

# Characteristics of Northern Ireland Firms Engaged in Trade

Amanda Alexander and Michelle Duffy, Analytical Services, Department for the Economy

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## Summary

The Northern Ireland economy sells and purchases goods and services both within the local markets of Northern Ireland and Great Britain and exports and imports these internationally. The Broad Economy Sales and Exports Statistics (BESES) published by the Northern Ireland Statistics and Research Agency (NISRA) reports on the value of sales and purchases by NI businesses. This secondary analyses was taken forward to take a deeper look into business trade focusing on business characteristics and outcomes, comparing local sellers to external sellers and exporters to provide additional detail on the Northern Ireland Economy. Beyond the Destination and Industry Section output already contained in the main BESES publications, additional combinations of characteristics of businesses are examined to attain a deeper insight to the types of businesses that contribute to the overall picture.

As there is generally a stable pattern of sales and purchases in the preceding years 2011-2015, this report focuses on 2016 as a broadly representative year.

The findings reinforce the picture of the NI economy as especially reliant on a small number of businesses that produce the greatest share of turnover and employment.

Unpacking the characteristics we can see that:

## Business Size

A small number of large businesses (250+ employees) make up the greatest share of total sales (37%), total purchases (33%) and total employment (33%). This is particularly evident for exports and external sales with large businesses (250+) making up only 1% of exporting and externally selling businesses by number and accounting for nearly half of the value of exports (48%) and over half of the value of external sales (54%). External purchases and imports are also more focussed in large businesses accounting for 38% of the value of external purchases and imports.

Sales and purchases within NI are less reliant on large businesses, with the value of sales and purchases within NI similar for small businesses (10-49), medium (50-249) and large businesses (250+).

Micro businesses with 5-9 employees were most likely to buy and sell locally accounting for 70% of their purchases and 82% of their total sales, and large businesses least likely (47% of their total purchases; 49% of their total sales).

## Industrial Sector

The Wholesale and Retail sector dominated sales and purchases made within NI, as well as for external purchases and imports, accounting for 48% of all goods and services sold within NI and 39% of all goods and services purchased within NI, 54% of external purchases and 45% of imports. By contrast however, the total value of external sales and exports by NI businesses are dominated by the Manufacturing sector accounting for 60% of external sales and 61% of exports, the majority of these sales being in goods.

The sale and purchase of goods mirrors the whole economy, however for businesses who sell services the most dominant sector for internal (NI sales) and external sales was Construction (21% and 32% respectively) with exports dominated by the Information and Communication sector (30%).

For businesses purchasing services, the Manufacturing sector and Transportation and Storage sector were each responsible for 19% of the value of service imports, while the Construction sector was the most dominant sector for external purchasers accounting for 27% of the total value of external purchase.

## Concentration of Businesses

Corroborating the point that there is a relatively high reliance in NI on a relatively small number of businesses, for external sales, the top 5 external selling businesses accounted for 29% of all external sales, with the external sales in the Construction (46%) and Production sectors (48%) more focused in the top 5 businesses and external sales in the Services sector much less concentrated, with the top 5 services businesses accounting for 18% of service sector external sales.

Exports follow a similar pattern with the top 5 exporting businesses accounting for 23% of all sales. By sector, export sales in the Production sector was more concentrated in the top 5 exporters than for any other sector. Wholesale and retail had the lowest concentration of exports as a sector.

Imports are more concentrated in the top 5 importing businesses than for external purchasers, with one fifth of the total value of imports accounted for by the top 5 importing businesses compared to 13% for external purchasing businesses. The Production sector had the highest concentration of imports in the top 5 businesses (33%) and the Construction sector had the highest concentration of external purchases in the top 5 (48%). For the Services sector, value of imports are more concentrated in the top 5 importers (31%) than that for external purchasers (20%).

## Sales and Purchases and Business Outcomes

The NI economy is heavily reliant on externally selling and exporting businesses, these business whilst few in number account for over half the value of total sales and around a third of business employment. Non-external sales businesses whilst larger in number accounted for only 43% of total sales, however they have the highest proportion of business employment (64%).

On average, businesses who sold externally or exported had a turnover roughly 5 times higher and roughly twice as many employees as those that did not sell externally.

In comparison to sellers, more employment is located within externally purchasing businesses (56%), with 43% of employment in non-externally purchasing businesses.

The relative value to the economy associated with employment within externally-selling compared to locally selling businesses reflects the generally higher value added performance of external selling and exporting businesses and the associated differences in the skill and remuneration levels for employees.

