

# NORTHERN IRELAND BUSINESSES: TRADE FLOWS, SURPLUS AND DEFICIT

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## SUMMARY

As a small open economy, Northern Ireland sells and purchases goods and services both within the local markets of NI and Great Britain and exports and imports these internationally. The value of sales and purchases by NI businesses are reported on in the Broad Economy Sales and Exports Statistics (BESES) published by the Northern Ireland Statistics and Research Agency (NISRA). Further secondary analyses was taken forward with the 2016 BESES data to explore the patterning of trade by NI businesses who sold into, or purchased from, specific markets (Northern Ireland - NI, Great Britain - GB, Ireland - ROI, the Rest of Europe - REU and the Rest of the World - ROW) with a particular focus on external trade.

### Number of Businesses Trading Externally

The picture of trade by businesses in NI that is focused on the closest external markets of GB and the ROI is well established albeit the local NI market retains the lion's share of trade by NI businesses by number and value. The number of businesses externally selling goods and services to GB (7,049) or the ROI (7,661) exceeded those selling to either the REU (1,938) or the ROW (1,539). The number of businesses purchasing goods and services from GB (12,324) far exceeded the number of businesses selling to GB whilst the number of businesses purchasing from the ROI (7,321) was close to the number selling to the ROI. The number of businesses purchasing from the REU (3,454) and the ROW (2,201) exceeded the number of businesses selling to these destinations (1,938 and 1,539 respectively).

Whilst the closest markets of GB and the ROI were the main focus of externally selling businesses, many businesses sold into, and purchased from, multiple markets reflecting the supply chain interconnectedness of modern economies. Around one third (34%) of externally selling businesses (3,989) sold goods and services into multiple markets. A larger number of externally purchasing businesses (5,805), reflecting a slightly larger share (37%) of such businesses, purchased goods and services from multiple markets.

Some 728 business, or 6% of all external selling businesses, sold goods and services to all 4 external markets of GB, the ROI, the REU and the ROW. In terms of businesses externally purchasing goods and services, 854 businesses (5%) purchased goods and services from GB, the ROI, the REU and the ROW.

These analyses demonstrate that, irrespective of the absolute value of trade by NI businesses with individual external markets, there is considerable reliance by NI businesses on trade across multiple markets.

## Value and Pattern of External Trade

The single largest market in value for the sale of goods and services is the local (NI) market. Of the total sale of all goods and services in 2016 (£68.9bn), some £29.3bn or 42% of all sales, comprised sales within NI.

With the exception of the NI market, sales to GB represents the single most valuable sales market for goods and services. The importance in scale of the GB market for NI external sellers is illustrated by the finding that the groups of businesses selling to the ROI, to the REU or to the ROW each sold twice as much to GB.

As two distinct groups of externally selling businesses, businesses who sell into GB and businesses who sell into the ROI both achieved total sales of goods and services of £28.9bn. The patterning of sales of both groups of businesses is different however. For businesses selling into GB, sales to GB amounted to £14bn with a further £7.3bn to NI, £3.4bn to the ROW, £2.2bn to the REU and £2.0bn to the ROI. For businesses selling into the ROI, sales were highest for NI (£13.7bn) followed by GB (£7.4bn), the ROI (£3.4bn), the ROW (£2.5bn) and the REU (£1.8bn).

Separate analysis of trade in goods showed that the patterning of overall goods and services sales were driven, in the main, by the patterning of the sale of goods by NI businesses

The external purchases of businesses also saw the dominance of the GB market in terms of purchase value. As distinct groups, businesses who sold goods and services to the ROI purchased four times the value of goods and services from GB than from the ROI, with businesses selling to the REU purchasing three times and businesses selling to the ROW purchasing twice the value of goods and services from GB.

Further analyses examined the level and pattern of imports of goods and services by externally selling businesses in NI. Between one quarter and one third of the purchases by externally selling businesses were imports. For example, for businesses who sell to GB, 24% of their purchases of goods and services were imports with the same level seen for businesses who sell to the ROI (24%). This level rose to 32% for businesses selling to the ROW and 32% for businesses selling to the REU.

## Trade Surplus and Deficit

For all businesses selling to and purchasing from specific markets, it was possible to calculate the difference between their respective sales and purchases values and to further explore the patterning of the overall trade surplus of £24.6bn in 2016 as reported by the BESES.

Those businesses selling goods and services to GB reported an overall trade surplus of £11.9bn with £7.6bn of this accounted for by trade with GB as a single destination market accounting for 64% of the total trade surplus for this group. Businesses selling to the ROI had a total trade surplus of £7.7bn of which £1.8bn was accounted for by the ROI as a single destination market, representing 23% of the group's total trade surplus. Respective figures for businesses trading with the REU were £1.1bn sourced from trade with the REU representing 26% of the overall trade surplus of £4.2bn for this group. Those businesses trading with the ROW had a total surplus of £8.5bn with £2.9bn of this (34%) accounted for by trade surplus with the ROW.

