

Statistical bulletin

International trade in services by partner country, UK: July to September 2017

Trade in services data, including imports and exports by country and geographical region, EU and non-EU.



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1 . Main points

- This bulletin presents quarterly estimates of UK trade in services statistics by 54 countries; these statistics are based on information collected from the quarterly International Trade in Services (ITIS) survey and statistics for the first three quarters of 2017 are presented.
- The European Union (EU) remained the UK's largest trading partner for both exports and imports of services in Quarter 3 (July to Sept) 2017, while the US was the largest trading partner when considering individual countries.
- UK exports of services decreased from £39,438 million to £37,970 million between Quarter 2 (Apr to June) 2017 and Quarter 3 2017, reflecting falls amongst all regions except the EU, where exports rose.
- Asia was the largest contributor to the overall £1,468 million decrease in UK services exports in Quarter 3 2017, with Saudi Arabia and China experiencing the largest falls; in contrast, the increase in exports to the EU reflected increases in exports to Germany and the Netherlands.
- UK imports of services increased from £19,103 million to £19,759 million between Quarter 2 2017 and Quarter 3 2017, reflecting increases in services imports from the EU, non-EU Europe and Africa.
- The EU made the largest contribution to the overall £656 million increase in imports in Quarter 3 2017, with Ireland and France seeing the largest increases; partially offsetting these increases were imports from the Americas, mainly due to falls in the US.
- The decline in total services exports and increase in imports indicates that the UK's trade in services balance surplus fell in Quarter 3 2017, although figures presented will be affected by seasonal factors and exclude trade related to industries including the banking, travel and transport industries.

2 . Things you need to know about this release

The International Trade in Services (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.

Further to increased user demand for more timely granular trade in services statistics, the Office for National Statistics (ONS) increased the sample size of its quarterly ITIS survey from approximately 1,100 to 2,200 businesses to allow for quarterly estimates by country and broad industry grouping to be produced. This bulletin presents the quarterly ITIS survey country-level estimates for the first three quarters of 2017.

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, ONS's 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 once the systems used to process other data sources have been developed. We are also currently developing methods to allow for the production of quarterly trade in services statistics by broad industry grouping.

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).

Data for Quarter 1 (Jan to Mar) 2017 and Quarter 2 (Apr to June) 2017 have been revised since the previous publication as a result of the 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 decreased while UK imports of services increased

UK exports of services (excluding travel, transport and banking) were £37,970 million during Quarter 3 (July to Sept) 2017, compared with services imports of £19,759 million in the same quarter (Table 1). The value of UK exports of services was therefore nearly double the value of UK imports of services during this period.

UK exports of services decreased by 4% between Quarter 2 (Apr to June) 2017 and Quarter 3 2017, while UK imports of services increased by 3% during this period. Therefore, there was a decline in the trade in services balance during the third quarter of 2017.

Table 1: Total UK trade in services exports and imports, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017

	£ million		
	Q1 2017	Q2 2017	Q3 2017
UK exports	36871	39438	37970
UK imports	18549	19103	19759

Source: Office for National Statistics

4 . UK services exports fell for all regions excluding the EU, where exports continued to rise

Most regions experienced a decrease in total services exports between Quarter 2 (Apr to June) 2017 and Quarter 3 (July to Sept) 2017. The decline in services exports across the regions was partially offset by increased services exports to the EU, reducing the impact of the decline in exports on the services trade balance.

The European Union (EU) was the UK's largest services exports trading partner in Quarter 3 2017, where services exports accounted for 40.8% of total exports (Figure 1). Services exports to the EU rose by 3.4% from £14,987 million during the second quarter of 2017 to £15,491 million during the third quarter. Within the EU, Germany experienced the largest increase in services exports, where exports rose by £228 million. Exports of "maintenance and repair services" accounted for most of this increase. Although users should note that the statistics are not seasonally adjusted and therefore movements between quarters can be volatile.

