

# Research Bulletin 20/6 | International Trade in Services Survey – New Approaches

Amanda Alexander, Analytical Services, Department for the Economy

December 2020

---

## Summary

This report updates the research paper 'Northern Ireland International Trade in Services – New Perspectives'<sup>1</sup> which was published in October 2018, exploring the information available on NI services in 2015 and developed under the context of establishing trade agreements post EU Exit.

The International Trade in Services (ITIS) Survey is the main source of UK services trade data, although it does not cover the whole of the UK services economy<sup>1</sup>. ITIS is a sample of known traders in services and only includes businesses with 10 or more staff. This report treats the ITIS sample data as the universe on a 'known services' basis, using a rolling average covering the periods 2015-17 and 2016-18. It is important to note that the ITIS sample data used in this report is unweighted and not representative of the whole economy.

The main points from the analysis show on an ITIS 'known services' basis (excluding travel, transport and banking):

- The total trade in services surplus (exports minus imports) was £713 million for the 2016-18 period, up 5% from the previous period 2015-17.
- The total value of services exports rose by 5% from £1.14 billion in 2015-17 to £1.2 billion in the 2016-18 period. The total value of services imports rose by 6% from £462 million in 2015-17 to £489 million in the 2016-18 period.
- In the 2016-18 period, services exports to the rest of the world accounted for 52% of the total value of services exports, with 48% to the EU comprised of 29% of services exports going to Ireland and 19% to the rest of the EU.
- Services Imports from the EU accounted for 53% of the total value of services imported (33% from Ireland and 20% from the rest of the EU) with 47% of the total value of services imported from the rest of the world.

---

<sup>1</sup> The ITIS Survey covers the whole economy, with a number of exceptions, such as travel, transport, banking and other financial institutions, higher education, charities and most activities within the legal profession.

- In both periods the largest value of services exports were for Telecommunications, Computer and Information Services accounting for 20% of total services exports in both periods. Between 2015-17 and 2016-18, Construction Services have seen the largest increase in the value of services exports, up 18% (an increase of £32 million).
  - In both periods the largest value of services imports were Business and Professional services accounting for 20% of the total value of services imports in 2015-17 and 23% in 2016-18. Business and Professional services also saw the largest increase between the two periods, by 20% (an increase of £19 million).
  - Medium-sized businesses, with 50-249 staff, had the highest value of services exports and services imports in each period accounting for just under half of the total value of services exports and imports.
- 

## Background

The research paper 'Northern Ireland International Trade in Services – New Perspectives'<sup>ii</sup> was published in October 2018, exploring the information available on NI services in 2015. The paper was developed under the context of establishing trade agreements post EU Exit, to provide further information needed on the flow of Northern Ireland services exports and imports to facilitate estimates of potential impacts, the identification of opportunities and to add to the understanding of the characteristics of those businesses currently affected.

Information on NI services is collected by two surveys:

- The International Trade in Services (ITIS) survey is the main source of UK services trade data although it does not cover the whole of the UK services economy. ITIS data contains services export and import estimates by individual country and the nature of the service. The ITIS draws a sample from known traders in services and is stratified by Standard Industrial Classification: SIC 2007 at 4-digit level and employment and only includes businesses with 10 or more staff.
- The Northern Ireland Annual Business Inquiry (ABI) which covers all industry sectors (apart from the financial sector and farm businesses) includes a "Broad Economy Sales and Exports (BESES)" measure which provides a single comprehensive measure of business exports, imports and external sales and purchases (including to Great Britain) of both goods and services. Although a considerable amount of information is collected on the ABI, the information on services collected is total sales/purchases at a broad country level (Ireland, EU, rest of the world) and no information is collected on the types of service products exported or imported. The BESES is however weighted to provide population level estimates.

The Northern Ireland 2015 ITIS and BESES data were compared, linked and analysed, however, the differences between the two sources meant that it was not possible to fully merge the two. It was concluded that the most appropriate way to proceed in attempting to maximise the value of the data sources, was to treat the ITIS data as the universe on a 'known services' basis.

Further analysis identified that when annual ITIS estimates were compared there were considerable fluctuations in the ITIS data caused by issues such as non-response and sampling. Some of the fluctuations in the data could be limited through imputations, however it was determined the best approach to negate short term fluctuations and highlight longer-term trends was to use a three year rolling average. It is important to note that the ITIS sample data used in this report is unweighted, that is, it is not representative of the whole economy.