Businesses selling to the REU and businesses selling to the ROW each reported trade deficits with NI (-£0.7bn and -£1bn respectively) whilst each group reported overall trade surpluses. The trade deficits

with NI reported by businesses selling to the REU and ROW reflect the relative level of sourcing of goods and services from NI which may then be sold to external markets either as intermediate products or final products.

Those NI businesses who did not externally sell had trade deficits with all external markets comprising -£5.0bn with GB, -£0.6bn with the ROI, -£0.4bn with the REU and -£0.2bn with the ROW. The deficits with external markets reported by those NI businesses who do not externally sell, reflect the sourcing of goods and services from outside NI for selling on within NI.

## Wholesale and Retail Sector Impacts

NI is reliant upon imports and external purchases for a substantial amount of retail and non-retail goods. Additional analysis examined the specific contribution made to the overall results by purchases and sales made by businesses in the Wholesale and Retail sector in NI.

Goods purchased by the Wholesale and Retail sector represented around 55% of all goods purchased by businesses in NI.

Almost three quarters (72%) of goods purchased externally by businesses in the Wholesale and Retail sector were from GB with a further 10% purchased from the ROI and 10% from the ROW. External trade of NI businesses within the Wholesale and Retail sector comprised large deficits (-£6.2bn) with GB, and further deficits with the REU (-£0.7bn) and the ROW (-£0.6bn), that is, (and not unexpectedly) the NI Wholesale and Retail sector purchases more Wholesale and Retail-related goods from these markets than it sells to them with the main market for Wholesale and Retail goods sales being the local market of NI.

Excluding the Wholesale and Retail sector produces an external NI trade surplus in goods of £9.2bn. Including the Wholesale and Retail sector reduces the overall external NI trade surplus in goods to £1.7bn reflecting the £7.4bn deficit with external markets in the trade of Wholesale and Retail goods.

## BACKGROUND

As a small open economy, Northern Ireland sells and purchases goods and services both within the local markets of NI and Great Britain and exports and imports these internationally. The value of these internal (NI), external (GB) and international sales and purchases by NI businesses are reported on in the Broad Economy Sales and Exports Statistics (BESES)<sup>1</sup> published by the Northern Ireland Statistics and Research Agency (NISRA) which are derived from information gathered through the Annual Business Inquiry (ABI)<sup>2</sup>.

With an established time series showing a relatively stable annual picture<sup>3</sup>, BESES estimates for 2016 (Table 1) show that total sales by companies in NI were £68.9bn, with 72% of total sales accounted for by goods and 28% services. As with most economies, 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 total 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).

**Table 1: Sales and purchases, destination and source, by goods and services (£bn)**

All Sales	Sales of Goods	Sales of Services		All Purchases	Purchases of Goods	Purchases of Services
£68.9	£49.4	£19.5	All	£44.3	£35.2	£9.1
£44.7	£30.6	£14.2	NI	£24.1	£18.1	£6.0
£14.0	£10.5	£3.5	GB	£13.4	£11.0	£2.4
£3.4	£2.7	£0.7	ROI	£2.3	£2.0	£0.3
£2.3	£1.9	£0.4	REU	£2.1	£2.0	£0.2
£4.4	£3.7	£0.7	ROW	£2.4	£2.2	£0.2
<b>£24.1</b>	<b>£18.8</b>	<b>£5.3</b>	<b>All External Sales/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>All 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 and Northern Ireland Broad Economy Sales and Exports Statistics: Purchases and Imports Results 2016

Purchases of goods and services by NI businesses follow the same general pattern as that for sales with purchases from NI and GB at £37.5bn<sup>4</sup> accounting for some 85% of all purchases with imports from outside the UK accounting for 15% of all purchases. In comparing the share of goods within both purchases and sales of goods and services, a higher proportion of purchases by NI businesses (79%) were accounted for by goods compared to that for sales (72%).

The trade surplus resulting from purchases and sales by NI businesses of around £24.6bn was mostly accounted for by trade within NI (£20.7bn) followed by the ROW (£2.0bn), the ROI (£1.1bn), GB (£0.6bn) and the REU (£0.2bn). Given that trade with GB amounted to a surplus of £0.6bn the surplus of all external sales (which include exports) and external purchases of £3.9bn is mostly accounted for by the trade surplus between exports and imports (£3.3bn).

