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Scotland's exports 2017

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This briefing analyses the Export Statistics Scotland 2017 release from the Scottish Government, providing a breakdown of exports by sector and location.



15 March 2019
SB 19-13

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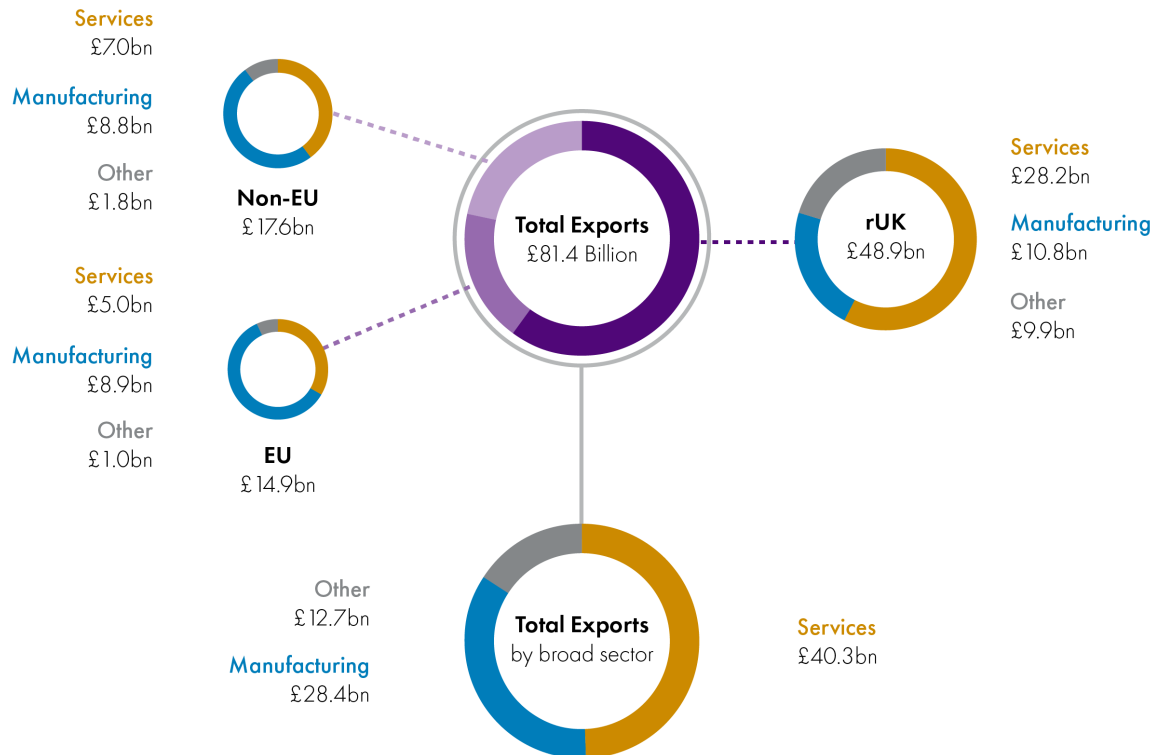
Executive Summary

This briefing analyses the Export Statistics Scotland 2017 ¹ release from the Scottish Government, providing a breakdown of exports by sector and location.

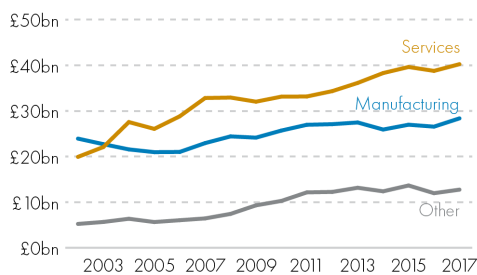
The key points from this year's statistics:

What do Scottish exports look like?

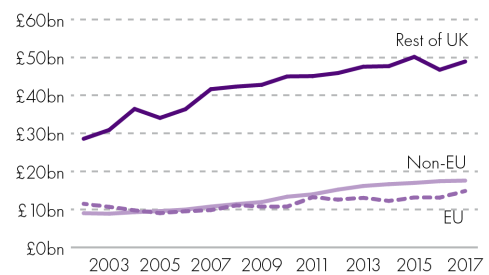
Export Statistics Scotland 2017



Service sector exports grew by £20 billion between 2002 and 2017



Exports to the rest of the UK grew by £20 billion between 2002 and 2017



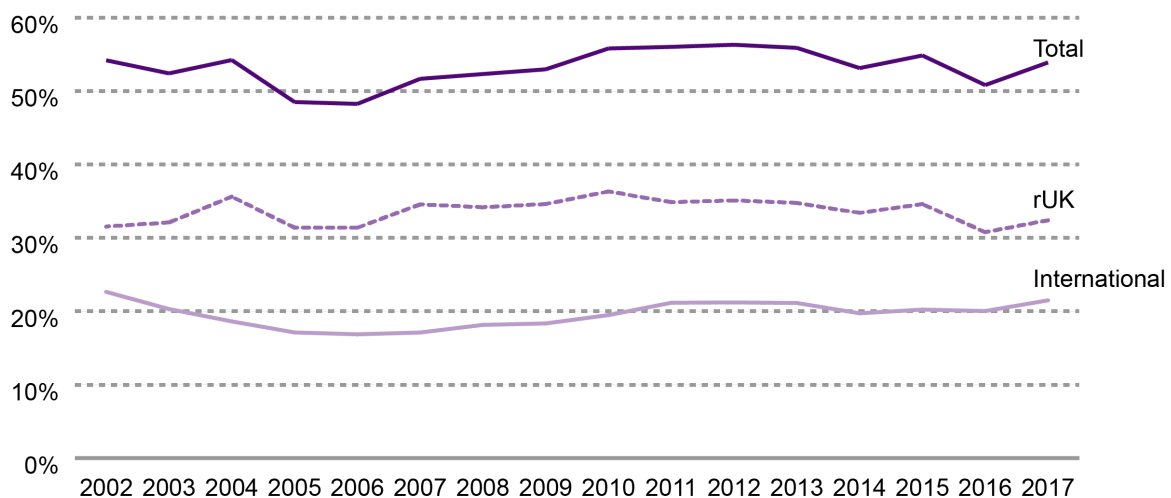
Exports Statistics Scotland 2017

How important are exports to the Scottish economy?

Figure 1 shows the value of exports as a percentage of the Scottish on-shore economy. Presenting export figures in this way shows the relative importance of exports to the economy as a whole over a period of time regardless of changes to prices.

The value of Scotland's exports is equivalent to around half of Scottish GDP

Figure 1: Exports as a proportion of Scottish onshore GDP - 2002 to 2017



[Exports Statistics Scotland 2017](#) and [Quarterly National Accounts Scotland: Quarter 3 2018](#)

Since 2002, **total exports** have been around 53% of onshore GDP in Scotland, peaking at 56.3% in 2011 and hitting a low of 48.9% in 2006. Looking at a breakdown by destination shows that:

- Between 2002 and 2006, **exports to the rest of the UK** were around 33% of onshore GDP, then from 2007 to 2015 they were around 35% of GDP. In 2016 and 2017 they were around 31%.
- Between 2002 and 2006, **international exports** fell from 23% to 17%, then from 2007 to 2012 they increased to 21%. Since then they have remained around 21%.

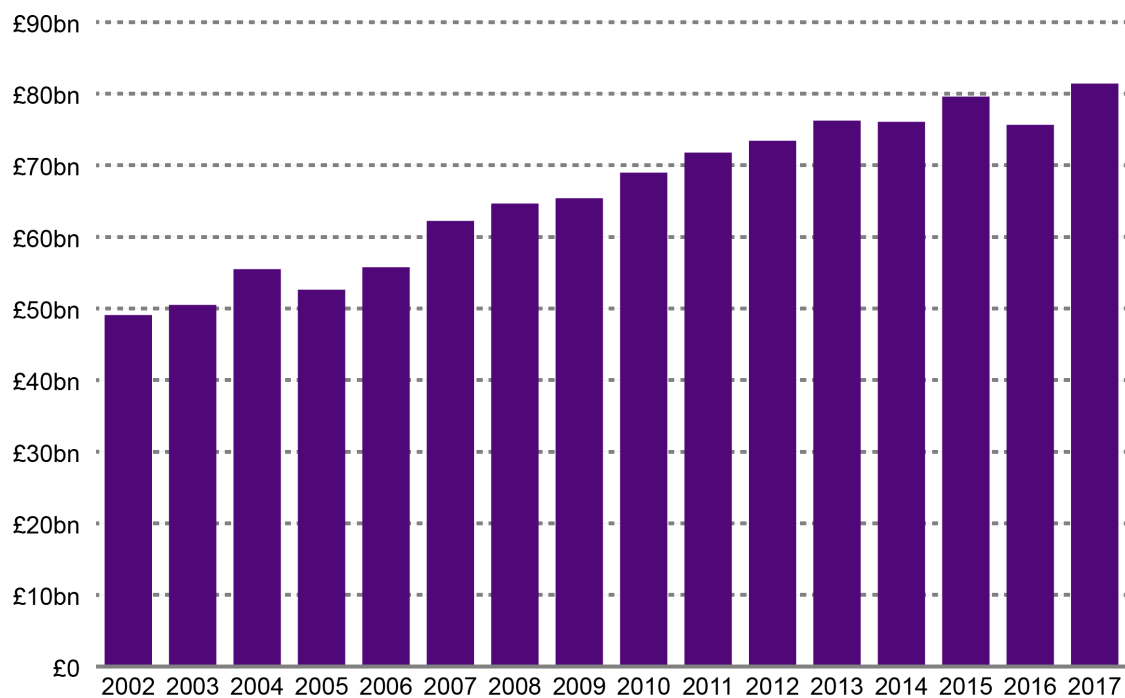
How much are exports worth?

