UK services trade in Quarter 2 (Apr to June 2017), while the European Union (EU) was the largest geographical grouping. Within the EU, the UK exported the most to Germany (£2,459 million) in Quarter 2 (Apr to June) 2017.

United States (£4,482 million) and Germany (£1,423 million) were the two largest countries for UK services imports in Quarter 2 (Apr to June) 2017.

Seven of the top ten UK trade in services export and import partners were shown to be European.

## 2 . Things you need to know about this release

Due to increased user demand for more timely and granular trade in services statistics, the Office for National Statistics (ONS) increased the sample size of its quarterly International Trade in Services (ITIS) survey from approximately 1,100 to 2,200 businesses to allow for quarterly estimates by country and broad industry grouping to be produced. The next edition of this bulletin for Quarter 3 (July to Sept) 2017 will be released in January 2018.

The quarterly ITIS survey accounts for approximately 55% and 43% of total UK trade in services exports and imports respectively. The other sources of trade in services data include information from the Bank of England, our International Passenger Survey and administrative data sources.

While trade in services statistics presented in this release only relate to industries covered by the ITIS survey (excluding industries such as transport, travel and banking), we do plan to publish quarterly country estimates covering the whole of the UK economy by the end of 2018. We are also currently developing methods to allow for the production of quarterly trade in services statistics by broad industry grouping, further information can be found in the [UK Trade development plan](#).

Users are advised to be cautious when interpreting changes between quarters given that the series is not seasonally adjusted and few data points are presented. The quarterly ITIS estimates are subject to revision as more businesses' survey responses are received (further detail on response targets is found towards the end of this release). Further revisions are also expected in the next edition of this publication due to an annual benchmarking process, whereby the most recent annual estimates for 2016 are used to ensure consistency between both the annual and quarterly datasets.

### 3 . UK exports of services were roughly double the value of imports

UK exports of services (excluding travel, transport and banking) were £38,537 million during Quarter 2 (Apr to June) 2017, compared with services imports of £17,762 million in the same quarter. The value of UK exports of services was therefore roughly double the value of UK imports of services during this period.

Both exports and imports of services increased in Quarter 2 2017 compared to Quarter 1 (Jan to Mar) 2017. The increase in the value of UK services exports exceeded that of imports, therefore there was an improvement in the trade in services balance during the second quarter.

**Table 1: Total UK trade in service exports and imports, Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017**

	£ million	
	Q1 2017	Q2 2017
UK exports	36,083	38,537
UK imports	17,500	17,762

Source: Office for National Statistics

### 4 . Over one-third of UK services exports have destinations within the European Union

The broad geographical composition of trade in services shows that the European Union (EU) was the UK's largest services trading partner in both Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017. Services exports to the EU (as shown in Figure 1) accounted for 36.4% of total exports, having risen from £13,637 million to £14,035 million during the second quarter. The main driver of this increase was the Netherlands, where exports rose by £405 million. Within the Netherlands, exports of engineering services (product group definition outlined in table 4) accounted for most of the increase.

North America was the second-largest geographical region, accounting for 22.9% of total exports. The value of exports to North America rose by £396 million to £8,861 million during Quarter 2 (Apr to June) 2017. The United States of America (USA) made the largest contribution to the increase, rising by £397 million. Within the USA, exports of cultural services (product group definition outlined in table 4) saw the largest increase.

The top two regions, EU and North America, together accounted for three-fifths of UK services exports over Quarter 2 (Apr to June) 2017.