<sup>1</sup> The BESES reports on sales and purchases by businesses in NI and excludes purchases and sales made by individuals and households.

<sup>2</sup> Further background information for the BESES publications can be found [here](#).

<sup>3</sup> BESES statistical publications produced by NISRA can be found [here](#).

<sup>4</sup> The BESES reports purchases 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 intermediate consumption goods purchased elsewhere including from GB or NI. Unpinning the ultimate source of goods or component parts and the underpinning supply chain is a complex and challenging exercise and additional research is currently underway to attempt to explore this in more detail.

Overall, trade in services amounted to a surplus of £10.4bn of which some £9.3bn was accounted for by trade within NI (£8.2bn) and with GB (£1.1bn). Total trade in goods amounted to a surplus of some £14.2bn accounted for by a surplus in NI trade of £12.5bn, £1.5bn with the ROW, £0.7bn with the ROI and deficit for trade in goods with GB and the REU combined (-£0.5bn).

The surplus seen with NI external (GB, ROI, REU, ROW) sales and purchases was higher for services (£2.2bn) than for goods (£1.7bn) although reversed in relation to exports (ROI, REU, ROW) with a goods trade surplus of £2.2bn and services trade surplus of £1.1bn.

The information above produced through the BESES on the outturn value of NI trade provides a broad picture of how local businesses perform locally, externally and internationally. Inevitably though, given the globalised nature of business and the reliance on local, national and international trade, these figures and their presentation are not designed nor intended to fully reflect the complexity and interconnectedness of modern open economies. On that basis, further secondary analyses was taken forward with the 2016 BESES data to explore the patterning of trade by NI businesses selling to specific markets (NI, GB, ROI, REU and ROW).

## DETAIL

### Number of Businesses Trading Externally

Businesses within the BESES 2016 data were categorised in terms of the markets (NI, GB, ROI, REU and ROW) into which they sold or purchased from. Table 2 shows, for example, that of all those NI businesses who sold into the GB market, 3,517 businesses sold goods whilst 4,197 sold services. In total, 7,049 NI businesses sold goods and services to GB.

Table 2: Number of NI businesses with external sales or purchases

	Goods	Services	Goods and Services
<b>Businesses who sell to GB</b>	3,517	4,197	7,049
<b>Businesses who sell to ROI</b>	5,136	3,164	7,661
<b>Businesses who sell to REU</b>	1,180	861	1,938
<b>Businesses who sell to ROW</b>	867	758	1,539
	Goods	Services	Goods and Services
<b>Businesses who purchase from GB</b>	10,461	5,094	12,324
<b>Businesses who purchase from ROI</b>	6,271	2,267	7,321
<b>Businesses who purchase from REU</b>	3,126	770	3,454
<b>Businesses who purchase from ROW</b>	1,737	651	2,201

*Note: Some businesses sell both goods and services. Whilst these businesses will be counted within both the separate goods and services estimates, they will only be included once within the final goods and services estimates to avoid double counting. Business groups are distinct but overlapping groups of businesses on the basis that some businesses sell to multiple markets and may be in one or more of the 4 business groups.*

The majority of NI businesses externally trading, are with the closest markets of GB and ROI. For those businesses externally selling goods, 5,136 sold into the ROI, whilst 3,517 sold to GB, 1,180 to the REU and 867 to the ROW. The picture for services was somewhat different with 4,197 businesses selling services to GB, 3,164 to the ROI, 861 to the REU and 758 to the ROW. In total, and for both goods and services, and for externally selling NI businesses, more (7,661) sold into the ROI market compared to GB (7,049) with 1,938 selling to the REU and 1,539 selling to the ROW.

The number of businesses externally purchasing is dominated by trade with GB with 10,461 businesses purchasing goods and 5,094 purchasing services with 12,324 businesses buying goods and services. The purchases of NI businesses from external markets are roughly equally split between the number purchasing goods and services from GB (12,324) and the number purchasing from the ROI, REU and ROW combined (12,976). Second to purchases from GB by NI businesses is the number of businesses purchasing goods and services from the ROI (7,321).

In terms of the broad destinations for NI business external sales (GB, ROI, REU, ROW), 15 distinct and discrete combinations of external markets were identified (Table 3).