Total exports from Scotland were estimated to be worth £81.4 billion in 2017. This figure consists of exports to the rest of the UK plus international exports, but does not include oil and gas exports from the Scottish section of the UK Continental Shelf.

Unless otherwise stated figures in this briefing are in cash terms.

Total exports from Scotland increased by £32.3 billion between 2002 and 2017

Figure 2: Value of total exports from Scotland - 2002 to 2017



[Exports Statistics Scotland 2017](#)

Between 2016 and 2017 the total value of exports increased by 5.2%, or £4.0 billion.

The data from 2002 to 2017 shows that:

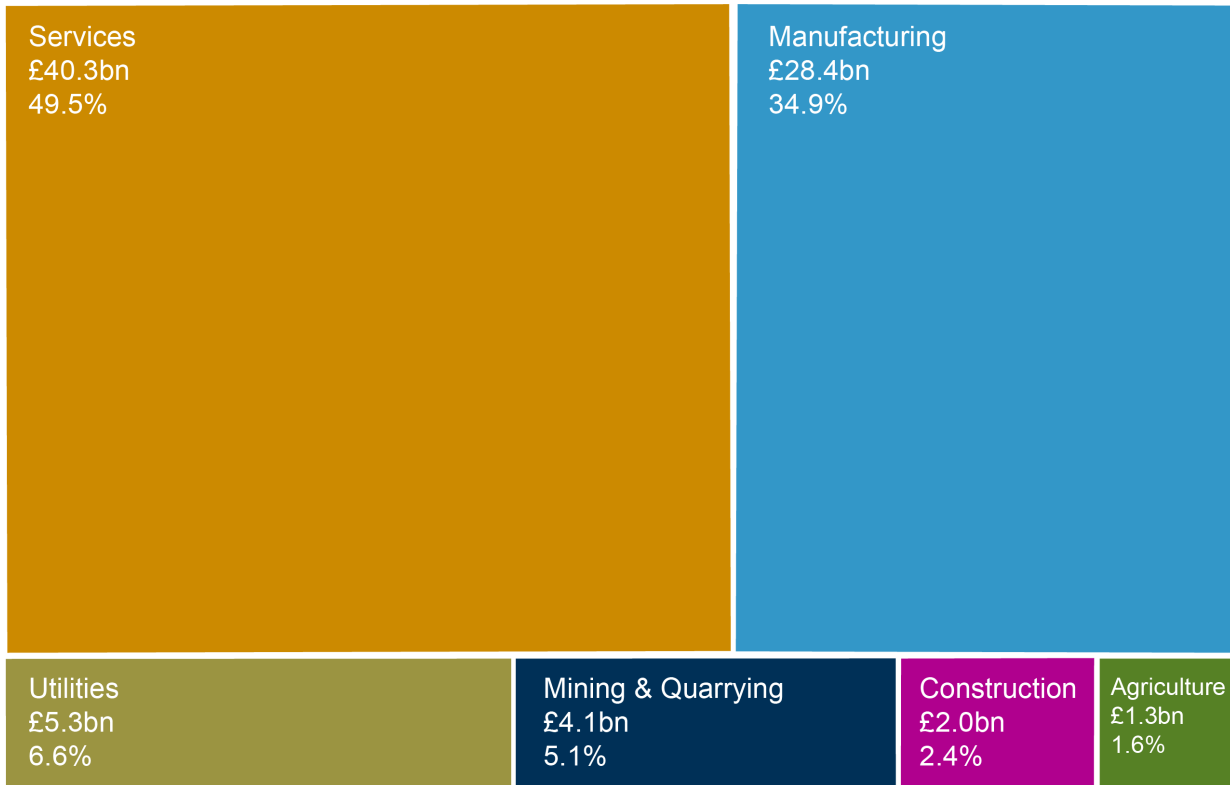
- Between 2002 and 2017 the total value of exports grew by £32.3 billion, or 65.7%.
- £16.4 billion, or 51%, of growth in the total value of exports came between 2002 and 2009, with an average annual growth rate of around 4%.
- £12.3 billion of growth in the total value of exports came between 2010 and 2017, with an average annual growth rate has been around 3% .

What does Scotland export?

What do Scotland's overall exports look like?

Services made up the majority of total exports from Scotland in 2017

Figure 3: Value of exports by broad sector in Scotland - 2017



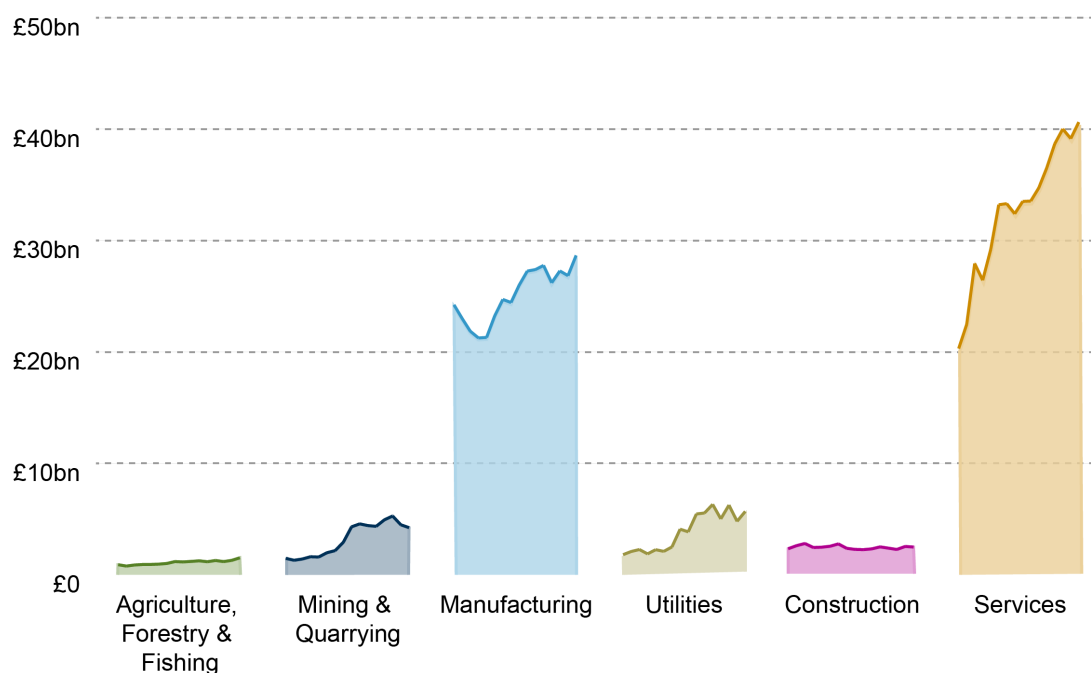
[Exports Statistics Scotland 2017](#)

Figure 3 shows total Scottish exports broken down by sector. Between them, services (49.5%) and manufacturing (34.9%) comprise £68.6 billion, or 84%, of total Scottish exports. The rest is made up of:

- **Utilities (6.6%)** - providing electric power or natural gas through permanent infrastructure network such as lines, mains and pipes.
- **Mining and Quarrying (5.1%)** - the statistics exclude extraction of oil and gas but include activities related to the preparation of oil and gas. This includes the concentrating of ores, liquefaction of natural gas and collection of solid fuels. However this does not include the processing of material which is included in manufacturing.
- **Construction (2.4%)** - general and specialised construction activities for buildings and civil engineering works.
- **Agriculture, Forestry and Fishing (1.6%)** - growing crops, raising and breeding animals, harvesting timber and other plants, animals or animal products from a farm or their natural habitats. Food and drink products are included in manufacturing.

“Services” saw the largest increase between 2002 and 2017, increasing by £20.3 billion

Figure 4: Value of exports from Scotland by broad sector - 2002 to 2017



[Exports Statistics Scotland 2017](#)

Looking at the value of exports by sector between 2002 and 2015:

- “Utilities” saw the largest proportional increase between 2002 and 2017, increasing by 265% or £3.9 billion.
- “Service” exports increased by £20.3 billion between 2002 and 2017.
- “Construction” saw the smallest proportional increase at 14%.