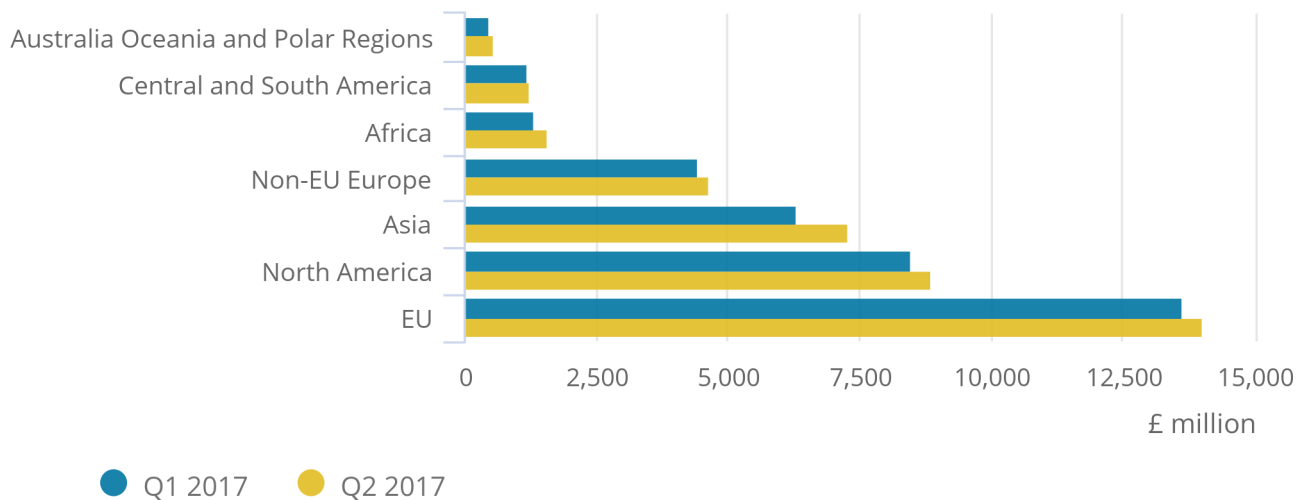
Almost all of the regions presented experienced an increase in total exports between Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017. Asia saw the largest quarterly increase by region in Quarter 2 (Apr to June), rising by £951 million to £7,279 million. China made the largest contribution to the increase, growing by £246 million.

## Figure 1: UK exports of services by geographical region

Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017

### Figure 1: UK exports of services by geographical region

Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

#### Notes:

1. Excludes travel, transport and banking sectors of the UK economy
2. All values are at current prices (see background notes for definition)
3. Geographical groupings can be found in the background notes
4. Excludes a relatively small value of exports that were not allocated to any specific region by respondents.

## 5 . The ten highest value trading partners for services exports accounted for three-fifths of total services exports

Table 2 provides exports statistics for the 10 partner countries with the highest quarterly trade in services exports values for Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June) 2017 (trade in services statistics for 54 countries are found in the data downloads accompanying this release). These top ten trading partners accounted for three-fifths of all UK services exports in Quarter 2 2017.

Among these countries, the single largest services export market was the United States, where the UK exported £8,377 million in Quarter 2 (Apr to June) 2017, or 21.7% of the total. This was more than treble the value of the UK's second-largest export market, Germany, which was £2,459 million or 6.4% of total services exports. It can also be seen that seven of the UK's top ten export markets were European.

**Table 2: Ten highest UK quarterly trade in services export partner countries, Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017**

	£ Million		Cumulative percentages of total services exports	
	Q1	Q2	Q1	Q2
United States	£7,980	£8,377	22.1	21.7
Germany	£2,445	£2,459	28.9	28.1
Netherlands	£1,943	£2,348	34.3	34.2
Irish Republic	£2,216	£2,075	40.4	39.6
Switzerland	£2,074	£1,852	46.2	44.4
France	£1,684	£1,618	50.8	48.6
Saudi Arabia	£1,296	£1,487	54.4	52.5
Japan	£787	£868	56.6	54.7
Italy	£687	£803	58.5	56.8
Spain	£696	£742	60.4	58.7
Rest of the world	£14,274	£15,908	100.0	100.0

Source: Office for National Statistics

## 6 . Two-fifths of UK services imports are sourced within the European Union

The highest value of UK imports (excluding travel, transport and banking) were from the European Union. UK imports from the EU were valued at £7,366 million in Quarter 2 (Apr to June) 2017, an increase of £346 million compared with the previous quarter. The largest contributor to the increase was Sweden, increasing by £164 million. The main services product group contributing to this increase in imports was "current account royalties" (product group definition outlined in table 4).

Services imports from North America reached £4,657 million in Quarter 2 (Apr to June) 2017, an increase of £96 million compared with the previous quarter. Of this increase, the main driver was the USA, where imports increased by £106 million.