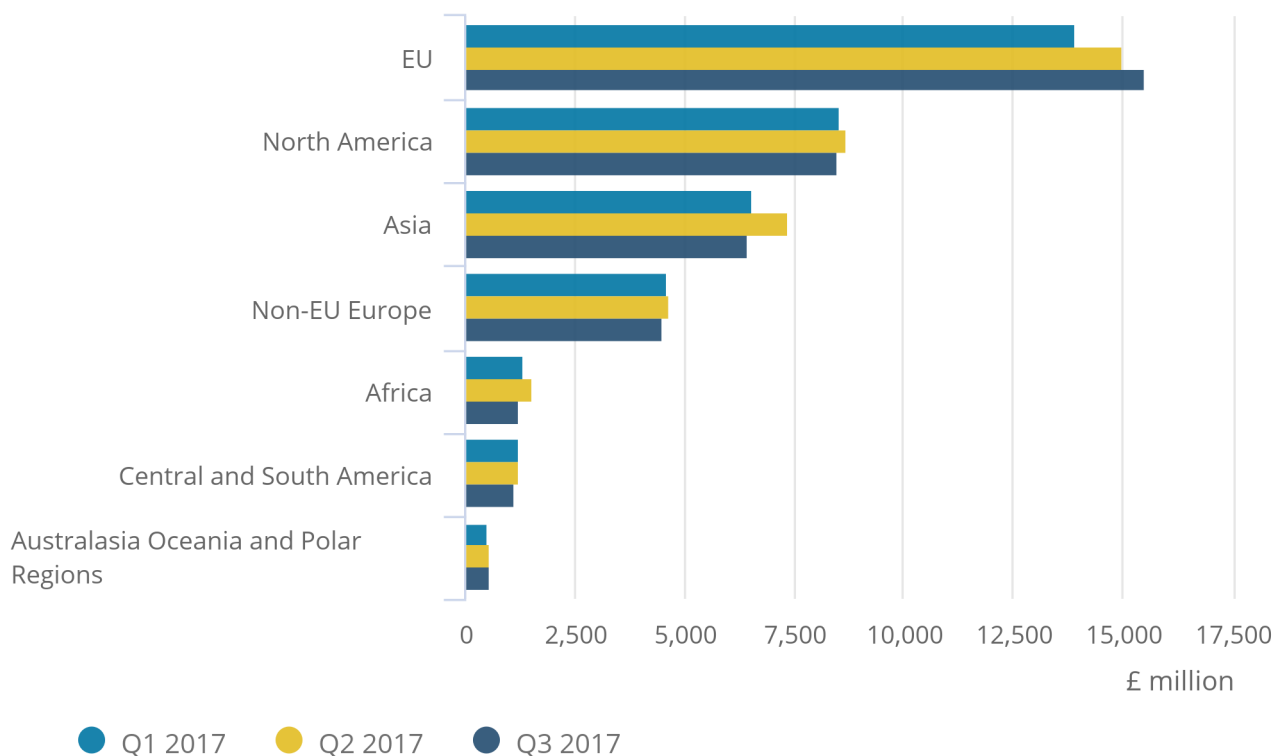
North America was the second-largest destination for UK exports, accounting for 22.4% of total exports. Exports to North America fell by £184 million to £8,503 million in Quarter 3 2017. The United States (US) made the largest contribution to the decrease, falling by £192 million. Within the US, exports of the "engineering services" saw the largest decrease.

Asia saw the largest quarterly decrease in value terms, falling by £917 million to £6,463 million in Quarter 3 2017. Exports to Saudi Arabia declined by £367 million, due mainly to a decline in exports of "other trade in services".

Africa saw the largest percentage decrease, falling by 19.9% during this period. This could be attributed to changes in exports to Egypt, specifically “engineering services”.

Figure 1: UK exports of services by geographical region, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017

Figure 1: UK exports of services by geographical region, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017



Source: Office for National Statistics

Notes:

1. Trade in services excludes travel, transport and banking.
2. All values are at current prices.
3. Geographical groupings can be found in section 10.
4. Excludes a relatively small value of imports that were not allocated to any specific region by respondents.

5 . The US remains the UK’s biggest trading partner for UK services exports

Table 2 provides exports statistics for the ten partner countries with the highest quarterly trade in services exports values for Quarter 1 (January to March) 2017 to Quarter 3 (July to September) 2017. Trade in services statistics for 54 countries are found in the data downloads accompanying this release.

In Quarter 3 2017, the top trading partners accounted for around three-fifths of all UK services exports.

The single largest market for UK services exports was the United States (US), where the UK exported £7,972 million in Quarter 3 2017, or 21.0% of the total. The UK’s second-largest export market was Germany, where the value of UK services exports was £2,735 million for Quarter 3 2017, or 7.2% of the total.

Table 2: Top Ten largest UK quarterly trade in services export partner countries, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017

	£ Million			Cumulative percentages of total services exports		
	Q1	Q2	Q3	Q1	Q2	Q3
United States	8040	8164	7972	21.8	20.7	21.0
Germany	2552	2507	2735	28.7	27.1	28.2
Netherlands	1994	2462	2672	34.1	33.3	35.2
Ireland	2203	2274	2272	40.1	39.1	41.2
Switzerland	2065	1906	1911	45.7	43.9	46.3
France	1708	1807	1821	50.3	48.5	51.0
Saudi Arabia	1334	1524	1157	54.0	52.3	54.1
Japan	759	880	901	56.0	54.6	56.5
Spain	725	798	845	58.0	56.6	58.7
Belgium	679	725	839	59.8	58.4	60.9
Rest of World	14811	16392	14844	100.0	100.0	100.0

Source: Office for National Statistics

6 . UK imports of services to the EU led the increase in UK total imports

Services imports from the European Union (EU), non-EU Europe and Africa increased between Quarter 2 (Apr to June) 2017 and Quarter 3 (July to Sept) 2017, whereas services imports from all other regions fell during this time (Figure 2). The steady increase in UK imports of services over 2017 was therefore supported by the steady increase in UK services imports from the EU.

The EU was the main trading partner for UK imports of services (excluding travel, transport and banking), accounting for 44.0% of total imports. UK imports from the EU were valued at £8,701 million in Quarter 3 2017, an increase of 10.4% compared with the previous quarter. The largest contributor to the increase was Ireland and the main service contributing to this increase was “other trade in services”.