### **Total NI trade in services**

There was a total trade in services surplus (exports minus imports) of £713 million for the 2016-18 period, up 5% from the previous period 2015-17.

The total value of services exports increased by 5% from £1.14 billion in 2015-17 to £1.2 billion in the 2016-18 period. The total value of services imports rose by 6% from £462 million in 2015-17 to £489 million in the 2016-18 period.

### **NI trade in services, EU and the rest of the World**

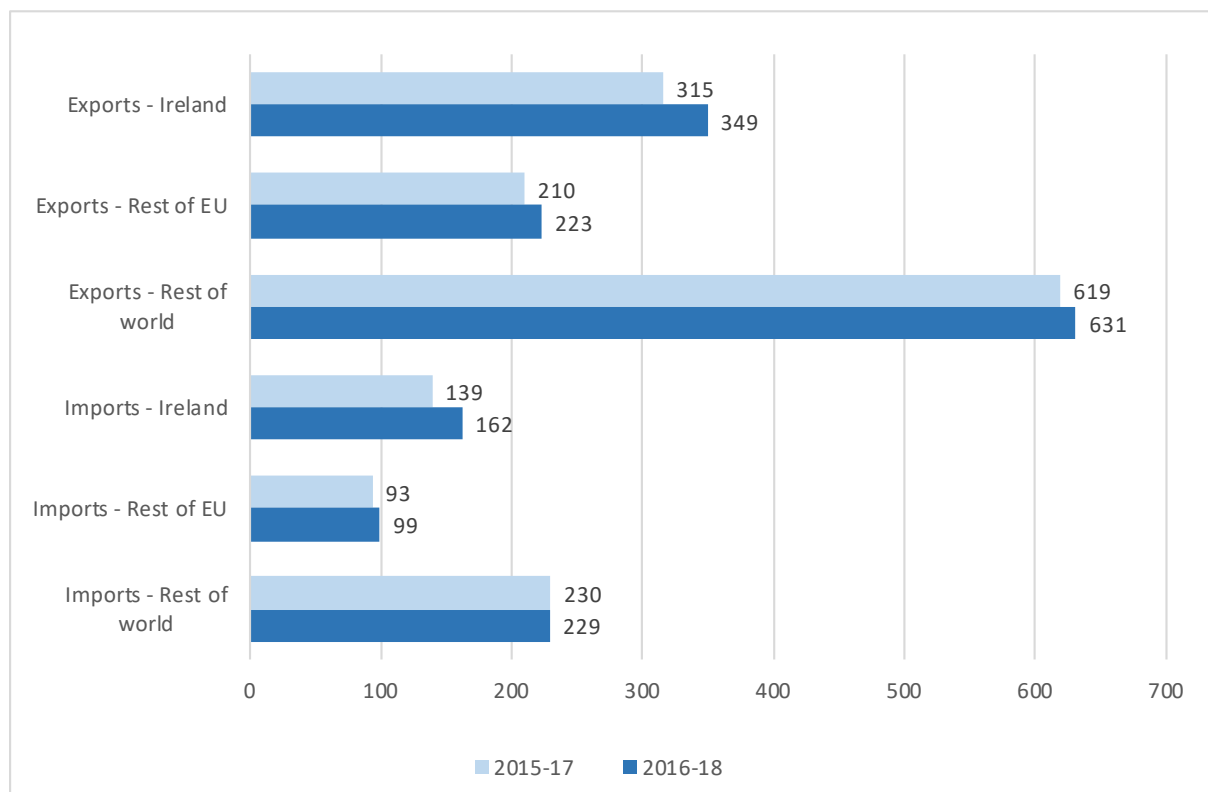
In the latest period, 2016-18, just over half of the value of services exports were to the rest of the world (£631 million), with 48% going to the EU as a whole (£572 million), comprising 29% of the total value of services exports going to Ireland (£349 million) and 19% to the rest of the EU (£223 million) (Figure 1).

Exports of services to the EU increased by 9%, mainly driven by an increase of 11% in exports to Ireland (an increase of £34 million).

In 2016-18 services imported from the EU accounted for 53% of the total value of services imported (£261 million), with this being made up of 33% of services imported from Ireland and 20% from the rest of the EU.

