Financial Scrutiny Unit Briefing

Export Statistics Scotland 2014

11 February 2016

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This briefing summarises the Export Statistics Scotland 2014 release from the Scottish Government, providing a breakdown of exports by sector and location.

- EU 28: £11,560m
- USA: £3,985m
- Singapore: £455m
- UAE: £670m
- Brazil: £875m
- China: £530m
- Switzerland: £395m
- Canada: £445m
- Norway: £1,200m
- Japan: £370m
- Australia: £445m
- Other Africa: £420m
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SCOTLANDS INTERNATIONAL EXPORTS

‘Internationalisation’ is one of the Scottish Government’s four economic priorities in its latest economic strategy. The strategy sets out Scotland’s approach to “strengthening our links with the global economy” via increasing trade, attracting investment, sharing skills and expertise and collaborating to support innovation and sustainable growth.

The Scottish Government has said that it plans to publish a Trade and Investment Strategy which will set out “initiatives to encourage more firms to export and to support businesses in sectors where we already have a strong international presence.” (Scottish Government 2015)

In its previous economic strategy (2011) the Scottish Government set out its ambition to increase the value of Scotland’s exports by 50% between 2010 and 2017 (in cash terms). Scotland’s international exports for 2014 were valued at £27.5bn, excluding oil and gas. This represents a 17% increase since 2010.

**Figure 1: International Export 2002 to 2014**

As Figure 2 demonstrates, the value of international exports from Scotland actually fell 3.2% between 2014 and 2013. Since the data series began in 2002 the value of international exports has increased by 36% (in cash terms).

**Figure 2: Annual Change in International Export**
INTERNATIONAL EXPORTS BY SECTOR

Manufacturing and services make up 90% of Scotland’s international exports. Between 2013 and 2014 the value of manufacturing exports fell by 8.7% and are the lowest they have been since 2010. The value of services exports increased by 0.6% in 2014 on the previous year. Between 2002 and 2014 the value of manufacturing exports has fallen by 2%, whilst ‘services’ exports have grown every year since 2003 and have increased by 119% since 2002.

‘Mining and quarrying’ exports grew by 15% between 2013 and 2014, and by 347% since 2002 and are now worth £1.9bn. This sector includes mining support service activities such as support activities for petroleum and natural gas extraction. Utilities exports from Scotland increased by 2.1% over the year and are now worth £340m. This represents a 240% increase since 2002.

Figure 3: International exports by high level sector including annual change (2013 to 2014)

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<thead>
<tr>
<th>Sector</th>
<th>2014 Value (m)</th>
<th>Annual Change</th>
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<tbody>
<tr>
<td>Manufacturing</td>
<td>£14,270m</td>
<td>↓ 8.7%</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>£1,900m</td>
<td>↑ 15.3%</td>
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<tr>
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EXPORTS BY SUB-SECTOR

The food and drink manufacturing sub sector is the top exporter from Scotland, worth £4.8bn in 2014. Whisky is the main contributor to this making up 83% of the value of food and drink exports. However for the second year in a row the value of whisky exports has declined, with a 7.6% decrease between 2012 and 2014. The Scotch Whisky Association suggests that the fall in exports in 2014 could be due partly to an increasingly competitive spirits market and ‘stock adjustments.’ This means instead of buying new stock business are using up existing supplies.
Professional Services\(^1\) are now the second largest export sector, worth £2.3bn in 2014. Despite seeing a 9% decrease over the year, exports in these areas have increased 200% since 2002.

‘Coke, refined petroleum and chemical products’ exports have fallen by 25% over the year and are now at the same level as in 2004. Despite this, the sector is still Scotland’s third largest export sector.

The value of ‘computer, electronic and optical products’ exports has fallen by 80% since 2002 when they were worth £5.6bn. Since the sharp fall between 2002 and 2006 the decline has slowed with exports actually increasing between 2012 and 2013. There was, however, a

\(^1\)‘Legal, accounting, management, architecture, engineering, technical testing and analysis activities’
decrease in value of 30% between 2013 and 2014. Exports from the sector and are now worth £1.1bn, the sixth highest performing export sector in Scotland.