Akin to sellers, for businesses that purchase goods and services we can see that the larger number of locally purchasing businesses have a lower turnover (£22bn) than the smaller number of externally purchasing businesses (£47bn). The total value of purchases by external purchasing businesses (£32bn) was over three times as much as locally purchasing businesses (£10bn).

The differences in employment and employment costs are reflected in the values of Gross Value Added (GVA)<sup>1</sup> for employees within businesses trading in different markets. The average GVA per head for exporting and externally selling businesses was double that of non-external selling businesses while the Gross value added (GVA) per head is higher for importing businesses (£46,377 per head) and external purchasing businesses (£43,554 per head) than non-external sales businesses (£31,463 per head).

Breaking it down into goods and services, the average turnover for external sellers of both goods and services (£5.8m) was higher than that of external sellers of goods only (£4.5m) and nearly four times higher than external sellers of services only (£1.5m). The highest GVA per head is for external sellers of goods only (£64,504) followed by external sellers of goods and services (£61,497). The average GVA per head for external sellers of services only is considerably less at £43,480.

For purchasers, business that externally purchased both goods and services had the highest turnover, with average turnover for external purchasers of goods and services (£6.6m per business) nearly four times higher than external purchasers of goods only (£1.7m per business) and external purchasers of services only (£1.6m per business). The Gross Value Added (GVA) for employees is highest for businesses that purchase both goods and services (£47,861), with external purchases of goods only and services only having lower GVA's per head (£38,188 and £38,984 respectively).

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<sup>1</sup> Approximate Gross Value Added at Basic prices represents the income generated by businesses, out of which is paid wages and salaries, the cost of capital investment and financial charges before arriving at a figure for profit. It includes taxes on production (e.g. business rates), net of subsidies but excludes subsidies and taxes on products (e.g. VAT and excise duty). This is an output-based measure of GVA. All published GVA is given at basic prices.

## Background

The Broad Economy Sales and Exports Statistics (BESES)<sup>2</sup> published by the Northern Ireland Statistics and Research Agency (NISRA) which are derived from information gathered through the Annual Business Inquiry (ABI)<sup>3</sup>, reports on the value of sales and purchases by NI businesses. BESES looks at the value of these internal, external and international sales and purchases by NI businesses as well as providing information on the industrial sector of externally selling and exporting businesses.

The established time series shows a relatively stable annual picture<sup>4</sup>, therefore this report focuses on 2016. The BESES estimates for 2016 (Table 1) show that total sales by companies in NI were £68.9bn, with nearly three quarters of total sales accounted for by goods (72%) and a just over quarter services (28%). NI trade within the local NI market and external sales to GB accounts for the greatest share (85%) of total sales with exports accounting for some 15% of total sales. In terms of broad export destinations, the value of exports of goods and services was highest for countries outside Europe (ROW) at £4.4bn, followed by Ireland (ROI) (£3.4bn) and the rest of Europe (REU) (£2.3bn). Exports of goods were estimated to be worth £8.3bn, representing 82% of all exports sales. Exports of services represented 18% of total export sales in 2016 and were estimated to be worth £1.8bn.

Purchases of goods and services by NI businesses follow the same general pattern as sales, with purchases being dominated by goods from NI and GB. The BESES estimates for 2016 show that total purchases by NI companies were £44.3bn, with four out of five purchases being goods (79%) with the remainder services (21%). Purchases from NI and GB accounted for 85% of all purchases (£37.5bn<sup>5</sup>) with imports from outside the UK accounting for 15% of all purchases. Imports of goods estimated to be £6.1bn represented 90% of all imports, with services 10% of total imports (Table 1).

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<sup>2</sup> The BESES reports on sales and purchases by businesses in NI and excludes purchases and sales made by individuals and households.

<sup>3</sup> Further background information for the BESES publications can be found [here](#).

<sup>4</sup> BESES statistical publications produced by NISRA can be found [here](#).

<sup>5</sup> The BESES reports purchases and sales of goods from GB and, inevitably, many of these goods or components of final goods may have originated outside the UK but resold from GB into NI. Similarly, it is possible that imports apportioned to particular regions may similarly be resold as finished goods or as finished goods with components purchased elsewhere including from GB or NI. Unpicking the ultimate source of goods or component parts is a complex and challenging exercise and additional research is currently underway to attempt to explore this in more detail.