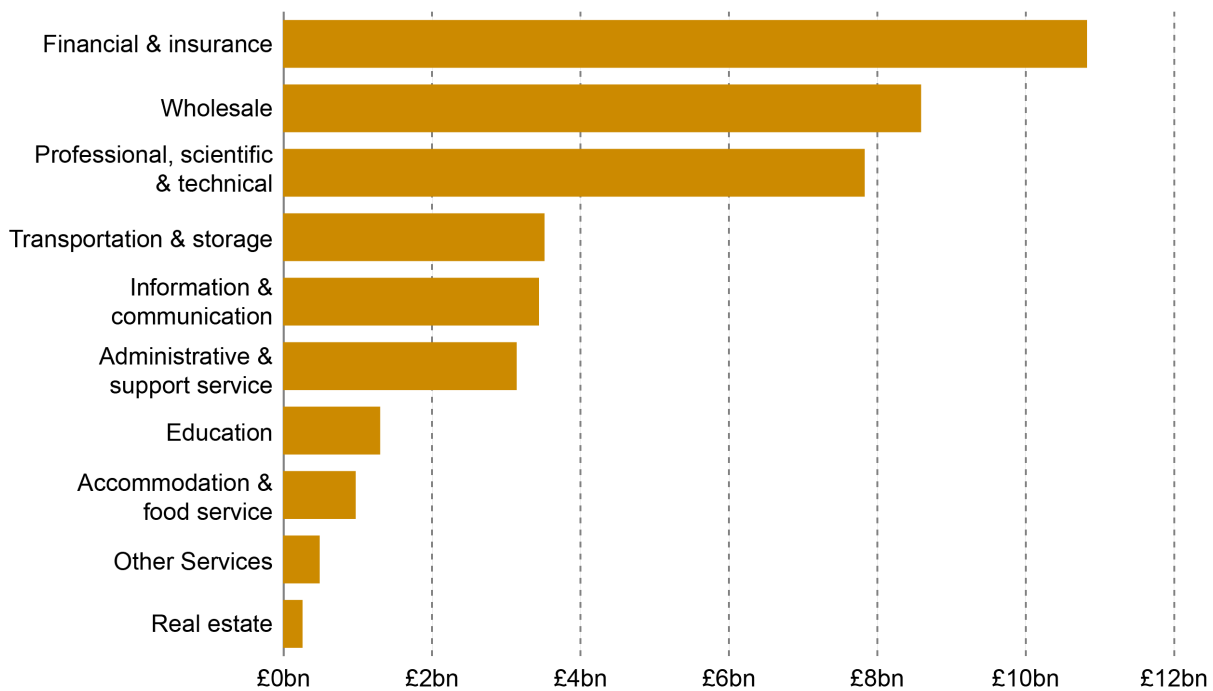
Manufacturing saw the largest increase in value between 2016 and 2017, increasing by £1.8 billion. Proportional, “Agriculture, Forestry & Fishing” saw the largest increase at 21% while “Mining & Quarrying” saw the largest decrease, falling by 6%.

What services does Scotland export?

Services products are when a business provides a service such as retail, transport, distribution, or accommodation and food. Total services exports in 2017 were worth £40.3 billion, and accounted for 49.5% of all exports.

“Financial and insurance” exports were the most valuable of the service sector in 2017

Figure 5: Value of service sector total exports from Scotland - 2017



[Exports Statistics Scotland 2017](#)

In 2017 “Financial and insurance” exports were the most valuable services exports at £10.8 billion. This is also the most valuable exporting sector in Scotland. It was one of only four services sectors which saw growth between 2016 and 2017 (+14.0%), with "Education" (+2.3%), "Information & communication" (+27.4%) and "Other Service" (+46.7%) the others. "Other services" consist of "Health and other community", "social and personal service" as well as "arts, entertainment and recreation."

“Financial and Insurance” services saw the largest increase in total exports value between 2002 and 2017

Figure 6: Value of service sector total exports from Scotland - 2002 to 2017

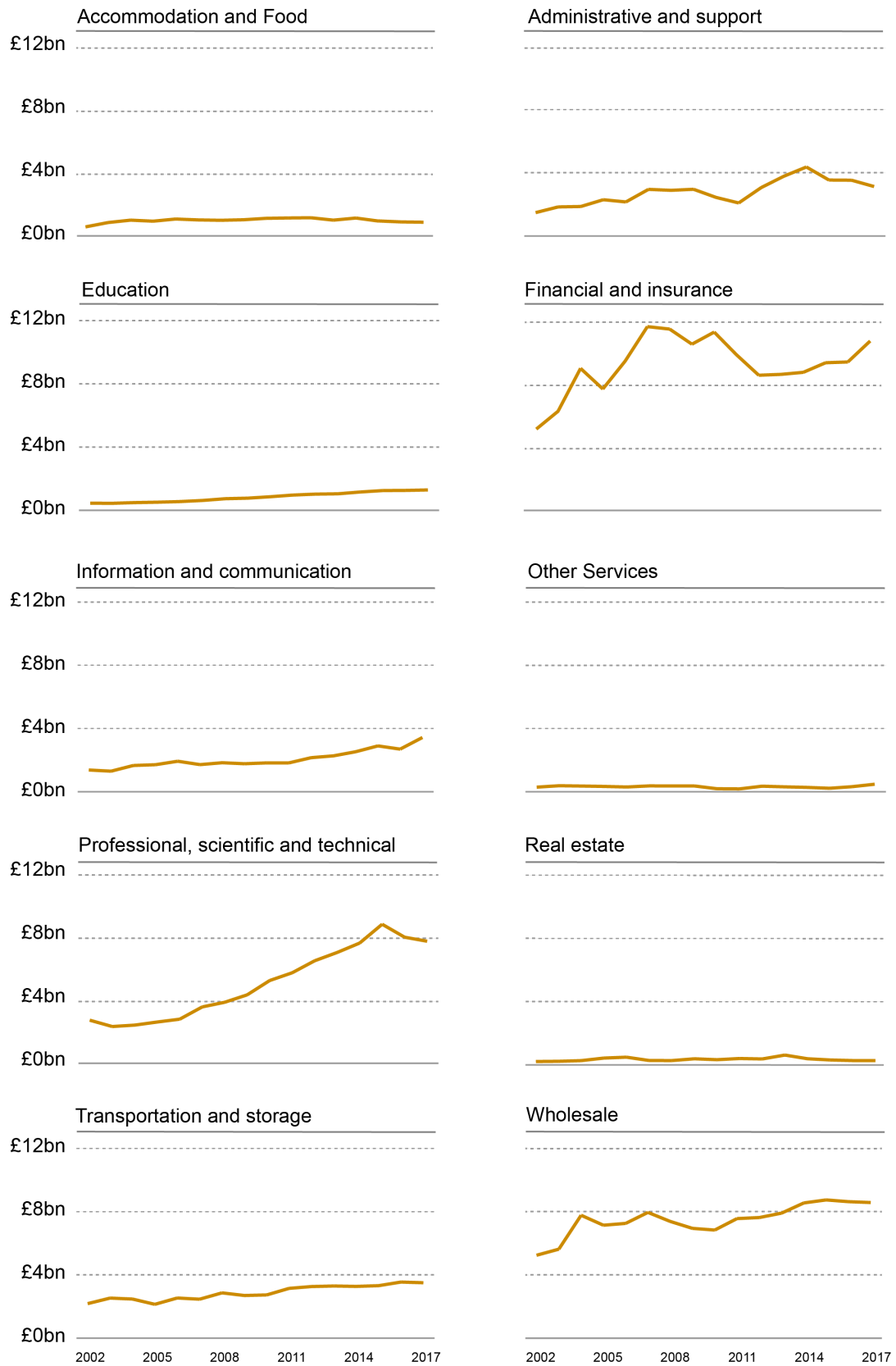


Figure 6 shows the value of service sector exports between 2002 and 2017. Exports from the "Education" service sector saw the largest proportional increase in the value of exports at 187%. Exports from the "Financial and insurance" sector saw the highest increase in value at £5.6 billion.