**Table 3: Number of NI businesses externally selling by market combination**

	Number of businesses	Share
Businesses who sell Goods and Services to ROI only	4,149	35%
Businesses who sell Goods and Services to GB only	3,271	28%
Businesses who sell Goods and Services to GB and ROI	1,919	16%
Businesses who sell Goods and Services to GB, ROI, REU and ROW	728	6%
Businesses who sell Goods and Services to GB, ROI and REU	467	4%
Businesses who sell Goods and Services to GB, ROI and ROW	216	2%
Businesses who sell Goods and Services to GB, REU and ROW	201	2%
Businesses who sell Goods and Services to ROW only	185	2%
Businesses who sell Goods and Services to REU only	185	2%
Businesses who sell Goods and Services to GB and REU	178	2%
Businesses who sell Goods and Services to ROI, REU and ROW	78	1%
Businesses who sell Goods and Services to ROI and REU	71	1%
Businesses who sell Goods and Services to GB and ROW	69	1%
Businesses who sell Goods and Services to ROI and ROW	33	<1%
Businesses who sell Goods and Services to REU and ROW	29	<1%

Nine in ten (89%) externally selling businesses sold goods and services to 5 of these distinct market destination combinations including to the ROI only (35%), GB only (28%), GB and ROI (16%), GB, ROI, REU and the ROW (6%) and to GB, ROI, and REU (4%).

The patterning of businesses engaged in external purchases was slightly different (Table 4) with a larger proportion of businesses externally purchasing goods and services from GB only (44%), with 16% purchasing from the ROI only, 13% from GB and ROI, 8% from GB, ROI and the REU and 5% from GB, ROI, REU and the ROW.

Table 4: Number of NI businesses externally purchasing by market combination

	Number of businesses	Share
Businesses who buy Goods and Services from GB only	6,917	44%
Businesses who buy Goods and Services from ROI only	2,543	16%
Businesses who buy Goods and Services from GB and ROI	2,005	13%
Businesses who buy Goods and Services from GB, ROI and REU	1,266	8%
Businesses who buy Goods and Services from GB, ROI, REU and ROW	854	5%
Businesses who buy Goods and Services from GB, REU and ROW	355	2%
Businesses who buy Goods and Services from GB and REU	330	2%
Businesses who buy Goods and Services from GB and ROW	314	2%
Businesses who buy Goods and Services from GB, ROI and ROW	283	2%
Businesses who buy Goods and Services from REU only	282	2%
Businesses who buy Goods and Services from ROI and REU	276	2%
Businesses who buy Goods and Services from ROW only	273	2%
Businesses who buy Goods and Services from ROI, REU and ROW	63	<1%
Businesses who buy Goods and Services from ROI and ROW	31	<1%
Businesses who buy Goods and Services from REU and ROW	28	<1%

These analyses demonstrate that, irrespective of the absolute value of trade by NI businesses with individual external markets, there is considerable reliance by NI businesses on trade across multiple markets. For example, around one third (34%) of externally selling businesses (3,989) sold goods and services into multiple markets. A larger number of externally purchasing businesses (5,805), reflecting a slightly larger share (37%) of such businesses, purchased goods and services from multiple markets.

### Value and Pattern of External Trade

In terms of the value of external sales to discrete markets, Table 5 below shows that, as with most economies, the single largest market in value for the sale of goods and services is the local (NI) market, and in this respect, NI is no exception. Of the total sale of all goods and services in 2016 (£68.9bn), some £29.3bn or 43% of all sales, comprised sales within NI.

As two distinct groups<sup>5</sup> of externally selling businesses, businesses who sell into GB and businesses who sell into the ROI both achieve total sales of goods and services of £28.9bn. The patterning of sales of both groups of businesses is different however. For businesses selling into GB, sales to GB amounted to £14bn with a further £7.3bn to NI, £3.4bn to the ROW, £2.2bn to the REU and £2.0bn to the ROI. For businesses selling into the ROI, sales were highest for NI (£13.7bn) followed by GB (£7.5bn), the ROI (£3.4bn), the ROW (£2.5bn) and the REU (£1.8bn).

<sup>5</sup> Those businesses categorised as selling into (or purchasing from) the markets of GB, the ROI, the REU or the ROW are distinct but overlapping groups of businesses on the basis that some businesses sell into, or purchase from, multiple markets and may be categorised within one, several, or all of the distinct business categories used here.

Table 5: Value of NI sales (£bn)

	Goods and Services sold to NI	Goods and Services sold to GB	Export of Goods and Services to the Republic of Ireland	Export of Goods and Services to the Rest of EU	Export of Goods and Services to the Rest of World	Total Goods and Services sold
Businesses who sell Goods and Services to GB	£7.3	£14.0	£2.0	£2.2	£3.4	£28.9
Businesses who sell Goods and Services to ROI	£13.7	£7.5	£3.4	£1.8	£2.5	£28.9
Businesses who sell Goods and Services to REU	£3.1	£5.3	£1.2	£2.3	£2.9	£14.9
Businesses who sell Goods and Services to ROW	£2.0	£8.7	£0.9	£1.9	£4.4	£17.9
Businesses who do not externally sell Goods and Services	£29.3	£0	£0	£0	£0	£29.3

*Note: Some businesses sell to more than one market destination and therefore totals can only be summed across individual rows and not by column.*

With the exception of the NI market, sales to GB represents the single most valuable sales market for goods and services. The importance in scale of the GB market for NI external sellers is additionally illustrated here by the finding that the groups of businesses selling to the ROI, to the REU or to the ROW sold at least twice as much to GB.