**Table 1: Sales and Purchases, Destination and Source, by Goods and Services (£ billions)**

All Sales	Sales of Goods	Sales of Services	Destination/ Source	All Purchases	Purchases of Goods	Purchases of Services
<b>68.9</b>	<b>49.4</b>	<b>19.5</b>	<b>All</b>	<b>44.3</b>	<b>35.2</b>	<b>9.1</b>
44.7	30.6	14.2	<b>NI</b>	24.1	18.1	6.0
14.0	10.5	3.5	<b>GB</b>	13.4	11.0	2.4
3.4	2.7	0.7	<b>ROI</b>	2.3	2.0	0.3
2.3	1.9	0.4	<b>REU</b>	2.1	2.0	0.2
4.4	3.7	0.7	<b>ROW</b>	2.4	2.2	0.2
<b>24.1</b>	<b>18.8</b>	<b>5.3</b>	<b>External Sales / External Purchases</b>	<b>20.2</b>	<b>17.1</b>	<b>3.1</b>
<b>10.1</b>	<b>8.3</b>	<b>1.8</b>	<b>Exports / Imports</b>	<b>6.8</b>	<b>6.1</b>	<b>0.7</b>

*Figures may not sum due to rounding.*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

The BESES results show that the total value of internal NI sales of goods and services are dominated by the Wholesale and Retail sector accounting for just under half (48%) of all goods and services sold within NI. By contrast however, the total value of external sales and exports by NI businesses are dominated by the Manufacturing sector accounting for 60% of external sales and 61% of exports.

The information produced through the BESES on the value of NI trade provides a broad picture of how local businesses perform trading externally and internationally as well as a broad picture of the type of industries that trade in NI. This secondary analyses was taken forward to take a deeper look into business trade focusing on business characteristics and outcomes, comparing local sellers to external sellers and exporters to provide additional detail on the Northern Ireland Economy. Beyond the Destination and Industry Section output already contained in the main BESES publications, it looks at additional and combinations of characteristics of businesses to attain a deeper insight to the type of businesses that contribute to the overall picture.

## Sales and Purchases and Business Characteristics

### Business Size

The BESES results show that for all businesses in the Northern Ireland economy, large businesses of 250 or more employees account for a very small share of businesses (0.5%), but they make up the greatest share of total sales (£25.7bn or 37% of total sales), and account for one third of total employment (33%). At the other end of the scale the largest group of businesses are micro businesses with 1-4 employees (59% of businesses), however they only make up a small proportion of sales (£5.6bn or 8% of total sales) and employ 9% of staff (Table 2).

Exports and external sales broadly mirror this pattern, with large businesses (250+) making up only 1% of exporting and externally selling businesses by number, however, large businesses account for a greater proportion of the value exports (48%) and of external sales (54%) (Table 2).

Micro (1-9) businesses are the largest group of external sellers and exporters by number (63% and 56%) but with only 9% of the value of external sales and 10% of the value of exports.

Looking at the value of sales within NI, small (10-49) businesses (£12.3bn) and large (250+) businesses (£12.6bn) had a similar overall value of sales, followed closely by medium sized businesses (£11.3bn).

Micro businesses were more concentrated in selling locally (82% of total sales for 5-9 and 77% of total sales for micros 1-4) and large businesses least concentrated (49% of their total sales).

**Table 2: Business Sizes by Total Employment, Number of Businesses, Sales and Exports (£billions)**

No. in Employment	Total Employment	Number of businesses			Turnover exc VAT (£bn's)	NI Sales (£bn's)	GB sales (£bn's)	Total Exports (£bn's)	Total External Sales (£bn's)
		All	Exporters	External Sellers					
1-4*	52,954	30,772	2,980	5,082	5.6	4.4	0.6	0.7	1.3
5-9	55,030	10,111	1,799	2,355	5.0	4.1	0.6	0.3	0.9
10-49	141,028	9,677	3,135	3,678	16.3	12.3	2.1	1.8	3.9
50-249	125,304	1,237	481	545	16.3	11.3	2.5	2.4	5.0
250+	188,148	258	113	120	25.7	12.6	8.2	4.9	13.1
Total	562,464	52,054	8,509	11,780	68.9	44.7	14.0	10.1	24.1

\*Business size 1-4 includes a small number of businesses with 0 employees.

Figures may not sum due to rounding.

Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016

Broken down by goods and services, large businesses are the most prominent exporter and external seller of goods, however businesses in the 50-249 group are the most prominent exporter and external seller of services.

Purchases follow a similar pattern to sales with large businesses of 250 or more employees accounting for a very small amount of purchasing businesses (0.5%), making up the greatest share of total purchases (£14.8bn or 33% of total purchases) and one third of total employment (33%).

Similar to external sellers and exporters, external purchases and imports are more focused in large businesses (38% of the value of external purchases; 38% of the value of imports), though not to as high an extent as for sales. Again, a larger number of purchasing micro businesses account for a smaller proportion of the value of external purchases and imports (Table 3).