Together, the EU and North America accounted for approximately two-thirds of total services imports. While these regions saw an increase in imports between Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017, the values of imports from Central and South America, Asia and non-EU Europe fell between these two quarters.

Central and South America recorded the largest decline in imports in Quarter 2 (Apr to June) 2017, declining by £413 million to £360 million. The main driver was Bermuda, whose total imports decreased by £495 million. This decline could mainly be attributed to changes in imports of "other trade in services" product group.

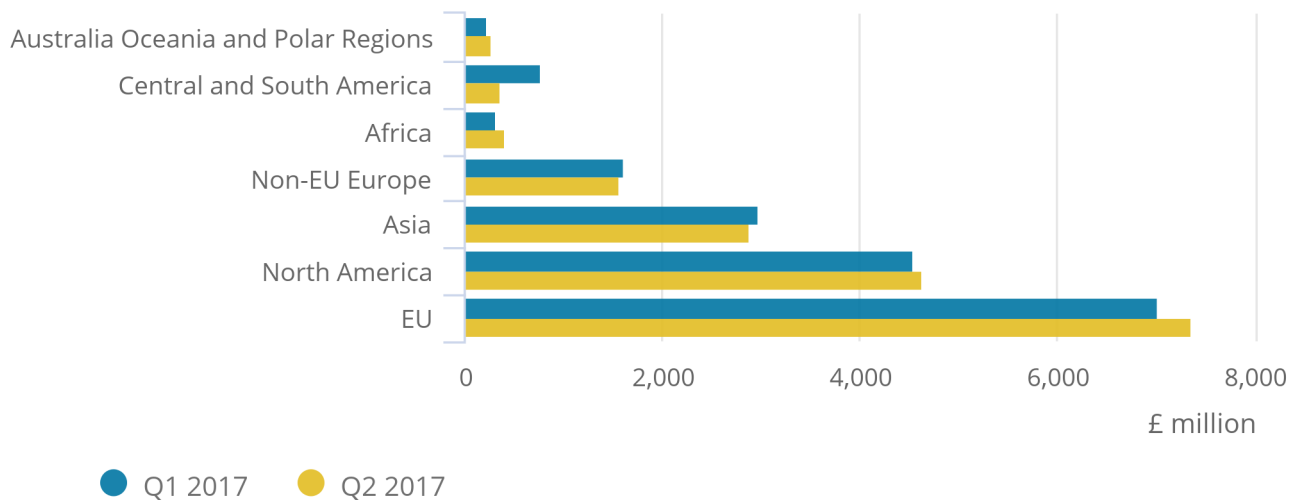
UK imports from Asia fell from £2,966 million in Quarter 1 (Jan to Mar) 2017 to £2,879 million in Quarter 2 (Apr to June) 2017, a decrease of £87 million. The main contributor to this decrease was Japan, whose total imports decreased by £130 million. This decrease could mainly be attributed to changes in imports of "other trade in services" (product group definition outlined in table 4) product group.

## Figure 2: UK imports of services by geographical region

Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017

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Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

#### Notes:

1. Excludes travel, transport and banking sectors of the UK economy
2. All values are at current prices (see background notes for definition)
3. Geographical groupings can be found in the background notes
4. Excludes a relatively small value of imports that were not allocated to any specific region by respondents.

## 7 . The ten highest value trading partners for services imports accounted for two-thirds of total services imports

The United States was the country from where the UK imported the highest value of services from in Quarter 2 (Apr to June) 2017. The value of exports was more than treble that of the second-largest source of UK services imports (Germany). Furthermore, seven of the top ten sources of UK services imports were European.

**Table 3: Ten highest UK quarterly trade in services import partner countries, Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017**

	£ Million		Cumulative percentages of total services exports	
	Q1	Q2	Q1	Q2
United States	£4,376	£4,482	25.0	25.2
Germany	£1,344	£1,423	32.7	33.2
Republic of Ireland	£1,013	£1,034	38.5	39.1
France	£1,156	£1,031	45.1	44.9
Netherlands	£716	£824	49.2	49.5
Japan	£890	£760	54.3	53.8
Switzerland	£605	£651	57.7	57.5
Luxembourg	£572	£545	61.0	60.5
India	£566	£534	64.2	63.5
Sweden	£346	£510	66.2	66.4
Rest of the world	£5,918	£5,967	100.0	100.0

Source: Office for National Statistics

## 8 . Links to related statistics

Detailed annual country, industry and product estimates for UK trade in services can be found in the [International Trade in Services statistical bulletin](#) published 31 January 2017, which contains annual estimates for periods up to 2015.