Imports of services from the EU have increased by 12%. Again this increase is mainly driven by trade with Ireland, with an increase of 16% (£23 million).

**Figure 1: NI international trade in services with the EU and the rest of the World (£Millions)**



- Data is unweighted and unrounded.  
- Broad categories based on ITIS questionnaire.

### NI trade in services by continent

By continent, Europe<sup>2</sup> is the major destination for NI services exports for both periods, accounting for 53% of the total value of service exports in 2016-18. Services exports to Europe increased by 8% in 2016-18 (£48 million). This was mainly driven by an increase of £34 million to Ireland (Figure 2).

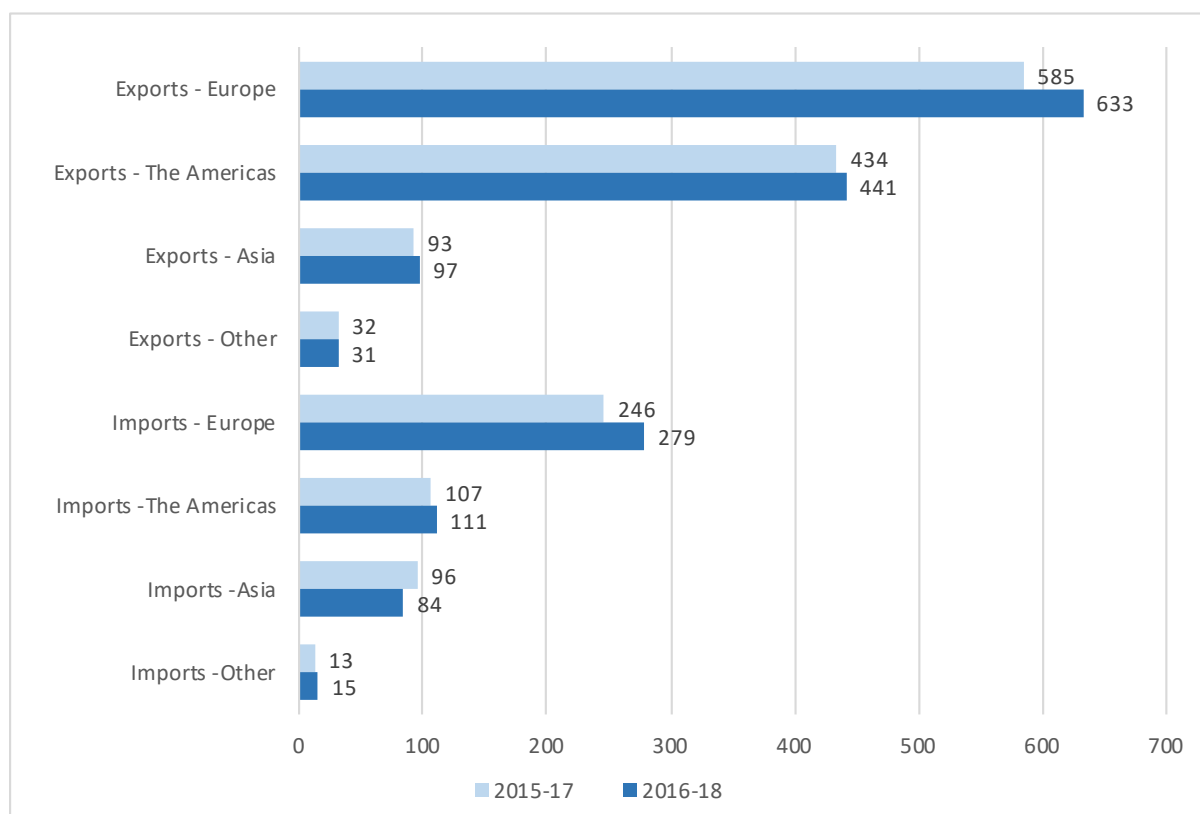
The Americas were the second largest destination for services exports accounting for 37% of the total value of service exports in 2016-18, mainly the United States.

Europe was also the major source of NI services imports, accounting for 57% of the total value of services imports. Services imports from Europe have increased by 13% (£32 million).

The Americas were the second largest origin for services imports accounting for 23% of the total value of services imports in 2016-18. Followed by Asia which accounted for 17% of services imports in 2016-18. There was a drop in services imports from Asia of 12%, from £96m in 2015-17 to £84m in 2016-18.