The value of purchases from NI were similar for small (10-49), medium (50-249) and large (250+) businesses. Micro businesses with 5-9 employees make more of their purchases locally (70%) and large businesses the least (47%).

**Table 3: All Businesses Purchases: Number of Businesses, Sales and Imports (£billions)**

No. in Employment	Number of businesses			NI Purchases (£bn's)	GB Purchases (£bn's)	Total Imports (£bn's)	Total External Purchases (£bn's)
	All	Importers	External Purchasers				
1-4*	30,772	3,145	6,805	2.3	0.9	0.3	1.3
5-9	10,111	2,157	3,561	2.3	0.6	0.4	1.0
10-49	9,677	2,941	4,515	6.4	3.5	1.6	5.1
50-249	1,237	541	762	6.1	3.2	1.9	5.1
250+	258	120	178	6.9	5.2	2.6	7.8
Total	52,054	8,904	15,821	24.1	13.4	6.8	20.2

\*Business size 1-4 includes a small number of businesses with 0 employees.

Figures may not sum due to rounding.

Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016

Broken down by goods and services, large businesses are also the most prominent importer and external purchasers of goods and businesses in the 50-249 group are the most prominent importer and external purchaser of services.

### Industrial Sector

The BESES results show that the total value of internal sales (to NI) of goods and services are dominated by the Wholesale and Retail sector accounting for 48% of all goods and services sold within NI. By contrast however, the total value of external sales and exports by NI businesses are dominated by the Manufacturing sector accounting for 60% of external sales and 61% of exports, again the majority of these sales being in goods.

Examining sales of Goods and Services separately, for businesses who sell goods, the patterns of sales mirrors that for the whole economy. External sales and export of goods were dominated by the Manufacturing sector (75% and 72% respectively) (Table 4).

For businesses who sell services the most dominant sector for internal sales (NI sales) and external sales was Construction (21% and 32% respectively) with exports dominated by the Information and Communication sector (30%) (Table 4).

**Table 4: Selected Industrial Sectors Sales and Exports (£billions)**

	Total Exports of Goods	Total External Sales of Goods	NI Sales of goods	Total Exports of Services	Total External Sales of Services	NI Sales of services
Manufacturing	5.9	14.1	3.5	0.2	0.3	0.3
Construction	0.1	0.5	1.5	0.2	1.7	3.0
Wholesale and Retail	1.8	*	*	*	*	*
Transportation and Storage	*	*	*	*	*	*
Information and Communication	0.0	0.0	0.1	0.5	0.8	1.1
Professional, Scientific and Technical	0.1	0.3	0.2	0.3	0.7	1.4
Administrative and Support	*	*	*	*	*	*
Total for All Sectors <sup>^</sup>	8.3	18.8	30.6	1.8	5.3	14.2

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

<sup>^</sup>'Total for all sectors' includes other categories not included in the table

\* = Cells have been suppressed to protect confidentiality

NI purchases, external purchases and imports of goods and services are all dominated by the Wholesale and Retail sector accounting for 39% of all goods and services purchased from NI, 54% of the total value of external purchases and 45% of the total value of imports. The majority of all purchases in the Wholesale and Retail sector are of goods (95%). Two-fifths (40%) of imports are in the Manufacturing sector, the majority of purchases in this sector being goods (87%) (Table 5).

Unsurprisingly the purchase of goods was dominated by the Wholesale and retail sector for external purchases (62% of the value of external purchases) and 49% of NI purchases. Imports of goods were more evenly split with Wholesale and retail making up 49% of purchases followed by the Manufacturing sector (42%) (Table 5).

For businesses purchasing services, the Manufacturing sector and Transportation and Storage sector were each responsible for 19% of the value of service imports while the Construction sector was the most



dominant sector for external purchases (£0.8bn) and NI purchases (£1.2bn), accounting for 27% and 22% respectively of these services purchases (Table 5).

**Table 5: Selected Industrial Sectors Purchases and Imports (£billions)**

	Total Imports Of Goods	Total External Purchases Of Goods	NI Purchases of Goods	Total Imports Of Services	Total External Purchases Of Services	NI Purchases of Services
Manufacturing	2.6	4.7	3.6	0.1	0.5	0.7
Construction	0.1	0.6	1.9	0.0	0.8	1.2
Wholesale and Retail	3.0	10.7	8.7	0.1	0.3	0.8
Transportation and Storage	0.1	0.2	0.4	0.1	0.4	0.8
Information and Communication	0.0	0.1	0.2	0.1	0.4	0.3
Professional, Scientific and Technical	0.0	0.1	0.3	0.1	0.2	0.4
Administrative and Support	0.1	0.1	0.2	0.1	0.3	0.3
Total All Sectors <sup>^</sup>	6.1	17.1	18.1	0.7	3.1	6.0

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

<sup>^</sup>Total all sectors' includes other categories not included in the table

## Turnover and Employment Profile of Businesses by Types of Sales and Purchases

The types of businesses in 2016 who externally sold or exported were broadly similar, around 77% were companies, 13% sole proprietor businesses, 8% partnerships and 2% non-profit businesses.

