

From: [REDACTED]
OCEA - Economic Strategy
19 January 2018

Cabinet Secretary for the Economy, Jobs and Fair Work

EXPORTS STATISTICS SCOTLAND 2016

Purpose

1. To provide briefing on the Scottish Government's National Statistics Publication: Export Statistics Scotland (ESS) 2016. Please treat these statistics and any indication of the results as **official sensitive** until their public release at 09:30 on Wednesday 24 January 2018.

Priority

2. Routine.

Background

3. Export Statistics Scotland publishes official Scottish Government estimates of Scottish international exports for 2016. It includes both the services and manufacturing sectors of the Scottish economy. It excludes exports of oil and gas, although it does include support services to this sector. The publication contains updated estimates of exports to the European Union (EU) and non-EU countries, as well as estimates of exports to the rest of UK. All the figures are shown in current prices.

Key Findings

4. International Exports

- Scotland's international exports (excluding oil and gas) increased in the last year by £460 million (1.6%) from £29.3 billion in 2015 to £29.8 billion in 2016. This was driven by an increase in exports to Non-EU countries (see paragraph 6 below).
- International exports from the service sector increased, and in particular, exports from wholesale and retail (up £250 million, 17.2%) and financial services (up £290 million, 22.2%).
- Exports from the manufacturing of food and beverages sector also contributed to this increase, with exports up £275 million (5.3%) to £5.5 billion in 2016, driven by strong whisky exports (£4.0 billion in 2016). The manufacture of food and beverages continues to be the largest industry for international exports in Scotland.

5. EU Exports

- Scottish exports to EU countries decreased by £105 million (0.8%) to £12.7 billion in 2016. The largest decrease was seen in professional, scientific and

technical activities (down £130 million or 11.4%). Manufacturing exports decreased in 2016, down £60 million (0.8%), although exports of food and drink to the EU saw an increase of £70 million (3.5%) to £2.0 billion in 2016.

6. Non-EU Exports

- Scottish exports to Non-EU countries increased by £565 million (3.4%) to £17.1 billion in 2016. This was driven by an increase in service exports, particularly financial services (up £355 million, 42%) and professional, scientific and technical activities (up £300 million, 12.4%). Manufacturing exports decreased slightly (down 0.4%), however food and drink exports increased by £210 million (6.4%) to £3.4 billion in 2016.

7. Rest of the UK Exports

- Exports by Scottish onshore businesses to the rest of the UK decreased in 2016, down £4.4 billion (8.8%) to £45.8 billion. The biggest driver here was the decrease in exports of utilities (down over a quarter or almost £1.6 billion), and in particular, exports of electricity (which is reflected in recently published BEIS figures¹). However Scotland remained a net exporter of electricity in 2016.
- Sectors involved in providing support services to the oil and gas industry also saw large decreases in their exports to the rest of the UK. For example, exports of professional, scientific and technical activities decreased by £745 million (16.2%) and exports of mining and quarrying (which includes mining support services) decreased by £355 million (10.4%).
- The largest sector for exports to the rest of the UK continues to be financial and insurance activities, with exports worth £7.8 billion in 2016, down slightly (2.1%) from the previous year.
- Exports to the rest of the UK rely more heavily on the service sector than international exports. In 2016, services accounted for 56% of all rest of the UK exports compared with 39% of international exports

8. Total Exports (International and Rest of the UK combined)

- Total international and rest of the UK exports in 2016 (excluding oil and gas) are estimated at £75.6 billion, down £3.9 billion (5.0%) in the year.
- In terms of breakdown of total exports, exports from the rest of the UK now account for 61% of the total (international + rest of the UK), compared with 63% in 2015. EU exports have increased their share slightly to 17% and Non-EU exports have increased to 23%.

9. Destination Countries for International Exports

¹ <https://www.gov.uk/government/statistics/energy-trends-december-2017-special-feature-article-electricity-generation-and-supply-figures-for-scotland-wales-northern-ireland-and-england-2>

- The USA continued to be Scotland's top export destination country with an estimated £4.8 billion of exports from Scotland in 2016. This was an increase of £315 million (7.1%) from the previous year, and accounted for 16.0% of total international exports.
- Within the EU, the Netherlands (£2.1 billion) was again, the largest market in 2016, followed by France (£2.0 billion) and Germany (£1.9 billion).
- The top 5 international export markets (USA, Netherlands, France, Germany and Norway) accounted for £12.1 billion (41%) of international exports from Scotland in 2016.
- Table 1 below shows the top 20 export destinations for Scotland's international exports in 2016.

Table 1: Top 20 Export Destinations, 2016, £ million

Rank	Destination	Total Exports (£ m)	% of Total	Rank	Destination	Total Exports (£ m)	% of Total
1	USA	4,775	16.0	11	Belgium	760	2.5
2	Netherlands	2,115	7.1	12	Italy	715	2.4
3	France	1,960	6.6	13	UAE	705	2.4
4	Germany	1,910	6.4	14	Australia	650	2.2
5	Norway	1,365	4.6	15	Canada	610	2.0
6	Ireland	1,025	3.4	16	Sweden	565	1.9
7	Denmark	995	3.3	17	China	555	1.9
8	Spain	855	2.9	18	Singapore	525	1.8
9	Switzerland	795	2.7	19	Japan	460	1.5
10	Brazil	770	2.6	20	South Korea	435	1.5

Notes:

1. Figures rounded to the nearest 5. All calculations based on unrounded data

2. Exports by country should be treated with some caution. Less information is provided by companies on country of export compared with total e

Source: *Export Statistics Scotland 2016*

Handling

10. We will work with Comms colleagues to produce a Ministerial news release. Further communication advice will follow.

Conclusion

11. The Cabinet Secretary is asked to note the statistics.

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