Quarterly estimates for total EU, non-EU and nine non-EU countries for total UK trade in services (including industries not covered by this survey) can be found in the [UK Economic Accounts](#) (Table B6B) published 23 October 2017, which contains quarterly estimates for periods up to Quarter 2 (Apr to June) 2017.

Detailed annual country-level estimates for total UK trade in services (including industries not captured by the ITIS survey) can be found in [Pink Book 2017](#) published 31 October 2017, which contains annual estimates for periods up to 2016.

## 9 . Quality and methodology

The International Trade in Services (ITIS) [Quality and Methodology](#) information document contains important information regarding the methodology for producing annual ITIS statistics, specifically:

- the strengths and limitations of these data and how they compare with related data;
- users and uses of these data;
- how the output was created, and
- the quality of the output including the accuracy of these data.

A review of the quarterly ITIS sampling methodology, undertaken between September and December 2016, concluded that the quarterly sample should be doubled to improve the coverage of data collection for 54 countries and broad industrial sections. The new sample design was adopted for the Quarter 1 (Jan to Mar) 2017 reference period. These data have since been compiled and have been released via this bulletin. This change reflects the wider trade transformation programme aimed at improving the quality, granularity and timeliness of trade statistics.

## **10 . Interpreting International Trade in Services Statistics**

The International Trade in Services (ITIS) survey collects data relating to the amounts spent on both the services imports and exports of UK businesses and collects geographical information regarding the destination of service exports or source of service imports. The data are collected in current prices which relates to the value of the commodities at the time of collection.

### **10.1 Types of transactions covered**

Product: The ITIS survey collects the value of transactions between the UK and residents in other countries in respect of 52 service products. In this publication, references are made to product groupings. The service products that feed each of these groupings are outlined in table 4.





**Table 4: Quarterly International Trade in Services product group definitions**

<b>Product group</b>	<b>Service Products Exports</b>	<b>Service Products Imports</b>
Legal accounting and management	Accountancy, auditing, bookkeeping and tax consulting services	Accountancy, auditing, bookkeeping and tax consulting services
	Business management and management consulting services	Business management and management consulting services
	Public relations services	Public relations services
	Legal services	Legal services
Advertising, Market research	Advertising, market research and public opinion polling services	Advertising, market research and public opinion polling services
R&D	Provision of R&D services	Provision of R&D services
	Provision of product development and testing activities	Provision of product development and testing activities
	Outright sales and purchases of patents and other intellectual property as the result of R&D, resulting in transfer of ownership	Outright sales and purchases of patents and other intellectual property as the result of R&D, resulting in transfer of ownership
Insurance	Life insurance claims	Life insurance premiums
	Freight insurance claims	Freight insurance premiums
	Other direct insurance claims	Other direct insurance premiums
	Auxilliary services	Auxilliary services
	Pension service receipts	Pension service charges
	Standardised guarantee service claims	Standardised guarantee service premiums
Financial	Financial services	Financial services
Property Business	Property management services	Property management services
	Other business and professional services	Other business and professional services
Procurement, publishing, recruitment	Recruitment services	Recruitment services
	Procurement services	Procurement services
	Publishing services	Publishing services
	Training and educational services	Training and educational services
Telecommunications	Postal and courier services	Postal and courier services
Computer information	Telecommunication services	Telecommunication services
	Computer services	Computer services
	News agency services	News agency services
	Information services	Information services
	Engineering	Engineering services
Architecture	Construction in the UK	Construction in the UK
	Construction outside the UK	Construction outside the UK
	Architectural services	Architectural services