Externally purchasing and importing businesses were broadly similar with 69% and 74% respectively being companies, 14% and 18% who were sole proprietor businesses, 10% and 11% who were partnerships and 1% and 2% respectively who were non-profit businesses

Businesses whose sales or purchases were focused in NI with no external sales or purchases, were somewhat different with 46% being companies, 34% sole proprietor businesses, 12% and 11% partnerships with 9% and 10% non-profit businesses.

Businesses who externally sold or exported and those that externally purchased and imported generally had considerably higher turnover and employed more than those that only had internal NI sales. 11,780 businesses were external sellers with an average turnover of £3.36m and average employment of 17 people, whilst 8,509 businesses exported and had an average turnover of £4.29m and average

employment of 21 people. By contrast, the 40,274 businesses who did not externally sell had an average turnover of £0.73m and average employment of 9 people.

15,821 businesses externally purchased with average turnover of £2.97m and average employment of 20, with 8,904 importing businesses having an average turnover of £3.96m and average employment of 24. The 36,233 businesses who did not externally purchase had an average turnover of £0.6m and average employment of 7.

### Concentration of Trade within Businesses

There is a relatively high reliance in NI on a relatively small numbers of businesses for external sales and exports by value (Table 6). Sales are concentrated in a relatively small number of businesses; the top 5 externally selling businesses accounted for 29% of external sales and the top 10 accounting for 36% of external sales. To put this in to context, in total there are 11,780 businesses who externally sell.

Nearly half of external sales in the Construction sector (46%) and Production sectors (48%) are accounted for by the top 5 businesses within these sectors. By contrast, external sales in the Services sector are much less concentrated with the top 5 services businesses accounting for 18% of the external sales.

**Table 6: Proportion of External Sales Accounted for by the top 5, 10 and 20 Businesses (£billions)**

	Total External Sales	Top 5 External Sales Businesses		Top 10 External Sales Businesses		Top 20 External Sales Businesses	
	Value (£bn's)	Value (£bn's)	%	Value (£bn's)	%	Value (£bn's)	%
All Sectors	24.1	7.0	29%	8.7	36%	10.5	44%
Construction Sector	2.2	1.0	46%	1.2	54%	1.4	63%
Wholesale and Retail Sector	3.7	1.0	28%	1.3	34%	1.5	41%
Production Sector	14.7	7.0	48%	8.3	57%	9.6	66%
Service Sector	3.5	0.6	18%	0.9	26%	1.2	35%

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

Exports follow a similar pattern with the top 5 exporters accounting for 23% of all sales and the top 10 exporters accounted for 32% of all sales. To put this into context, there are 8,509 businesses in total who export. By sector, the export sales in the Production sector was more concentrated in the top 5 exporters than for any other sector. Wholesale and retail had the lowest concentration of exports as a sector, specifically for the Top 20 exporters (Table 7).

**Table 7: Proportion of Exports Accounted for by the top 5, 10 and 20 Businesses (£billions)**

	Total Exports	Top 5 Exporters		Top 10 Exporters		Top 20 Exporters	
	Value (£bn's)	Value (£bn's)	%	Value (£bn's)	%	Value (£bn's)	%
All Sectors	10.1	2.3	23%	3.2	32%	4.2	42%
Construction Sector	0.3	0.1	21%	0.1	30%	0.1	42%
Wholesale and Retail Sector	1.8	0.4	21%	0.5	27%	0.6	33%
Production Sector	6.3	2.3	37%	3.2	50%	4.0	63%
Service Sector	1.7	0.5	28%	0.6	38%	0.8	49%

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

External purchases are less concentrated in the top purchasing businesses than for sales, with only 13% of external purchases accounted for by businesses in the top 5. There is a noticeable difference between sectors with the Construction sector external purchases being the most concentrated in the top 5 with nearly half of the value of external purchases being from the top 5 businesses (48%), but only 20% of the value of external purchases accounted for by services sector businesses in the top 5 (Table 8).