**Figure 7: Computer, electronic and optical exports – 2002 to 2014**

**INTERNATIONAL EXPORTS BY COUNTRY**

The European Union is Scotland’s largest export market. Despite reducing between 2013 and 2014, the value of exports to the EU has increased by 11% since 2010. Exports to Central and South America have seen the largest increase since 2010, growing by 62%.

**Figure 8: International Exports by region – 2014**

The USA accounts for 14.5% (£4bn) of Scotland’s international exports, larger than any other single country. Exports to the USA have grown by 1.3% over the year. The second largest non-EU country export destination is Norway which has seen growth of 8.6% over the year and now stands at £1.2bn.

Over the year the destination which has seen the highest percentage growth in export value was Brazil, with a 70% increase (since 2010 the value of exports to Brazil has increased by

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2 Exports by country should be treated with some caution. Less information is provided by companies on country of export compared with total export value.
The Caribbean Islands saw the largest decrease over the year with exports falling by 56%.

**Figure 9: Exports to Non-EU 28 countries – 2014**

**INTERNATIONAL EXPORTS TO THE EU**

The European Union is the area which accounts for the largest share of Scottish international exports. It accounts for £11.6bn of total international exports from Scotland. However over the year there was a reduction of £985m, or 7.8%, in the value of exports to the EU. Since 2002 exports to the EU, as a share of total Scottish exports, have actually decreased from 54% to 42%. This is because exports to the EU have grown by 6% since over that time while exports to the rest of the world have grown by 74%.

**Figure 10: Exports to the EU (£m)**

Within the EU the Netherlands is Scotland’s largest export destination. This is because Rotterdam is one of the largest ports in the world and while goods arrive there the Netherlands may not be the final destination. Over the year exports to the Netherlands have fallen by 22%.

The Scottish Government offers the following explanation:

“Exports to Europe and key European port countries in the last year are affected by the fall in exports from the refined petroleum sector.”
Over the year exports to Sweden have seen the largest decrease of any country in the EU – a fall of 26%, with exports to Sweden now at 2010 levels. Austria has seen the biggest increase in exports over the year, rising by 123%.

**Figure 12: Annual change in exports to EU countries – 2013 to 2014 (%)**

EU exports by high level sector

Manufacturing and services account for 92% of total exports to the EU. The value of services exports to the EU has fallen by 2.8% over the year whilst the value of manufacturing exports has fallen by 13.2%. Since 2002, services exports to EU countries have increased by 93% whilst manufacturing exports have fallen by 22%.
TARGET EXPORT DESTINATIONS

The Scottish Government’s International Framework (first published in 2008) and refreshed in March 2015, sets out the Scottish Government’s "ambition to promote Scotland on the international stage to boost our trade and investment, influence and networks".

Within the International Framework, the Scottish Government has identified a number of priority countries with the development of country plans covering countries in Asia and North America. The Scottish Government currently has country plans for China, India and Pakistan, the United States of America and Canada. A key priority within all the country plans is to develop trade opportunities for Scottish businesses. This approach is supported by Scottish Development International offices in China, India, Canada and the USA.

Asia

Exports to Asia are now worth £2,890m which makes it Scotland’s third largest export market. Since 2010 exports to Asia have increased by 20%. Manufacturing exports to Asia have increased at more than double the rate of all manufacturing exports since 2010:17% compared to 8%. Services exports have grown by 27% since 2010, which is slightly less than growth in total services exports of 28%.

China
Exports to China were worth £530m in 2014 which is a decrease of £65m from 2013. Despite the decrease in exports over the year, exports have increased by £160m since 2010, or 43%. In 2014 China overtook Singapore as Scotland’s top export location in Asia.

India

Exports to India were worth £225m in 2014 which is an increase of £25m from 2013. Since 2010 exports to India have increased by £5m, or 2%.

North America

North America is Scotland’s second largest export market. Exports to North America were worth £4,430m in 2014 which is an increase of £120m over the year. Since 2010 exports to North America have increased by £885m, or 25%. While the USA accounts for the majority of exports to North America, there has been an increase of 48% in exports to Canada since 2010.

Since 2010 growth in manufactured goods exports to North America have increased by 9% which is slightly higher than the average of 8% for total manufactured exports. Growth in services exports to North America have increased at almost double the rate of all services exports since 2010, 53% compared to 28%.
SOURCES


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The following information specialist contributed to this briefing:

Charlotta Nordlander - data visualisation
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