Misc Tech	Agricultural, forestry and fishing services	Agricultural, forestry and fishing services
	Mining and oil gas extraction services	Mining and oil gas extraction services
	Waste treatment and depollution services	Waste treatment and depollution services
	Manufacturing services on goods owned by others	Manufacturing services on goods owned by others
	Maintenance and repair services	Maintenance and repair services
	Operating leasing services	Operating leasing services
	Scientific and other technical services (including surveying)	Scientific and other technical services (including surveying)
Culture	Audio-visual and related services	Audio-visual and related services
	Health services	Health services
	Heritage and recreational services	Heritage and recreational services
	Social, domestic and other personal services	Social, domestic and other personal services
Current account royalties	Charges or payments for the use of trademarks, franchises, brands or design rights, but without transfer of ownership	Charges or payments for the use of trademarks, franchises, brands or design rights, but without transfer of ownership
	Charges or payments for the use of copyrighted literary works, sound recordings, films, television programmes and databases, but without transfer of ownership	Charges or payments for the use of copyrighted literary works, sound recordings, films, television programmes and databases, but without transfer of ownership
	Charges or payments for the use of patents and other intellectual property as the result of R&D, but without transfer of ownership	Charges or payments for the use of patents and other intellectual property as the result of R&D, but without transfer of ownership
Capital account royalties	Outright sales and purchases of trademarks, franchises, brands or design rights resulting in transfer of ownership	Outright sales and purchases of trademarks, franchises, brands or design rights resulting in transfer of ownership
	Outright sales and purchases of copyrighted literary works, sound recordings, films, television programmes and databases, resulting in transfer of ownership	Outright sales and purchases of copyrighted literary works, sound recordings, films, television programmes and databases, resulting in transfer of ownership
Commission from trade in goods	Merchanting	Merchanting
	Other trade-related services	Other trade-related services
Other trade in services	Transactions between related businesses not included elsewhere	Transactions between related businesses not included elsewhere
	Other trade in services	Other trade in services

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Source: Office for National Statistics

**Industry:** The ITIS survey collects information regarding the industries of the UK businesses that have conducted international trade in services. The industries are identified using an economic classification that well defines areas of the economy, known as the Standard Industrial Classification 2007: SIC 2007 classification, an internationally-consistent standard industrial classification. This provides a framework for the collection, tabulation, presentation and analysis of data about economic activities. Note that the following industries are not covered by the ITIS survey: travel; transport; banking and other financial institutions; higher education; charities, and most activities within the legal profession.

**Geographical:** The tables within this publication show the countries to which services are exported, and from which services are imported. The geographical groupings used in the tables are shown in Table 5.



**Table 5: Geographical groupings for the continents for quarterly international trade in services (ITIS)**

<b>EU</b>	<b>Non-EU Europe</b>	<b>Africa</b>	<b>North America</b>	<b>Central and South America</b>	<b>Asia</b>	<b>Australia, Oceania and Polar Regions</b>
Austria	Albania	Algeria	Canada	Anguilla	Afghanistan	American Samoa
Belgium	Andorra	Angola	Greenland	Antigua and Barbuda	Armenia	Antarctica
Bulgaria	Belarus	Benin	USA	Argentina	Azerbaijan	Australia
Croatia	Bosnia and Herzegovina	Botswana		Aruba	Bahrain	Bouvet Island
Cyprus	Faroe Islands	British Indian Ocean Territory		Bahamas	Bangladesh	Christmas Islands
Czech Republic	Gibraltar	Burkina Faso		Barbados	Bhutan	Cocos (Keeling) Islands
Denmark	Guernsey	Burundi		Belize	Brunei Darussalam	Cook Islands
Estonia	Holy See (Vatican State)	Cameroon		Bermuda	Burma /Myanmar	Fiji
Finland	Iceland	Cape Verde		Bolivia	Cambodia (Kampuchea)	French Polynesia
France	Isle of Man	Central African Republic		Bonaire, St Eustatius and Saba	China	French Southern Territories
Germany	Jersey	Chad		Brazil	Georgia	Guam
Greece	Kosovo	Comoros		Cayman Islands	Hong Kong	Heard Island and McDonald Islands
Hungary	Liechtenstein	Congo		Cayman Islands	India	Kiribati
Ireland	Macedonia, the former Yugoslav Republic of	Congo, the Democratic Republic of the		Chile	Indonesia	Marshall Islands
Italy	Moldova	Cote d'Ivoire		Colombia	Iran	Micronesia, Federated States of
Latvia	Montenegro	Djibouti		Costa Rica	Iraq	Nauru
Lithuania	Norway	Egypt		Cuba	Israel	New Caledonia
Luxembourg	Russian Federation	Equatorial Guinea		Curaçao	Japan	New Zealand
Malta	San Marino	Eritrea		Dominica	Jordan	Niue
Netherlands	Serbia	Ethiopia		Dominican Republic	Kazakhstan	Norfolk Island
Poland	Switzerland	Gabon		Ecuador	Kuwait	Northern Mariana Islands