Table 6 provides estimates for the sale of goods separately and shows that the patterning of overall (goods and services) sales seen in Table 5 are driven, in the main, by the patterning of the sale of goods by NI businesses.



Table 6: Value and market for NI goods sales (£bn)

	Goods sold to NI	Goods sold to GB	Export of Goods to the Republic of Ireland	Export of Goods to the Rest of EU	Export of Goods to the Rest of World	Total Goods sold
Businesses who sell Goods to GB	£4.7	£10.5	£1.5	£1.9	£3.1	£21.8
Businesses who sell Goods to ROI	£10.2	£4.9	£2.7	£1.6	£2.2	£21.5
Businesses who sell Goods to REU	£1.7	£4.0	£0.9	£1.9	£2.6	£11.1
Businesses who sell Goods to ROW	£1.3	£7.5	£0.7	£1.7	£3.7	£14.9
Businesses who do not externally sell Goods	£19.7	£0	£0	£0	£0	£19.7

Note: Some businesses sell to more than one market destination and therefore totals can only be summed across individual rows and not by column.

The value and patterning of sales of services by NI businesses is of a much lower relative scale to that of goods (Table 7).

Table 7: Value and market for NI services sales (£bn)

	Services sold to NI	Services sold to GB	Export of Services to the Republic of Ireland	Export of Services to the Rest of EU	Export of Services to the Rest of World	Total Services sold
Businesses who sell Services to GB	£2.2	£3.5	£0.3	£0.3	£0.3	£6.6
Businesses who sell Services to ROI	£3.0	£2.3	£0.7	£0.3	£0.2	£6.5
Businesses who sell Services to REU	£1.0	£1.3	£0.2	£0.4	£0.3	£3.2
Businesses who sell Services to ROW	£0.5	£1.0	£0.1	£0.2	£0.7	£2.6
Businesses who do not externally sell Services	£10.4	£0	£0	£0	£0	£10.4

Note: Some businesses sell to more than one market destination and therefore totals can only be summed across individual rows and not by column.

Businesses selling services to GB (£6.6bn) and businesses selling to the ROI (£6.5bn) were at broadly similar levels. The importance in scale of the GB market however is again seen within the sale of services to specific external markets with more sales of services made to GB. For example, businesses selling services to the REU (£0.4bn) sold three times the amount to GB (£1.3bn), those businesses

selling services to the ROI (£0.7bn) similarly sold around three times as much to GB (£2.3bn) whilst businesses selling services to the ROW (£0.7bn) sold one and a half times the amount to GB (£1.0bn).

Table 8 below, details the purchases of goods and services made by NI businesses on the same approach to the aggregation of businesses as for sales above.

**Table 8: Value of NI purchases<sup>6</sup> (£bn)**

	Goods and Services purchased in NI	Goods and Services purchased from GB	Goods and Services purchased from the Republic of Ireland	Goods and Services purchased from the Rest of EU	Goods and Services purchased from the Rest of World	Total Goods and Services purchased
Businesses who sell Goods and Services to GB	£6.5	£6.5	£1.0	£1.4	£1.7	£17.0
Businesses who sell Goods and Services to ROI	£9.2	£7.0	£1.6	£1.6	£1.8	£21.2
Businesses who sell Goods and Services to REU	£3.8	£3.4	£0.7	£1.3	£1.4	£10.6
Businesses who sell Goods and Services to ROW	£3.1	£3.3	£0.5	£1.0	£1.5	£9.4
Businesses who do not externally sell Goods and Services	£13.3	£5.0	£0.6	£0.4	£0.2	£19.5

*Note: Some businesses purchase from more than one market and therefore totals can only be summed across individual rows and not by column.*

Table 8 illustrates how dependent businesses in NI who externally sell are on the purchase of goods and services from import markets and how this varies for those groups of businesses selling into specific markets. For businesses who sell to GB, 24% of their purchases of goods and services are imports, the same as for businesses who sell to the ROI (24%), rising to 32% for businesses selling to the ROW and 32% for businesses selling to the REU.

The group of businesses reporting the highest value of purchases of goods and services were those businesses selling to the ROI (£21.2bn) of which some £9.2bn were purchases of goods and services from within NI with a further £7.0bn purchased from GB, £1.8bn from the ROW, £1.6bn from the ROI and £1.6bn from the REU. For those businesses who sold goods and services into the GB market, similar values for the purchase of goods and services were made from NI (£6.5bn) and GB (£6.5bn).