<sup>2</sup> Europe is made up of EU countries and non EU countries.

**Figure 2: NI international trade in services by Continent (£Millions)**



- Data is unweighted and unrounded.  
 - Broad categories based on ITIS questionnaire.

### Exports of services by product

Telecommunications, Computer and Information Services, were the largest services products exported by NI accounting for 20% of the total value of services exports in 2016-18, with 73% of these services exported to the rest of the World, the majority going to the Americas (Table 1).

Construction services were the second largest services products exported (17%) followed by Business and Professional services (17%). Both these services have seen an increase in exports, with Construction services exports increasing by 18% (£32 million), mainly driven by an increase of £25 million to Ireland and Business and Professional services increasing by 15% (£26 million), mainly driven by an increase of £13 million to the rest of the World and £12 million to the rest of the EU.

**Table 1: The value of service exports for Broad Destination by Broad service category (£million)**

	2015-17				2016-18			
	Ireland	Rest of EU	Rest of World	Total	Ireland	Rest of EU	Rest of World	Total
<b>Telecommunications, Computer and Information Services</b>	46	36	165	247	40	24	176	240
<b>Construction Services</b>	119	*	*	175	143	58	7	207
<b>Business and Professional Services</b>	51	29	93	172	52	41	106	198
<b>Technical and Scientific Services</b>	*	*	*	128	*	*	*	143
<b>Manufacturing, Maintenance and On-site Processing Services</b>	27	*	*	78	34	*	*	86
<b>Research &amp; Development (R&amp;D) Services</b>	*	*	34	45	*	*	32	43
<b>Other Trade in Services</b>	43	51	203	298	46	48	191	285
<b>Total</b>	<b>315</b>	<b>210</b>	<b>619</b>	<b>1,144</b>	<b>349</b>	<b>223</b>	<b>631</b>	<b>1,203</b>

- Data is unweighted and unrounded.

\* = Cells have been suppressed to protect confidentiality

### Imports of Services by product

The largest services products imported to NI in 2016-18 were Business and Professional services accounting for 23% of the total value of services imported and Construction Services accounting for 19%. Both of these product groups have seen an increase in the value of imports, with Business and Professional services increasing by 20%, up by £19 million and Construction services increasing by 13%, up £11 million, mainly driven by an increase of £7 million from Ireland (Table 2).

**Table 2: The value of service imports for Broad Origin by Broad service category (£million)**

	2015-17				2016-18			
	Ireland	Rest of EU	Rest of World	Total	Ireland	Rest of EU	Rest of World	Total
<b>Business and Professional Services</b>	18	*	*	92	25	*	*	111
<b>Construction Services</b>	57	21	4	82	64	24	5	93
<b>Telecommunications, Computer and Information Services</b>	16	4	13	34	15	3	15	33
<b>Manufacturing, Maintenance and On-site Processing Services</b>	*	*	*	24	*	*	*	24
<b>Technical and Scientific Services</b>	12	5	2	19	13	5	3	21
<b>Research &amp; Development (R&amp;D) Services</b>	*	5	*	15	*	5	*	15
<b>Other Trade in Services</b>	26	22	148	197	36	22	136	193
<b>Total</b>	<b>139</b>	<b>93</b>	<b>230</b>	<b>462</b>	<b>162</b>	<b>99</b>	<b>229</b>	<b>489</b>

- Data is unweighted and unrounded.