North America was the second-largest geographical region, accounting for 24.5% of total imports. Services imports from North America totalled £4,836 million in Quarter 3 2017, a decrease of £219 million compared with the previous quarter, or a 4.3% fall. A fall in services imports from the US accounted for most of this decrease, with a decline in “research and development” contributing the most to this fall.

UK imports from Asia fell from £3,120 million in Quarter 2 2017 to £3,012 million in Quarter 3 2017, a decrease of £108 million. The main contributor to this decrease was India, where total imports decreased by £89 million. This decrease could be attributed to changes in imports related to “property business”.

Figure 2: UK imports of services by geographical region, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017

Figure 2: UK imports of services by geographical region, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017



Source: Office for National Statistics

Notes:

1. Trade in services excludes travel, transport and banking.
2. All values are at current prices.
3. Geographical groupings can be found in section 10.
4. Excludes a relatively small value of imports that were not allocated to any specific region by respondents.

7 . Top 10 highest value trading partners for services imports accounted for two-thirds of total services imports

Table 3 provides imports statistics for the 10 partner countries with the highest quarterly trade in services imports values for Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017. The top 10 trading partners accounted for close to two-thirds of all UK services imports in Quarter 3 2017.

The single largest source country for UK services imports was the United States (US), from which the UK imported £4,681 million in Quarter 3 2017, or 23.7% of the total. The UK's second-largest source country was Germany, where the value of UK services imports was £1,586 million for Quarter 3 2017, or 8.0% of the total.

Table 3: Top 10 largest UK quarterly trade in services import partner countries, Quarter 1 (Jan to Mar) 2017 to Quarter 3 (July to Sept) 2017

	£ Million			Cumulative percentages of total services imports		
	Q1	Q2	Q3	Q1	Q2	Q3
United States	4364	4899	4681	23.5	25.6	23.7
Germany	1441	1404	1586	31.3	32.9	31.7
Ireland	1053	1170	1437	37.0	39.0	39.0
France	1196	1106	1310	43.4	44.8	45.6
Netherlands	915	927	923	48.3	49.7	50.3
Japan	892	794	788	53.1	53.9	54.3
Switzerland	650	630	648	56.6	57.2	57.6
Sweden	341	558	601	58.4	60.1	60.6
Luxembourg	590	610	575	61.6	63.3	63.5
India	601	600	511	64.8	66.4	66.1
Rest of World	6507	6405	6701	100.0	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 on 31 January 2017, which contains annual estimates for periods up to 2015. Estimates for 2016 will be published on 31 January 2018.

Quarterly estimates for nine non-EU countries for total UK trade in services (including industries not captured by the International Trade in Services (ITIS) survey) can be found in the [UK Economic Accounts](#) (Table B6B) published on 22 December 2017, which contains quarterly estimates for periods up to Quarter 3 (July to Sept) 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 on 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 report 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
- 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 services exports or the source of services imports.

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 services products. These data are made available in the annual ITIS publication.

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, an internationally-consistent 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 4.

Table 4: Geographical groupings for the continents for quarterly international trade in services (ITIS)

EU	Non EU Europe	Africa	North America
Austria	Albania	Algeria	Canada
Belgium	Andorra	Angola	Greenland
Bulgaria	Belarus	Benin	USA
Croatia	Bosnia and Herzegovina	Botswana	
Cyprus	Faroe Islands	British Indian Ocean Territory	
Czech Republic	Gibraltar	Burkina Faso	
Denmark	Guernsey	Burundi	
Estonia	Holy See (Vatican State)	Cameroon	
Finland	Iceland	Cape Verde	
France	Isle of Man	Central African Republic	
Germany	Jersey	Chad	
Greece	Kosovo	Comoros	
Hungary	Liechtenstein	Congo	
Ireland	Macedonia, the former Yugoslav Republic of	Congo, the Democratic Republic of the	
Italy	Moldova	Cote d'Ivoire	
Latvia	Montenegro	Djibouti	
Lithuania	Norway	Egypt	
Luxembourg	Russian Federation	Equatorial Guinea	
Malta	San Marino	Eritrea	
Netherlands	Serbia	Ethiopia	
Poland	Switzerland	Gabon	
Portugal	Turkey	Gambia	
Romania	Ukraine	Ghana	
Slovak Republic	Europe Unallocated	Guinea	
Slovenia		Guinea - Bissau	
Spain		Kenya	
Sweden		Lesotho	
Institutions without ECB and ESM		Liberia	
European Central Bank		Libya	
European Stability Mechanism		Madagascar	
		Malawi	
		Mali	
		Mauritania	
		Mauritius	
		Morocco	

Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
South Sudan
St Helena, Ascension and Tristan
da Cunha
Sudan
Swaziland
Tanzania
Togo
Tunisia
Uganda
Zambia
Zimbabwe
Africa Unallocated

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 “merchanting”. Earnings from commodity trading are also included. As with merchanting, the service element is the profit or loss.

Types of transactions not covered

The purpose of the ITIS survey is to record international transactions that 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 that 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 report](#). 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 eight 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).