The group of businesses who do not externally sell Goods and Services sourced £13.3bn of goods and services locally with a further £5.0bn from GB, £0.6bn from the ROI, £0.4bn from the REU and £0.2bn from the ROW. For those businesses who do not externally sell, 6% of their purchases of goods and services were imports.

In terms of goods purchased (Table 9), businesses who do not externally sell goods purchased the greatest amount of goods (£17.3bn) with £11.1bn purchased locally and £4.9bn from GB. Those businesses who do not externally sell goods had the greatest concentration (92%) of their goods purchased within both the local and national

<sup>6</sup> While BESES reports the value of purchases made by NI businesses and their broad origin, it does not include information on the products purchased. The Annual Purchases Survey separately collects information on goods products purchased by business which are termed intermediate consumption goods and provides product level information which excludes retail goods (for further information see [here](#)). Nevertheless, neither source indicate the extent to which the goods purchased by businesses and their origin are business critical.

markets. Those businesses selling to the ROI reported the next highest value of purchases of goods (£15.6bn), comprising £6.1bn from NI, £5.2bn from GB, £1.3bn from the ROW, £1.5bn from the REU and £1.3bn from the ROI. Those businesses selling to GB (£11.5bn) purchased £4bn and £3.9bn of goods from GB and NI respectively.

**Table 9: Value of NI goods purchases (£bn)**

	Goods purchased in NI	Goods purchased from GB	Goods purchased from the Republic of Ireland	Goods purchased from the Rest of EU	Goods purchased from the Rest of World	Total Goods purchased
Businesses who sell Goods to GB	£3.9	£4.0	£0.8	£1.2	£1.5	£11.5
Businesses who sell Goods to ROI	£6.1	£5.2	£1.3	£1.5	£1.5	£15.6
Businesses who sell Goods to REU	£2.4	£2.5	£0.5	£1.1	£1.3	£7.8
Businesses who sell Goods to ROW	£2.0	£2.5	£0.4	£0.9	£1.2	£7.0
Businesses who do not externally sell Goods	£11.1	£4.9	£0.6	£0.4	£0.4	£17.3

*Note: Some businesses purchase from more than one market and therefore totals can only be summed across individual rows and not by column.*

The purchase of services by NI businesses was at a much lower level compared to that of goods (Table10).

**Table 10: Value of NI services purchases (£bn)**

	Services purchased in NI	Services purchased from GB	Services purchased from the Republic of Ireland	Services purchased from the Rest of EU	Services purchased from the Rest of World	Total Services purchased
Businesses who sell Services to GB	£1.4	£1.4	£0.1	£0.1	£0.1	£3.0
Businesses who sell Services to ROI	£1.5	£1.1	£0.2	£0.04	£0.1	£2.9
Businesses who sell Services to REU	£0.7	£0.6	£0.1	£0.1	£0.1	£1.5
Businesses who sell Services to ROW	£0.5	£0.5	£0.04	£0.1	£0.2	£1.3
Businesses who do not externally sell Services	£3.9	£0.8	£0.1	£0.1	£0.04	£5.0

*Note: Some businesses purchase from more than one market and therefore totals can only be summed across individual rows and not by column.*

The group of businesses reporting the greatest value of services purchased (£5bn), were those businesses who do not sell services externally of which £3.9bn were services purchased from NI. Groups of businesses selling to GB and those selling to the ROI reported similar levels of total services

purchases (£3bn and £2.9bn respectively). In the round, and for the different groupings of businesses selling into particular markets, the value of imports of services were at relatively low levels from the ROI, REU and the ROW.

## Trade Surplus and Deficit

With the analysis of sales and purchases made by different groupings of businesses in terms of destinations and origins, it was possible to estimate the balance, or difference, in the sales and purchases made by those groups of businesses within each of the broad market destinations (NI, GB, ROI, REU and the ROW).

Table 1 above showed that the overall trade difference between all sales and all purchases by NI businesses comprised a surplus of £24.6bn. Table 11 below shows that, in differencing the value of sales and purchases, the grouping of businesses with the highest overall surplus in the trade of goods and services were those who sold to GB (£11.9bn) followed by businesses who do not externally sell goods and services (£9.9bn), the ROW (£8.5bn), the ROI (£7.7bn) and the REU (£4.3bn).