**Table 8: Proportion of External Purchasing Businesses Accounted for by the top 5, 10 and 20 Businesses (£billions)**

	Total External Purchasing Businesses	Top 5 External Purchasing Businesses		Top 10 External Purchasing Businesses		Top 20 External Purchasing Businesses	
	Value (£bn's)	Value (£bn's)	%	Value (£bn's)	%	Value (£bn's)	%
All Sectors	20.2	2.6	13%	4.0	20%	5.6	28%
Construction Sector	1.5	0.7	48%	0.8	53%	0.9	61%
Wholesale and Retail Sector	11.0	2.4	22%	3.2	29%	3.9	36%
Production Sector	5.7	1.5	27%	2.1	37%	2.8	49%
Services Sector	2.1	0.4	20%	0.6	28%	0.8	37%

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

Import value is more concentrated in the top 5 businesses than for external purchases, with one fifth of the total value of imports accounted for by the top 5 importers. The production sector had the highest concentration of import value in the top 5 businesses (33%). The Construction sector had the lowest concentration of import value in the top 5 businesses (17%), in contrast to external purchases (48%), this would imply that there is a high concentration of external purchases from GB in the Construction sector. For the Services sector, value of imports are more concentrated in the top 5 importers (31%) than for external purchases (20%) (Table 9).

**Table 9: Proportion of Importing Businesses Accounted for by the top 5, 10 and 20 Businesses (£billions)**

	Total Importers	Top 5 Importers		Top 10 Importers		Top 20 Importers	
	Value (£bn's)	Value (£bn's)	%	Value (£bn's)	%	Value (£bn's)	%
All Sectors	6.8	1.3	20%	1.9	28%	2.5	36%
Construction Sector	0.2	0.0	17%	0.0	25%	0.1	33%
Wholesale and Retail Sector	3.0	0.9	29%	1.1	36%	1.3	44%
Production Sector	2.8	0.9	33%	1.3	46%	1.6	58%
Services Sector	0.8	0.2	31%	0.3	39%	0.3	47%

*Figures may not sum due to rounding*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

## Sales and Purchases and Business Outcomes

### Exporters and External Sellers

The BESES estimates report on the value of exports and external sales. Just under one in four businesses (23%) sell externally with external sales accounting for 35% of all sales (£24.1bn) and 16% of businesses export with exports accounting for 15% of all sales (£10.1bn).

This section examines the businesses behind the exports and external sales, the broad destination and value of their sales and their business outcomes.

Table 10 looks at the value of sales by broad destination for external sales businesses and exporting businesses. It shows that these businesses are not exclusively reliant on exports or external sales of goods or services, as a large amount of their sales are also to NI, NI sales actually account for a larger proportion than either exports or sales to GB.

57% of total sales were accounted for by external sales businesses; sales to GB made up 35% of these sales, exports made up 26% and a further 39% of sales were to NI.

Exporting businesses accounted for 53% of total sales; sales to GB made up 34% of these sales, exports made up 28% with sales to NI 39%. (Table 10).

**Table 10: Sales & Exports to Broad Destinations 2016 (£billions)**

Broad Destination	All Businesses (£bn's)	External Sales Businesses (£bn's)	Exporting Businesses (£bn's)
<b>Total Sales</b>	<b>68.9</b>	<b>39.5</b>	<b>36.5</b>
<b>Sales in NI</b>	44.7	15.4	14.1
<b>Sales to GB</b>	14.0	14.0	12.3
<b>Total Exports</b>	10.1	10.1	10.1
<b>Total External Sales</b>	24.1	24.1	22.5

*Figures may not sum due to rounding.*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

Table 11 compares the business outcomes of businesses that export, have external sales or do not externally sell, such as turnover, employment, gross value added and the value of subsidies received from government sources and the EU.

Looking at Turnover (total sales), Table 11 shows the smaller number of externally selling and exporting businesses had higher turnover than the larger number of non-external sales businesses.

For employment, around one third of employment is in exporting (32%) and externally selling businesses (36%), however most employment is located in non-external sales businesses (64%).

The average employment cost for exporters and external sellers (£29,067 and £28,191) is twice as much as that of non-external sellers (£14,544).

The relative value to the economy of employment within externally-selling and non-external selling businesses is reflected by the higher value added performance of external selling and exporting businesses and the associated differences in the skill and remuneration levels for employees.

The differences in share of employment and share of employment costs are reflected in the values of Gross Value Added (GVA) for employees. The average GVA per head for exporting and externally selling businesses was double that of non-external selling businesses.

Subsidies from the Government and the EU were nearly three times higher for external sellers and exporters than non-external sales businesses.