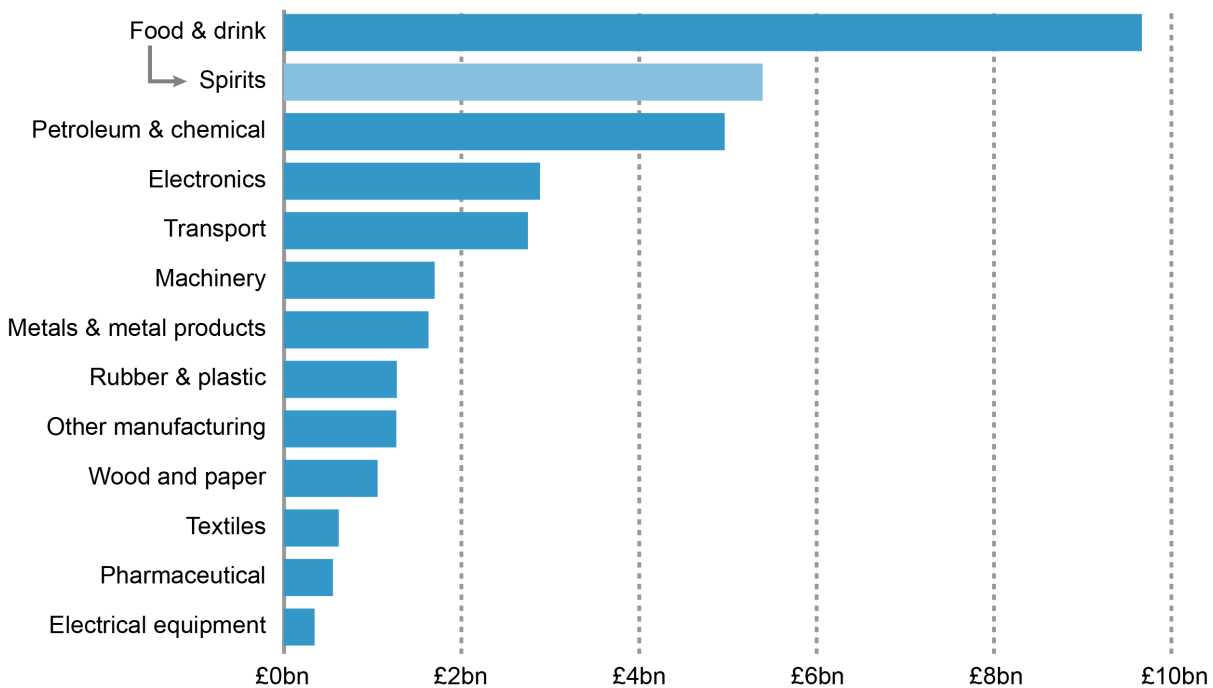
"Financial and insurance" exports are the highest valued of services sector exports, at £10.8 billion. Despite seeing an increase of 14% (£1.3 billion) between 2016 and 2017 they were below their 2007 peak of £11.7 billion.

What manufactured goods does Scotland export?

The exports of manufactured good includes products like whisky, clothes or petroleum products. In 2017 manufacturing exports were worth £28.4 billion and accounted for 35% of all exports.

"Food and Drink" exports were the most valuable of the manufacturing sector in 2017

Figure 7: Value of manufacturing sector total exports from Scotland - 2017

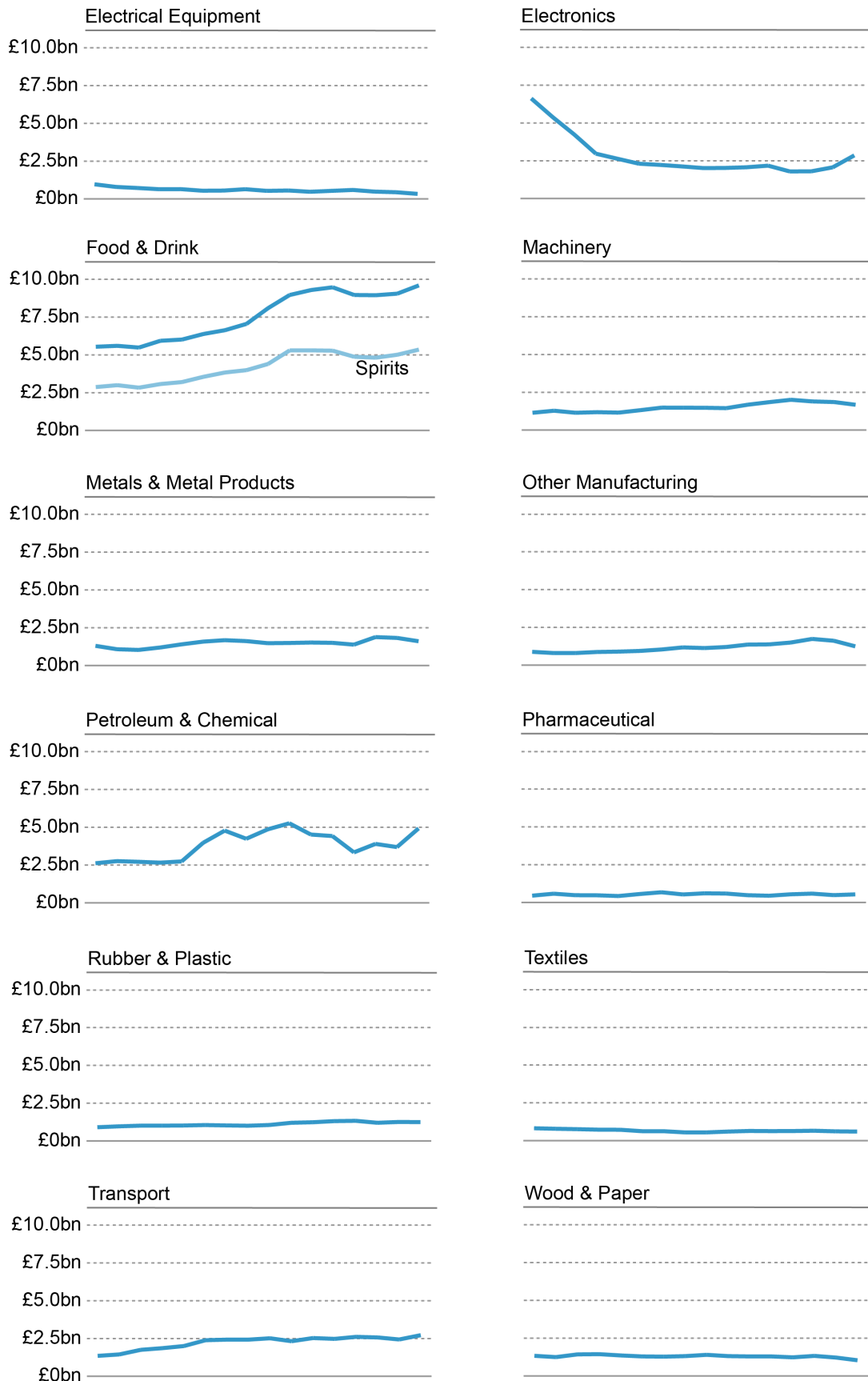


[Exports Statistics Scotland 2017](#)

Figure 7 shows the value of manufacturing sector exports in 2017. "Food and Drink" exports were the most valuable manufacturing export from Scotland in 2017 at £9.6 billion. Within this Spirits (Distilling, rectifying and blending of spirits), mainly whisky exports, were worth £5.4 billion.

"Computer, electronic and optical products" exports fell by £3.8 billion, or 57%, between 2002 and 2017

Figure 8: Value of manufacturing sector total exports from Scotland - 2002 to 2017



"Computer, electronic and optical products" exports fell by £3.8 billion, or 57%, between 2002 and 2017. However, this sector saw a resurgence over the last few years with exports increasing by £1.0 billion (59%), since 2014. "Food and drink" saw the largest increase in total exports between 2002 and 2017 at £4.0 billion, or 73%. Within this "Spirits" saw an increase of £2.5 billion, or 86%, over this period. "Transport equipment" saw the largest proportional increase at 101%.

Between 2016 and 2017 "Coke, refined petroleum and chemical products" exports increased by £1.2 billion, this was the highest increase by value of manufactured goods. "Computer, electronic and optical products" saw the largest proportional increase over the year, increasing by 38%

"Electrical equipment" saw the largest proportional decrease at 24.7% while "Other manufacturing" saw the largest decrease by value falling by £375 million.

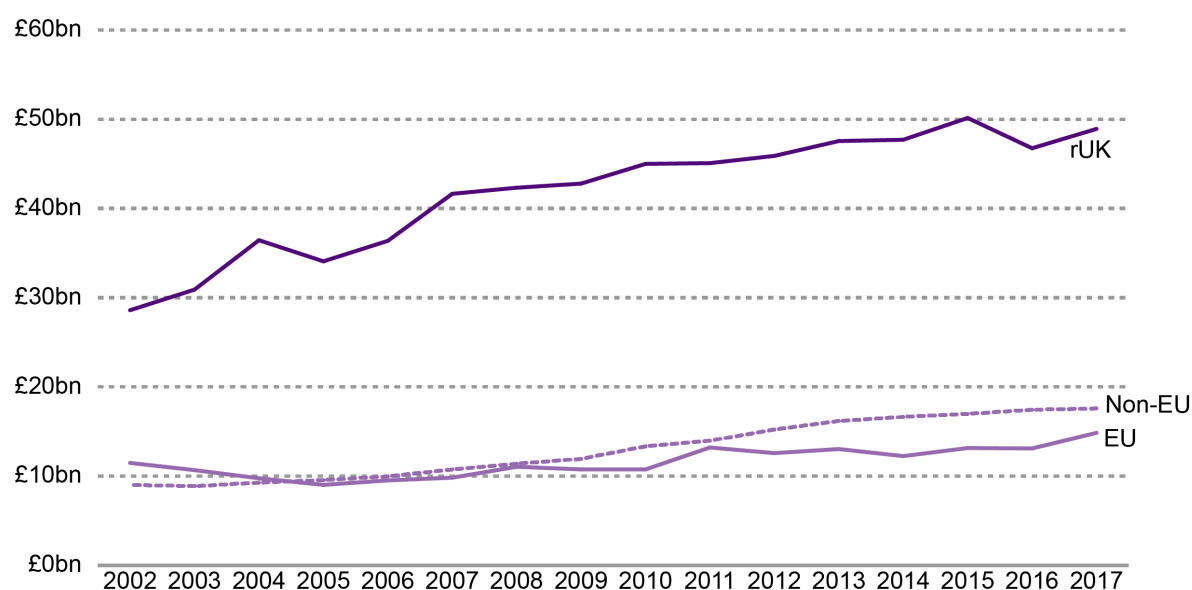
Where does Scotland export to?