Portugal	Turkey	Gambia	El Salvador	Kyrgyzstan	Palau
Romania	Ukraine	Ghana	Falkland Islands (Malvinas)	Laos	Papua New Guinea
Slovak Republic	Europe Unallocated	Guinea	Grenada	Lebanon	Pitcairn
Slovenia		Guinea - Bissau	Guatemala	Macao	Samoa
Spain		Kenya	Guyana	Malaysia	Solomon Islands
Sweden		Lesotho	Haiti	Maldives	South Georgia and the South Sandwich Islands
Institutions without ECB and ESM		Liberia	Honduras	Mongolia	Tokelau
European Central Bank		Libya	Jamaica	Nepal	Tonga
European Stability Mechanism		Madagascar	Mexico	North Korea	Tuvalu
		Malawi	Montserrat	Oman	US Minor Outlying Islands
		Mali	Nicaragua	Pakistan	Vanuatu
		Mauritania	Panama	Palestinian Territory	Wallis and Futuna
		Mauritius	Paraguay	Philippines	Oceania Unallocated
		Morocco	Peru	Qatar	
		Mozambique	Saint Lucia	Saudi Arabia	
		Namibia	St Kitts and Nevis	Singapore	
		Niger	St Marteens	South Korea	
		Nigeria	St Vincent and the Grenadines	Sri Lanka	
		Rwanda	Suriname	Syria	
		Sao Tome and Principe	Trinidad and Tobago	Taiwan	
		Senegal	Turks and Caicos Islands	Tajikistan	
		Seychelles	Uruguay	Thailand	
		Sierra Leone	Venezuela	Timor-Leste	
		Somalia	Virgin Islands, British	Turkmenistan	

South Africa	Virgin Islands, United States	United Arab Emirates
South Sudan	America Unallocated	Uzbekistan
St Helena, Ascension and Tristan da Cunha		Viet Nam
Sudan		Yemen
Swaziland		Asia Unallocated
Tanzania		
Togo		
Tunisia		
Uganda		
Zambia		
Zimbabwe		
Africa Unallocated		

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Source: Office for National Statistics

The figures for the European Union (EU) relate to the 27 other member states. Trade with EU Institutions is also included in the EU totals and excluded from the International Organisations totals.

Earnings from third country-trade, that is from arranging the sale of goods between two countries other than the UK and where the goods never physically enter the UK are included. This activity is known as “merchandising”. Earnings from commodity trading are also included. As with merchandising, the service element is the profit or loss.

## 10.2 Types of transactions not covered

The purpose of the ITIS survey is to record international transactions which impact on the UK’s Balance of Payments, hence businesses are asked to exclude trade expenses such as the cost of services purchased and consumed abroad, from their earnings. Trade in services exports or imports which are invoiced for the export or import of goods are excluded as they are already counted in the estimates for trade in goods.

## 11 . ITIS survey response

This publication analyses International Trade in Services (ITIS) survey data for the most recent quarter based upon response data received up to eight weeks after the reference period. It also uses the previous quarter’s data containing response data received up to 20 weeks after the reference period. Values for non-responding businesses have been estimated using the imputation methods outlined in the ITIS QMI document referenced above. ITIS data will be revised in each quarterly bulletin, as response increases between weeks 8 and 20 in the survey round, leading to improved quality of the ITIS survey estimates.

The response rates targets for the quarterly ITIS survey are 77% at 8 weeks after the reference period (used to produce first quarterly estimates in this release) and 85% at 20 weeks after the periods (revising earlier data points in the time series as they are added to this release in future).