**Table 11: Net outturn of sales minus purchases (£bn)**

	Trade difference with...					
	NI	GB	ROI	REU	ROW	TOTAL
<b>Businesses who sell Goods and Services to GB</b>	£0.8	£7.6	£0.9	£0.9	£1.8	£11.9
<b>Businesses who sell Goods and Services to ROI</b>	£4.5	£0.5	£1.8	£0.3	£0.7	£7.7
<b>Businesses who sell Goods and Services to REU</b>	-£0.7	£1.9	£0.5	£1.1	£1.5	£4.3
<b>Businesses who sell Goods and Services to ROW</b>	-£1.0	£5.4	£0.3	£0.8	£2.9	£8.5
<b>Businesses who do not externally sell Goods and Services</b>	£16.0	-£5.0	-£0.6	-£0.4	-£0.2	£9.9

*Note: Some businesses sell and purchase to and from more than one market and therefore totals can only be summed across individual rows and not by column.*

Focusing on those businesses selling to external markets and the overall trade surpluses seen, those businesses selling to GB reported an overall trade surplus of £7.6bn with GB as a single destination market accounting for 64% of the total trade surplus for this group. Businesses selling to the ROI had a trade surplus of £1.8bn with the ROI as a single destination market, representing 23% of the group's total trade surplus. Respective figures for businesses trading with the REU were £1.1bn (26%) and those businesses trading with the ROW £2.9bn (34%). Businesses selling to the ROW had an overall surplus of £8.5bn comprised of a deficit of -£1bn with NI, £5.4bn with GB, £2.9bn with the ROW, £0.3bn with the ROI and £0.8 with the REU. Businesses selling to the REU and businesses selling to the ROW each reported trade deficits with NI (-£0.7bn and -£1bn respectively) whilst reporting an overall trade surplus.

The trade deficits with NI reported by businesses selling to the REU and ROW reflect the relative level of sourcing of goods and services from NI which may then be sold to these export markets either as intermediate products or final products. Businesses selling to the ROI had an overall surplus of £7.7bn comprised of £4.5bn with NI, £1.8bn with the ROI, £0.7bn with the ROW, £0.5bn with GB and £0.3 with the REU.

Those businesses who do not externally sell goods and services had trade deficits with all external markets comprising -£5.0bn with GB, -£0.6bn with the ROI, -£0.4bn with the REU and -£0.2bn with the ROW. The deficits with external markets reported by these businesses, reflect the sourcing of goods and services (either complete or intermediate) from outside NI for selling on within NI.

Table 12 separates the trade balance figures in Table 11 for goods demonstrating that the patterning of the difference in trade as seen in Table 11 was driven, in the main, by the sales and purchases of goods. The goods trade difference for those businesses who do not externally sell goods reflected trade deficits with all external markets and with GB (-£4.9bn) in particular.

**Table 12: Net outturn of NI goods sales minus NI goods purchases (£bn)**

	Trade difference with...					
	NI	GB	ROI	REU	ROW	TOTAL
<b>Businesses who sell Goods to GB</b>	£0.8	£6.5	£0.7	£0.7	£1.6	£10.3
<b>Businesses who sell Goods to ROI</b>	£4.0	-£0.3	£1.4	£0.1	£0.7	£5.9
<b>Businesses who sell Goods to REU</b>	-£0.7	£1.5	£0.4	£0.9	£1.3	£3.3
<b>Businesses who sell Goods to ROW</b>	-£0.7	£5.0	£0.3	£0.8	£2.4	£7.9
<b>Businesses who do not externally sell Goods</b>	£8.6	-£4.9	-£0.6	-£0.4	-£0.4	£2.3

*Note: Some businesses sell and purchase to and from more than one market and therefore totals can only be summed across individual rows and not by column.*

Table 13 separates the trade balance figures in Table 11 for services, with overall surpluses for businesses selling to GB and businesses selling to the ROI at similar levels (£3.6bn). Those businesses who do not externally sell services reported services trade deficits with all external markets, albeit at relatively low levels.

**Table 13: Net outturn of NI services sales minus NI services purchases (£bn)**

	Trade difference with...					
	NI	GB	ROI	REU	ROW	TOTAL
<b>Businesses who sell Services to GB</b>	£0.8	£2.1	£0.2	£0.3	£0.2	£3.6
<b>Businesses who sell Services to ROI</b>	£1.5	£1.2	£0.5	£0.2	£0.1	£3.6
<b>Businesses who sell Services to REU</b>	£0.3	£0.7	£0.1	£0.4	£0.2	£1.6
<b>Businesses who sell Services to ROW</b>	£0.01	£0.5	£0.1	£0.1	£0.5	£1.3
<b>Businesses who do not externally sell Services</b>	£6.5	-£0.8	-£0.1	-£0.1	-£0.04	£5.4

*Note: Some businesses sell and purchase to and from more than one market and therefore totals can only be summed across individual rows and not by column.*

## Wholesale and Retail Sector Impacts

As a geographically peripheral and relatively small economy, NI is reliant upon imports and external purchases for a substantial amount of retail goods sold<sup>7</sup>. Goods<sup>8</sup> purchased by businesses comprise both those finished goods for resale, and those termed intermediate consumption goods. Intermediate consumption goods are goods purchased as part of a process of production and are either transformed or used up as part of that production process.