Overall where does Scotland Export to?

Exports Statistics Scotland provides data on exports to the rest of the UK as well as international destinations. This section looks at where Scotland exports to. Looking at the broad exports destination, it also looks at international exports and exports to the EU.

Exports to the rest of the UK increased by £20.3 billion between 2002 and 2017

Figure 9: Value of exports by broad geographic area - 2002 to 2017



[Exports Statistics Scotland 2017](#)

Figure 9 shows the change in exports by broad destination between 2002 and 2017.

- In 2017, exports to the rest of the UK were worth £48.9 billion, increasing by £2.2 billion between 2016 and 2017.
- Between 2002 and 2017, exports to the rest of the UK increased by £20.3 billion, or 71%.
- International exports were worth £32.4 billion in 2017, an increase of £11.9 billion, or 58%, from 2002.
 - Non-EU exports increased by £8.6 billion, or 95%, between 2002 and 2017.
 - Exports to the EU increased by £3.4 billion, or 29%, between 2002 and 2017.

Exports to the rest of the UK accounted for 60% of the total value of exports from Scotland, falling from 67% in 2007 but still above the 2002 figure of 58%.

In terms of exports to the rest of the UK, a proportion may be re-exported internationally. While it is not possible to quantify this exactly, it is likely to be a small proportion of the

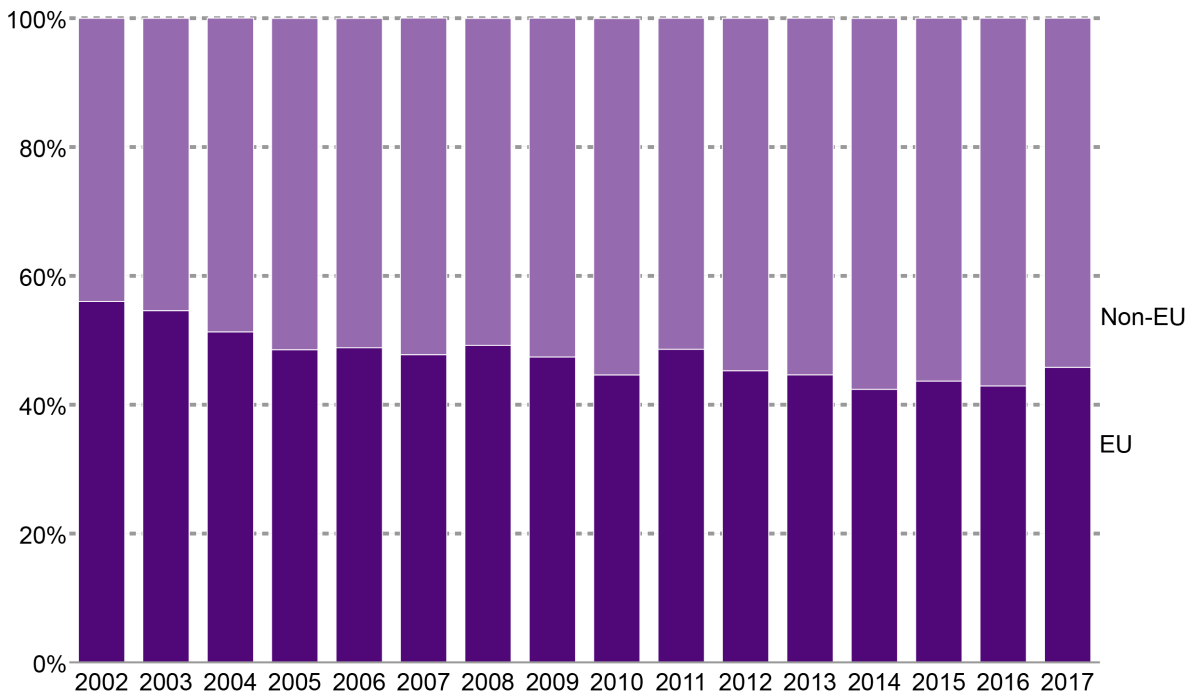
total. This is because exports from services, utilities and construction, which make up 72% of exports to the rest of the UK, are highly unlikely to be re-exported. The Scottish Government has also suggested that many of the manufactured goods exported to the rest of the UK are in sectors where re-exporting is unlikely ².

On the other hand, some products exported to the rest of the UK are incorporated into other products, and then re-exported. This will be counted as exports to the rest of the UK as only the original product comes from Scotland.

Scotland's international exports

54% of international exports went to non-EU countries in 2017

Figure 10: Proportion of total international exports to the EU and non-EU destination - 2002 to 2017

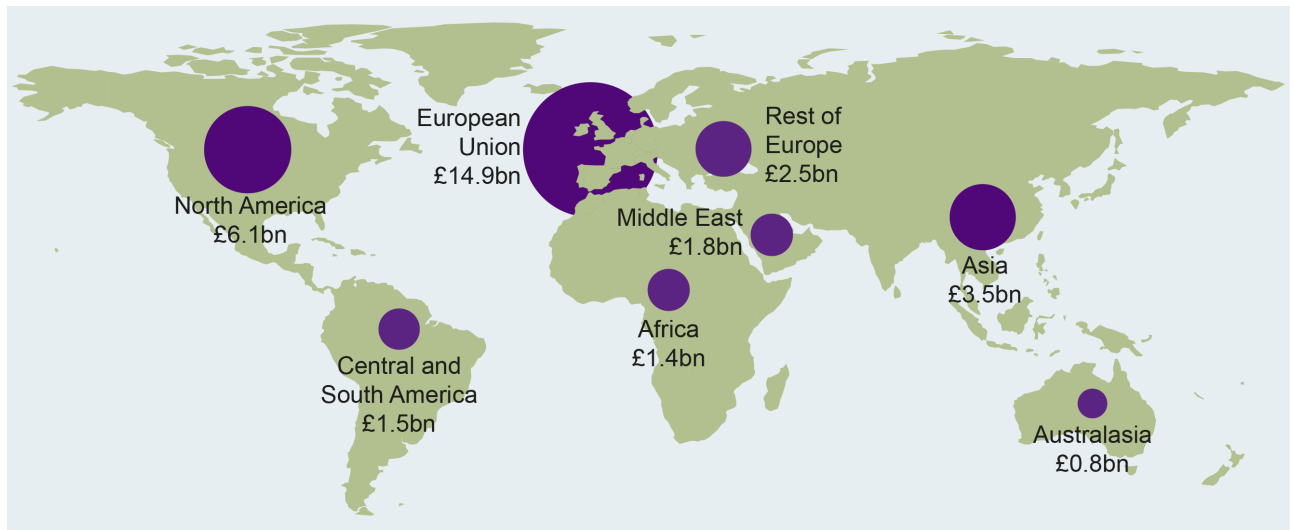


[Exports Statistics Scotland 2017](#)

Figure 10 shows the proportion of international Scottish exports which go to EU and non-EU countries. Since 2005 the majority of international exports have gone to non-EU countries. In 2017, 54% of international exports went to non-EU countries. Since 2002, the value of exports to the EU increased by £3.4 billion (+29%), while exports to the rest of the world increased by £8.6 billion (+95%).

The EU was the largest international export region for Scotland in 2017

Figure 11: Value of international exports by region - 2017



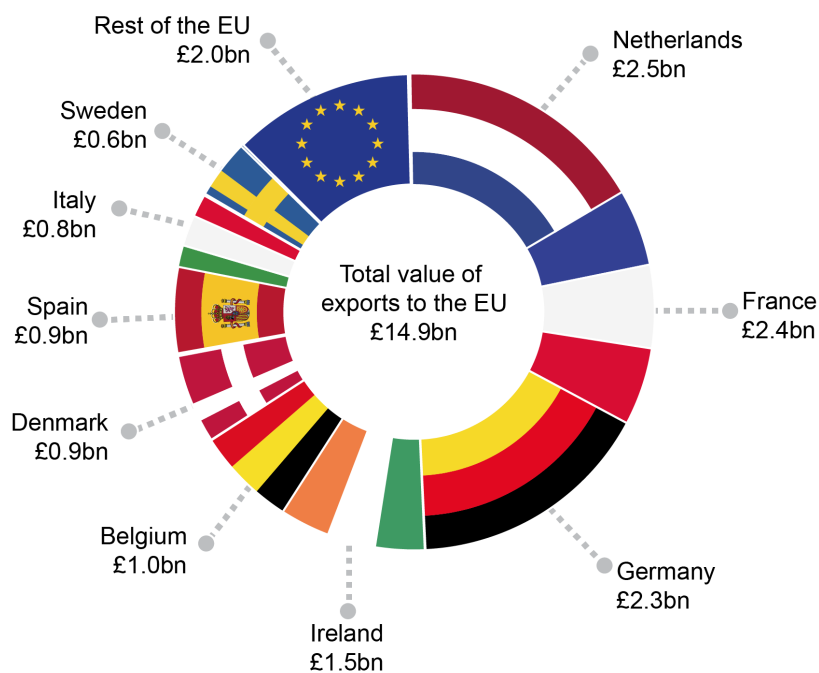
Exports Statistics Scotland 2017

In 2017 the EU was Scotland's largest international export region, worth £14.9 billion (46%). North America had the second highest value of exports at £6.1 billion (19%). The majority of these exports go to the US, which is the single largest country destination for Scotland's international exports (at £5.5 billion in 2017).