**Table 11: Exporting and External Sales Businesses Compared to No External Sellers**

	Total Employment	Total Employment Costs (£bn's)	Turnover exc VAT (£bn's)	GVA (£) at basic prices (£bn's)	GVA (£) at basic prices per head	Total amounts received in Subsidies <sup>1</sup> (£bn's)	Number of Businesses
<b>All Businesses</b>	<b>562,464</b>	<b>10.7</b>	<b>68.9</b>	<b>21.5</b>	<b>38,296</b>	<b>0.5</b>	<b>52,054</b>
External Sales Businesses	204,276	5.8	39.5	11.5	56,448	0.4	11,780
Exporting Business	180,570	5.2	36.5	10.3	57,167	0.4	8,509
Non External Sales	358,189	5.2	29.3	10.0	27,944	0.1	40,274

*Figures may not sum due to rounding.*

*<sup>1</sup>from government sources and the European Union (EU)*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

Table 12 takes a deeper look at the characteristics in Table 11 by unpacking goods and services for exporters and external sellers separately.

Looking at turnover, the average turnover for external sellers of goods and services (£5.8m) was higher than that of external sellers of goods only (£4.5m) and nearly four times higher than external sellers of services (£1.5m).

Average employment costs were marginally higher for external sellers of services only (£30,053) and external sellers of goods and services (£29,368) than for external sellers of goods only (£26,118).

When it comes to Gross Value Added (GVA) for employees, the highest GVA per head is for external sellers of goods only (£64,504) followed by external sellers of goods and services (£61,497). The GVA per head for external sellers of services only is considerable less at £43,480.

Exporters closely mirrored the pattern for external sellers with only a few differences. Firstly, the average turnover for each type of seller was higher than for external sellers, with exporters of goods and services having an average turnover of £8.3m, exporters of goods only having an average turnover of £5.0m and exporter of services only having an average turnover of £2.2m. Secondly, a larger proportion of exporters (57%) sold goods only in contrast to external sellers where 46% were sellers of goods only.

**Table 12: External Sellers and Exporters of Goods and Services**

	Total Employment	Total Employment Costs (£bn's)	Turnover excluding VAT (£bn's)	GVA (£) at basic prices per head	Number of Businesses
External Seller of Goods only	89,194	2.3	24.6	64,504	5,446
External Seller of Services only	72,133	2.2	7.5	43,480	5,036
External Seller of Goods and Services	42,948	1.3	7.5	61,497	1,278
Non External Seller	358,189	5.2	29.3	27,944	40,274
Exporter of Goods only	86,544	2.3	24.2	64,385	4,825
Exporter of Services only	60,779	1.9	6.5	42,838	2,974
Exporter of Goods and Services	33,765	1.0	5.9	64,007	708
Non Exporter	381,376	5.7	32.3	29,376	43,547

*Figures may not sum due to rounding.*

*<sup>1</sup>from government sources and the European Union (EU)*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

### Importers and External Purchasers

Approximately £44.3bn of purchases were made by NI businesses in 2016, of which £35.2bn were goods and £9.1bn were services, just under half of all purchases were external purchases (£20.2bn) and 15% of all purchases were imports (£6.8bn).

This section looks at the businesses behind the imports and external purchases, the broad source and value of their purchases and their business outcomes.

Table 13 looks at the value of purchases by broad source for external purchasing businesses and importing businesses. It shows that businesses not only import goods and services but are more reliant on purchasing from NI and GB.

Three in ten businesses externally purchased goods and services (15,821) these businesses accounted for 76% of all purchases (£33.8bn) comprising 20% imports, 40% purchases from NI and 40% purchases from GB.

17% of businesses imported goods and services accounting for 59% of all purchases (£26.1bn) comprising 26% imports, 42% of purchases from NI and 32% purchases from GB.

**Table 13: Purchase & Imports from Broad Destinations 2016 (£billions)**

	All Businesses (£bn's)	External Purchases Businesses (£bn's)	Importing Businesses (£bn's)
<b>Total Purchases of Goods, Materials and Services</b>	<b>44.3</b>	<b>33.8</b>	<b>26.1</b>
<b>GB Purchases</b>	13.4	13.4	8.3
<b>NI Purchases</b>	24.1	13.6	11.0
<b>Total Imports</b>	6.8	6.8	6.8
<b>Total External Purchases</b>	20.2	20.2	15.1

*Figures may not sum due to rounding.*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*

Table 14 draws out a number of differences between businesses that import, have external purchases or non-external purchases by comparing business outcomes such as turnover, the value of purchases, employment, gross value added, and the value of subsidies received from government sources and the EU.