Given that a considerable share of the total value of goods purchased and sold by businesses would be retail goods and likely to reflect the dominance of the GB market as a source for the purchase by NI businesses of such goods, further analyses examined the specific outturn for the Wholesale and Retail sector (Table 14).

<sup>7</sup> For further research on the value and volume of retail goods externally sourced see [report](#).

<sup>8</sup> Services products that are purchased and sold can similarly be either final service products or intermediate consumption services however the focus here is on the sale and purchase of goods.

Table 14: Total NI purchases and sales of goods including and excluding the wholesale and retail sector (£bn)

	Goods purchased in NI	Goods purchased from GB	Goods purchased from the Republic of Ireland	Goods purchased from the Rest of EU	Goods purchased from the Rest of World	Total Goods purchased
Value of goods purchased including wholesale and retail sector	£18.1	£11.0	£2.0	£2.0	£2.1	£35.2
Value of goods purchased excluding wholesale and retail sector	£9.4	£3.3	£1.0	£1.0	£1.0	£15.8
Value of wholesale and retail sector goods purchased	£8.7	£7.7	£1.0	£0.9	£1.1	£19.4
	Goods sold to NI	Goods sold to GB	Export of Goods to the Republic of Ireland	Export of Goods to the Rest of EU	Export of Goods to the Rest of World	Total Goods sold
Value of goods sold including wholesale and retail sector	£30.6	£10.5	£2.7	£1.9	£3.7	£49.4
Value of goods sold excluding wholesale and retail sector	£9.5	£9.0	£1.6	£1.7	£3.2	£25.0
Value of wholesale and retail sector goods sold	£21.1	£1.5	£1.1	£0.2	£0.5	£24.4
Trade difference with...						
	NI	GB	ROI	REU	ROW	All
Including wholesale and retail sector	£12.5	-£0.5	£0.7	-£0.1	£1.5	£14.2
Excluding wholesale and retail sector	£0.1	£5.7	£0.6	£0.6	£2.1	£9.2
Wholesale and retail sector	£12.4	-£6.2	£0.1	-£0.7	-£0.6	£5.0

Table 14 shows that, of the total value of goods purchased, some £15.8bn (or 45% of all goods purchased) were purchased by businesses outside the Wholesale and Retail sector which accounted for some £19.4bn (or 55%) of goods purchased. The sources of the purchase of Wholesale and Retail sector goods, and in order of value, were from within NI (£8.7bn), GB (£7.7bn), the ROW (£1.1bn), the ROI (£1.0bn) and the REU (£0.9bn). In terms of external purchases, NI Wholesale and Retail businesses purchased 72% of their goods from GB.

Of the £49.4bn goods sold by NI businesses, some £25bn (or half) were by businesses outside the Wholesale and Retail sector with half (£24.4bn) sold by that sector. The destination of the goods sales of Wholesale and Retail sector businesses, and again in order of value, were to NI (£21.1bn), GB (£1.5bn), the ROI (£1.1bn), the ROW (£0.5bn), and the REU (£0.2bn).

The outturn in the sales and purchases of goods by all NI businesses was a surplus of £14.2bn, mostly accounted for by a surplus from sales and purchases made within NI (£12.5bn), the ROW (£1.5bn) and the ROI (£0.7bn) with trade deficits from sales and purchases of -£0.5bn with GB and the REU combined.

Looking specifically at the sales and purchases of businesses in the Wholesale and Retail sector produced a trade surplus of £5bn comprised of a surplus of £12.4bn within the local NI market and sales and purchases trade deficits of -£6.2bn with GB, -£0.7bn with the REU and -£0.6bn with the ROW.

The trade of businesses in the Wholesale and Retail sector with the ROI was effectively a balance of the value of the sales and purchases made.

What the analyses of the sales and purchases by businesses in the Wholesale and Retail sector indicates, is the impact and patterning of the value of trade of goods in the Wholesale and Retail sector within the economy overall, and the need to be aware of it when considering goods sales, purchases and patterning in the round. For example, excluding the Wholesale and Retail sector, sales and purchases results in an overall external NI trade surplus in goods of £9.2bn. Including the Wholesale and Retail sector reduces the overall external NI trade surplus in goods to £1.7bn.