Scotland's exports to the EU

The Netherlands was the largest export destination in the EU for Scotland in 2017

Figure 12: Value of international exports by EU country - 2017



Exports Statistics Scotland 2017

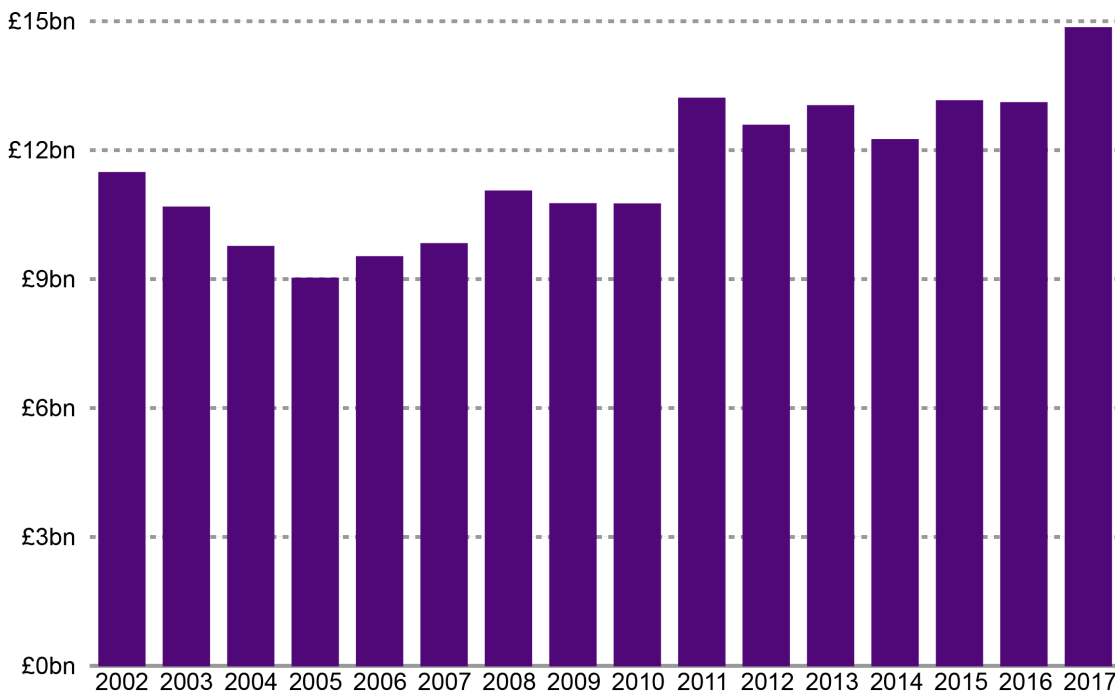
Figure 12 shows the value of exports to countries in the EU with a value over £500m in 2017. Within the EU the Netherlands is Scotland's largest export destination. This is because Rotterdam is one of the largest ports in the world and while goods arrive there, the Netherlands may not be the final destination. Over the year exports to the Netherlands increased by £360m or 17%.

Over the year exports increased to all EU countries, except Spain and Denmark. Exports to France saw the largest increase at £400m, or 20%.

In 2017, France received the second highest value of Scottish exports to any EU nation. This is partly explained by France being the second largest international market for Scotch whisky behind the USA³.

Since 2005 exports to the EU have increased by £5.8 billion

Figure 13: Value of exports to the EU - 2002 to 2017 (not adjusted for inflation)



[Exports Statistics Scotland 2017](#)

Since 2002 exports to the EU increased by £3.4 billion, or 29%. However between 2002 and 2005 exports fell, by £2.5 billion (-21%). From 2005 to 2011 they increased by £4.1 billion or 46%. The value of exports to the EU in 2017 was the highest on record, since 2002, higher than the next highest year, 2011.

As the UK is part of the EU this has given Scotland access to [trade agreements](#) negotiated by the EU. This includes countries that Scotland had significant trade with during 2017, like Norway (£1.0 billion), Switzerland (£0.7 billion), South Korea (£0.3 billion) and Mexico (£0.2 billion).

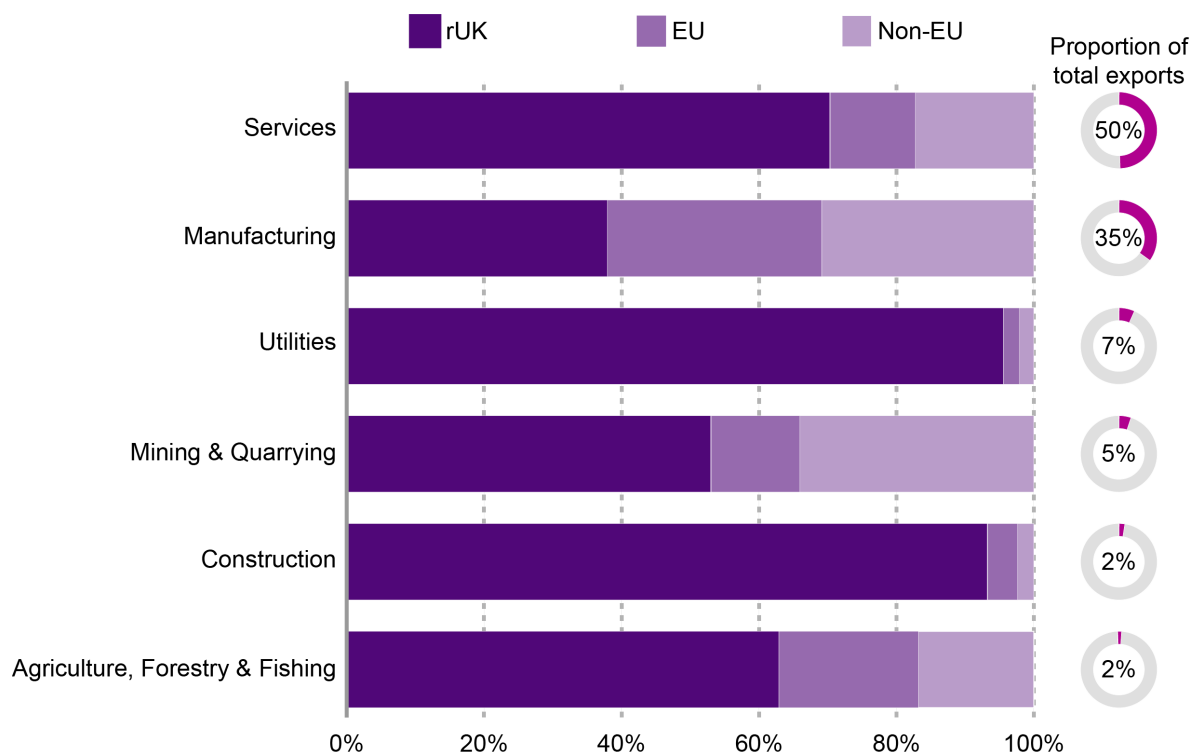
Which exports go where?

Overall which exports go where?

Figure 14 shows the proportion of exports for each sector that go to either the rest of the UK or to international markets. The sectors are ordered by the size of the value of the sector.

"Manufacturing" is the only broad sector which exports more to international markets than to the rest of the UK

Figure 14: Proportion of the value of exports by broad sector and broad destination - 2017



[Exports Statistics Scotland 2017](#)

Manufacturing is the only sector with a higher proportion of exports which go to international destinations at 62%. "Utilities" has the highest proportion of exports to the rest of the UK at 95%. As "Utilities" exports consist of services such as transmission of electricity through the national grid, this is not surprising.

Table 1 shows the top five exporting sectors to the three broad destination regions: Rest of the UK, EU and non-EU destinations in 2017.