Firstly looking at Turnover (total sales), the smaller number of externally purchasing businesses have a higher turnover than the larger number of non-external purchasing businesses.

When it comes to purchases, the value of purchases by external purchasing businesses was over three times as much as non-external purchasers.

More employment is located within externally purchasing businesses (56%), with 43% of employment in businesses with no external purchases and 38% within importers.

Differences in average employment costs between importers/external purchasers and non-external purchasers are less distinct than for sellers, with the average employment cost for importers and external purchases (£25,860 and £23,231) higher than non-external purchasers (£14,652).

The same outcome applies to GVA with employees in importing businesses having a GVA of £46,377 per head, with a GVA of £43,554 per head for employees in external purchasing businesses. Businesses who do not externally purchase have a lower average GVA of £31,463 per head.

The total amount of subsidies received from government sources and the EU for external purchaser and importers is ten times as much as for non-external purchasing businesses.



**Table 14: External Purchasing Businesses: Employment, Turnover, GVA, Value of Subsidies, Purchases of Goods, Materials and Services**

	Total Employment	Total Employment Costs (£bn's)	Turnover exc. VAT (£bn's)	GVA (£) at basic prices per head	Total amounts received in Subsidies <sup>1</sup> (£bn's)	Total Purchases of Goods, Materials & Services (£bn's)	Number of Businesses
<b>All Businesses</b>	<b>562,464</b>	<b>11.0</b>	<b>68.9</b>	<b>38,296</b>	<b>0.5</b>	<b>42.2</b>	<b>52,054</b>
External Purchases Businesses	317,885	7.4	47.0	43,554	0.4	32.2	15,821
Importing Businesses	211,512	5.5	35.2	46,377	0.4	24.8	8,904
Non External Purchases Businesses	244,579	3.6	21.9	31,463	0.0	10.0	36,233

*Figures may not sum due to rounding.*

<sup>1</sup>from government sources and the EC

Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016

Table 15 takes a deeper look at purchases unpacking goods and services for importers and external purchasers.

Businesses that externally purchased or imported both goods and services outperformed all other businesses.

Although small in number, businesses that externally purchased both goods and services had the highest turnover, with average turnover for external purchasers of goods and services (£6.6m per business) nearly four times higher than external purchasers of goods only (£1.7m per business) and external purchasers of services only (£1.6m per business).

Businesses externally purchasing both goods and services also had the highest value of purchases, with the average value of purchases nearly four times (£4.5m per business) higher than those externally purchasing goods only (£1.2m per business) and external purchasers of services (£0.7m per business).

Average employment costs were higher for businesses that externally purchase goods and services (£26,703) than for those that externally purchase goods only (£17,797) or services only (£22,367).

Taking all of these factors into consideration the Gross Value Added (GVA) for employees is highest for businesses that purchase both goods and services (£47,861 per head), with businesses externally purchasing goods only and services only having lower GVA's per head (£38,188 and £38,984 respectively)

Similarly to external purchases, only 3% of businesses imported both goods and services, but the average turnover for these businesses was nearly four times higher (£10.4m) than importers of goods only (£2.6m) and importers of services only (£2.4m).

The average value of purchases for importers of goods and services (£7.1m) was nearly four times higher than importers of goods only (£2m) and importers of services only (£1.3m).

Unsurprisingly, the Gross Value Added (GVA) for employees is highest for businesses that import both goods and services.

**Table 15: External Purchasers and Importers of Goods and Services**

	Total Employment	Total Employment Costs (£bn's)	Turnover exc VAT (£bn's)	GVA (£) at basic prices per head	Total Purchases of Goods and Materials (£bn's)	Total Purchases of Services (£bn's)	Number of Businesses
External Purchaser of Goods only	104,041	1.9	15.9	38,188	10.5	1.1	9,438
External Purchaser of Services only	40,873	0.9	3.4	38,984	0.8	0.9	2,186
External Purchaser of Goods and Services	172,971	4.6	27.7	47,861	14.9	4.1	4,196
Non External Purchaser	244,579	3.6	21.9	31,463	7.5	2.5	36,233
Importer of Goods only	99,421	2.0	16.2	38,731	10.9	1.2	6,183
Importer of Services only	23,397	0.6	2.8	45,647	0.8	0.8	1,160
Importer of both Goods and Services	88,694	2.9	16.3	55,142	8.2	2.9	1,561
Non Importer	350,953	5.5	33.6	33,426	13.8	3.7	43,150

*Figures may not sum due to rounding.*

*Source: Derived from Northern Ireland Broad Economy Sales and Exports Statistics: Goods and Services Results 2016*