Table 1: Top five exporting sectors to the Rest of the UK, EU and non-EU destination in 2017

rUK Sector	Value	EU Sector	Value	Non-EU Sector	Value
Financial & insurance (Services)	£9,060m	Refined petroleum & chemical (Manufacturing)	£2,870m	Food & drink (Manufacturing)	£3,620m
Wholesale (Services)	£6,685m	Food & drink (Manufacturing)	£2,235m	Professional, scientific & technical (Services)	£2,445m
Utilities	£5,095m	Professional, scientific & technical (Services)	£1,225m	Mining & Quarrying	£1,410m
Professional, scientific & technical (Services)	£4,150m	Wholesale (Services)	£1,135m	Transport (Manufacturing)	£1,220m
Food and drink (Manufacturing)	£3,745m	Computer, electronic and optical products)	£990m	Financial & insurance (Services)	£1,115m

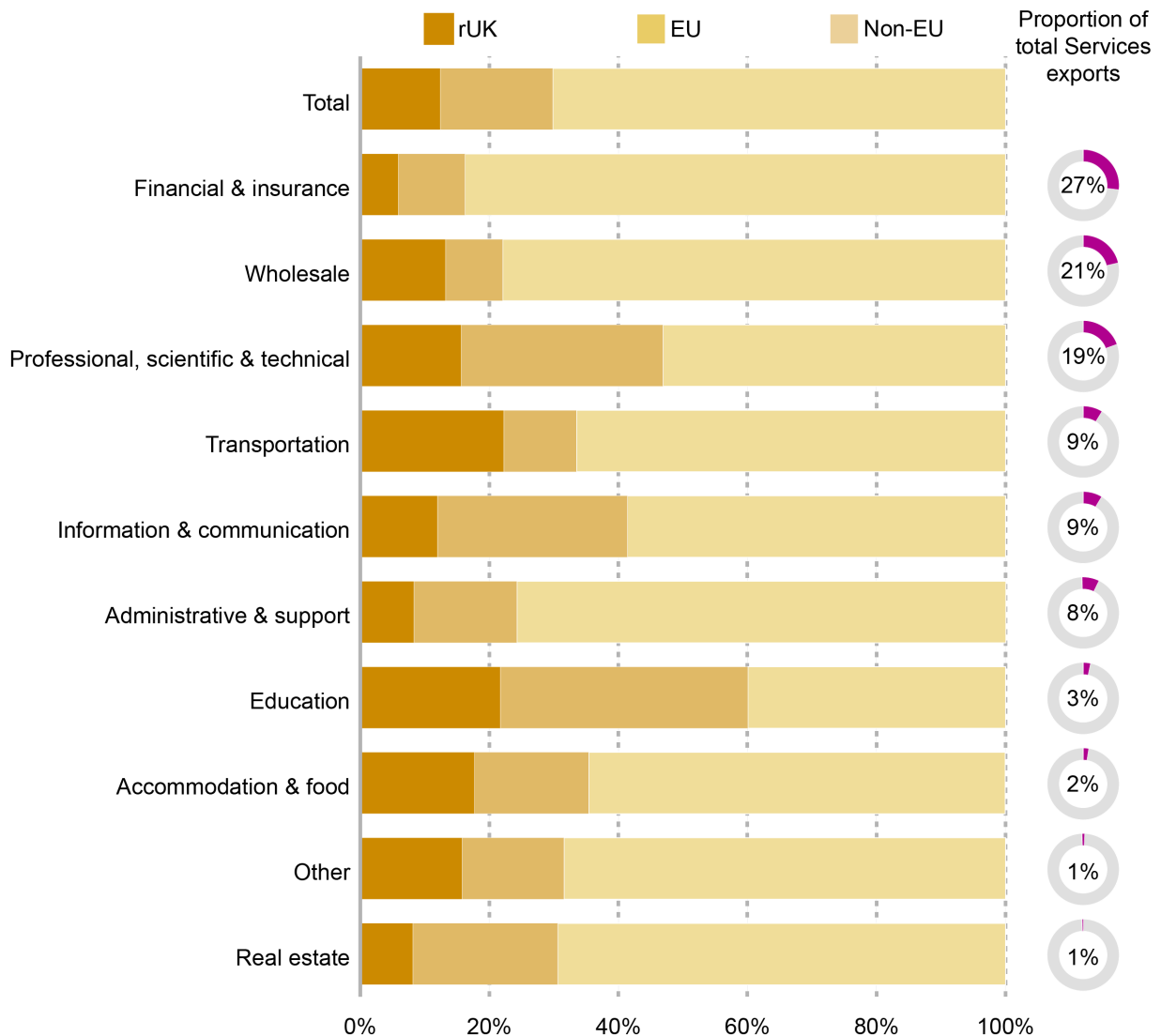
[Exports Statistics Scotland 2017](#)

Where do Scotland's services exports go?

Services exports, worth £40 billion, make up 50% of all exports from Scotland. £28 billion, or 70%, of these are classed as exports to the rest of the UK. International services exports are worth £12 billion, with the majority (£7 billion) going to non-EU destinations.

"Education" is the only services sector which exports more internationally than to the rest of the UK

Figure 15: Proportion of the value of services exports by broad sector and broad destination - 2017



[Exports Statistics Scotland 2017](#)

Looking at the services export sector breakdown in more detail, only "Education" has a higher proportion of exports going to international destinations, with 38% going to Non-EU destinations and 22% going to the EU.

"Financial and insurance" exports were worth £10.8 billion in 2017, with 84%, or £9.0 billion going to the rest of the UK. Of the £1.3 billion international exports from the sector, only £0.6 billion went to the EU.

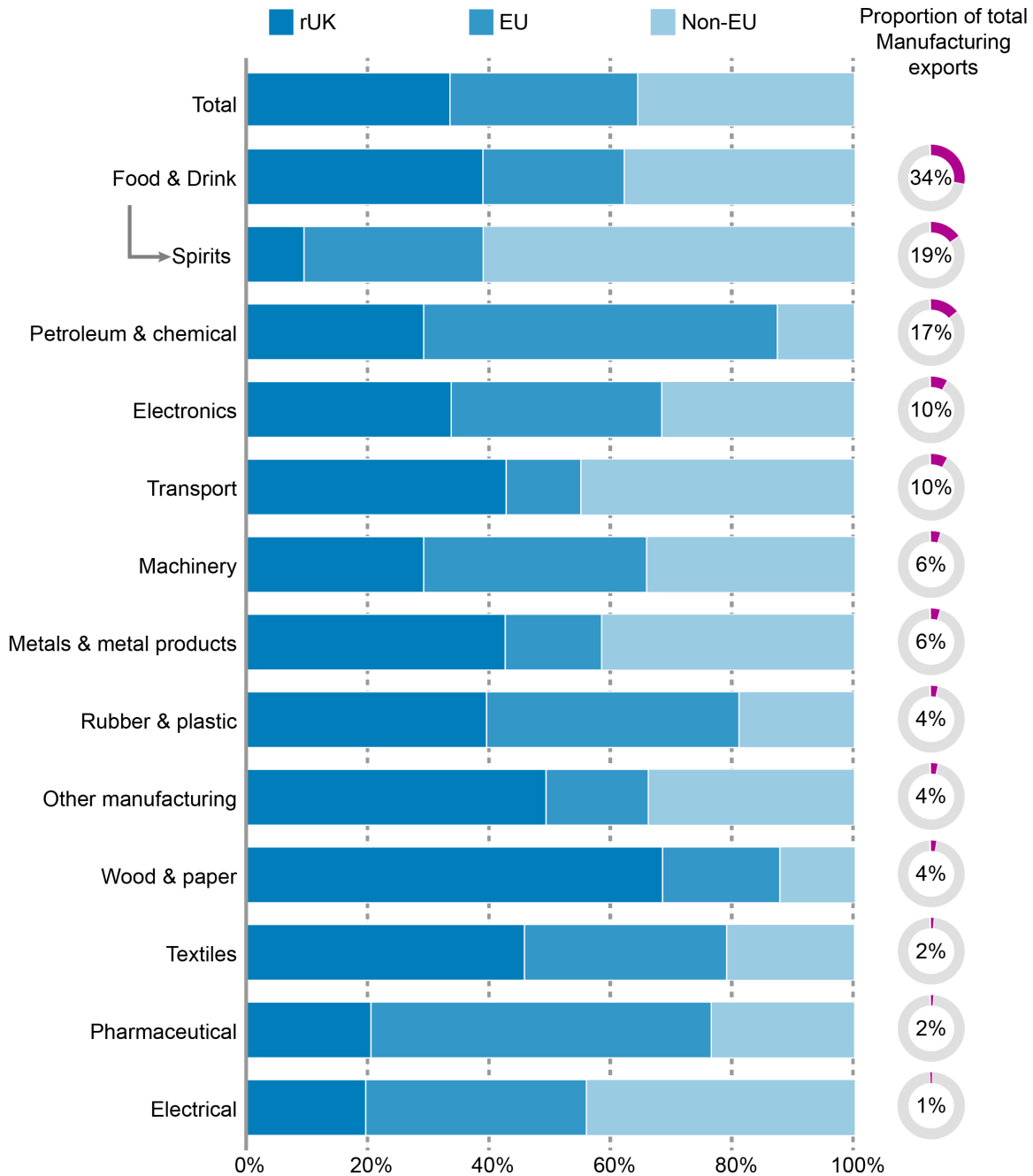
Where do Scotland's manufacturing exports go?

Manufacturing makes up 35% of the value of exports from Scotland. Over half, approximately £17.6 billion (62%), are classed as international exports. In 2017

manufacturing exports to non-EU destinations were 1% (£0.1 billion) higher than to the EU.

The "Spirits" sub-sector has the highest proportion of exports going to non-EU destination

Figure 16: Proportion of the value of manufacturing exports by broad sector and broad destination - 2017



Exports Statistics Scotland 2017

In 2017 "Wood and paper" was the only sector which had a higher export value to the rest of the UK, with 69% of exports going to the rest of the UK. "Food & drink" products are worth £9.6 billion and make up over a third of a manufactured good exports with 61% leaving the UK.

Spirits exports ("Distilling, rectifying and blending of spirits") has the highest proportion of exports leaving the UK at 90%. The majority (61%) of exports from this sub-sector go to

non-EU destinations. The majority of exports within this sector come from the Scotch whisky industry. Six of the top ten destinations for Scotch Whisky are outside the EU, estimated to value £1.7 billion, with the USA the largest market for Scotch Whisky exports by value in 2017 (£0.9billion).³

“Petroleum and chemical” products is the second largest manufacturing sector in terms of value of exports, at £4.9 billion. Of these exports £2.9 billion, or 58%, went to the EU in 2017.

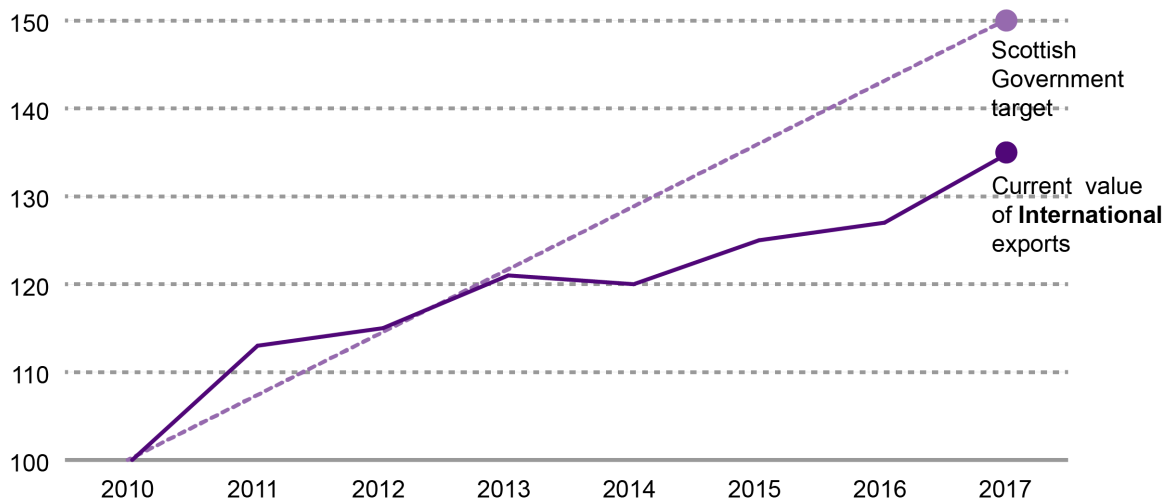
Scottish Government targets

2011 Economic Strategy

The Scottish Government set out a target of increasing the value of international exports by 50% by 2017, using 2010 as the baseline, in their 2011 Economic Strategy ⁴.

The Scottish Government have missed their international exports target

Figure 17: The value of international exports indexed to 2010 compared to the Scotland Government target of a 50% increase from 2010 to 2017.



[Exports Statistics Scotland 2017](#)

Between 2010 and 2017 exports increased by 35%, which is 15 percentage points short of the 50% target.

The National Performance Framework

The [National Performance Framework](#) presents information on how Scotland is performing against a range of indicators. One of these indicators look at international exports. The Government are in the process of up dating the indicators but the website indicates that for international exports performance is **improving**.

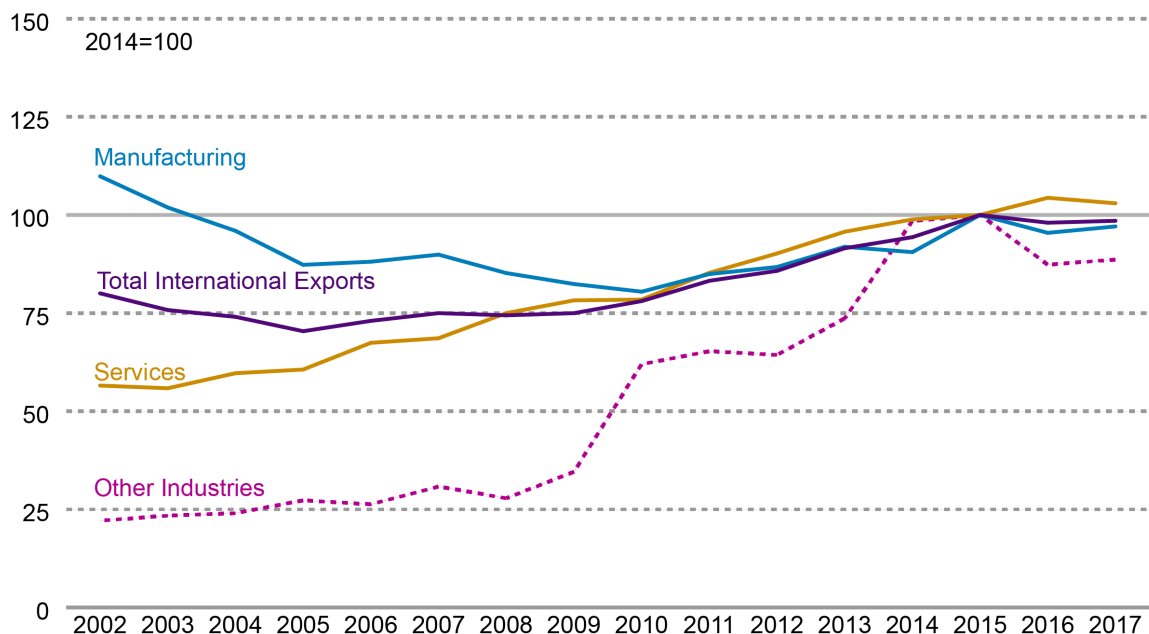
Are there any exports figures in real terms (adjusted for inflation)?

The Exports Statistics Scotland publication provides a volume index for international exports. This means that the exports are presented as a chain linked volume index which allow export trends to be analysed over time with the effects of price inflation removed ¹ or in real terms.

It should be noted that these figures are classified as **experimental statistics** and should be viewed with some caution.

Total exports grew by 23% between 2002 and 2017 in real terms

Figure 18: Scottish exports as chain linked volume index - 2002 to 2017



[Exports Statistics Scotland 2017](#)

International exports increased in real terms between 2016 and 2017 by 0.5%. Figure 18 shows that between 2016 and 2017:

- "Services" fell by 1.3%.
- "Manufacturing" increased by 1.7%.
- "Other industries" increased by 1.5%.

Overall exports grew by 23% between 2002 and 2017 in real terms:

- "Services" exports have increased by 82%.
- "Manufacturing" exports fell by 12%, but grew by 11% between 2005 and 2017.
- "Other industries" have increased by 301%.

Annex

The following tables provide the full classifications of the Manufacturing and Services sectors as they appear in the Scottish Government publication.

Table A1: Manufacturing sectors

Abbreviated version	As appears in the official publication
Food & Drink	Food products, beverages and tobacco products
Spirits	Of Which Distilling, rectifying and blending of spirits
Textiles	Textiles, wearing apparel, leather and related products
Wood & paper	Wood and paper products; and printing
Petroleum & chemical	Coke, refined petroleum and chemical products
Pharmaceuticals	Basic pharmaceutical products and their products
Rubber, plastic & other products	Rubber, plastic and other non-metallic mineral products
Metals and metal products	Basic metals and fabricated metal products, except machinery
Electronic	Computer, electronic and optical products
Electrical equipment	Electrical equipment
Machinery	Machinery and equipment n.e.c
Transport	Transport equipment
Other manufacturing	Furniture, other manufacturing; repair and installation of machinery and equipment

Table A2: Service sectors

Abbreviated version	As appears in the official publication
Wholesale	Wholesale, retail trade; repair of motor vehicles and motorcycles
Transportation & storage	Transportation and storage
Accommodation & food	Accommodation and food service activities
Information & communication	Information and communication
Financial & insurance	Financial and insurance activities
Real estate	Real estate activities
Professional, scientific & technical	Professional, scientific and technical activities
Administrative	Administrative and support service activities
Education	Education
Other Services	Other Services

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- 2 Scottish Government. (2017). Scottish Trade Statistics – Frequently Asked Questions. Retrieved from <http://www.gov.scot/Topics/Statistics/Browse/Economy/Exports/ESSFAQ> [accessed 7 February 2018]
- 3 Scotch Whisky Association. (2018, February 9). 2017 Export Figures. Retrieved from <https://www.scotch-whisky.org.uk/newsroom/2017-export-figures/> [accessed 07 March 2019]
- 4 Scottish Government. (2011, September 12). The Government Economic Strategy. Retrieved from <http://www.gov.scot/Publications/2011/09/13091128/0> [accessed 1 February 2018]

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