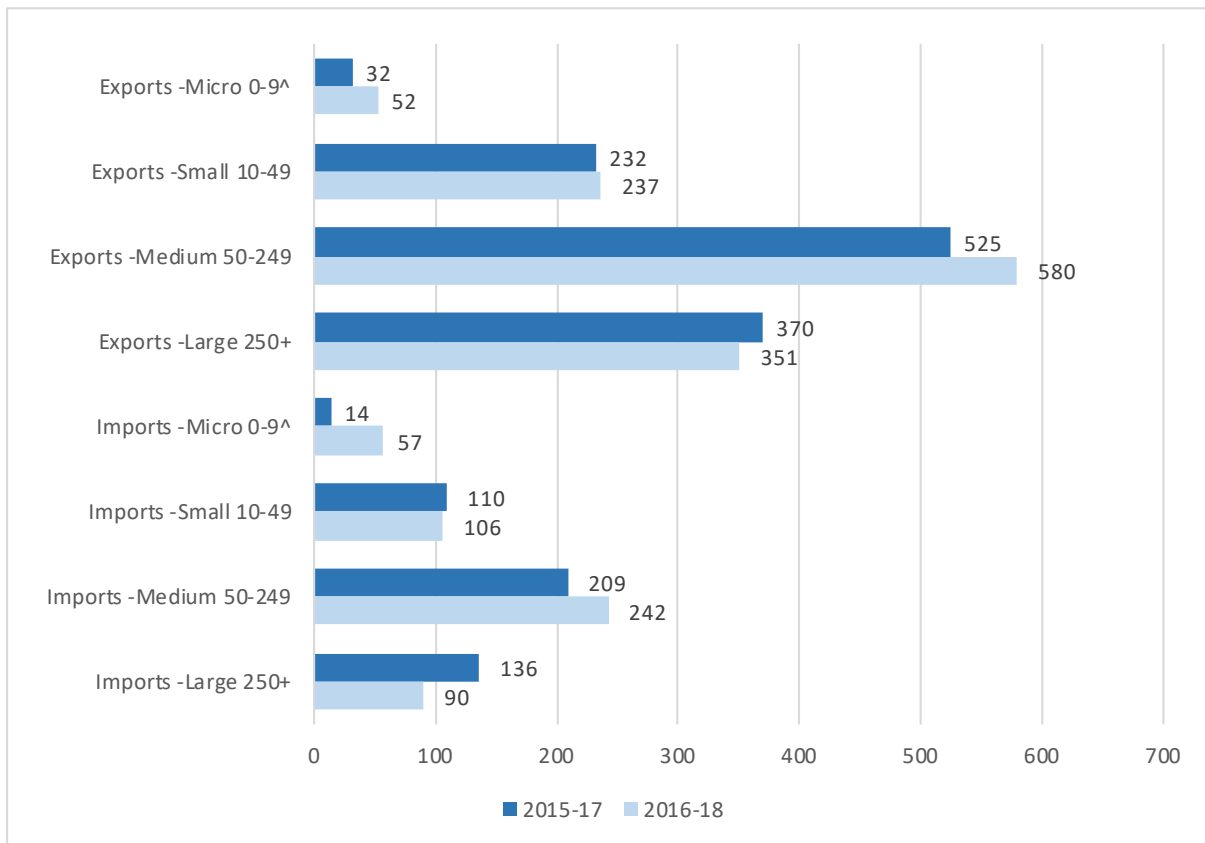
\* = Cells have been suppressed to protect confidentiality

### Characteristics of ITIS businesses

Medium-sized businesses with 50-249 staff had the highest value of services exports, accounting for 47% of the value of services exports in 2016-18. Small businesses accounted for two thirds of the number of businesses that export services although 20% of the total value of services exports.

Similar to exports, medium-sized businesses with 50-249 staff accounted for the largest proportion of the total value of services imports in 2016-18 (48%). Small businesses accounted for just over three in five of the total number of businesses that import services but only around a quarter of the total value of services imported (Figure 3).

**Figure 3: NI international trade in services by business size (£Millions)**



- Data is unweighted and unrounded.

^The NI ITIS sample excludes businesses with employment less than 10 however, as employment levels in a business can drop after the sample is drawn, some may become micro businesses at the point of data collection.

Businesses with turnover greater than £5m accounted for approximately 80% of the total value of services exports and services imports in both periods.

Looking at industrial sector, in both periods, businesses in the Information and communication sector had the highest value of services exports accounting for 38% of services exports in 2015-17 and 35% in 2016-18. The Professional, scientific and technical activities sector had the second highest value of services exports accounting for 27% of the total value of services exports for 2015-17 and 28% in 2016-18 (Table 3).

The Manufacturing sector has seen the largest increase in the value of services exported, up £35 million representing an increase of 27%.



**Table 3: Number of businesses and value of services exported by Standard Industrial classification**

	2015-17			2016-18		
	Count	(£m's)	% total service exports	Count	(£m's)	% total service exports
<b>Information and communication</b>	128	434	38%	131	425	35%
<b>Professional, scientific and technical activities</b>	167	304	27%	171	335	28%
<b>Manufacturing</b>	75	133	12%	78	168	14%
<b>Construction</b>	92	125	11%	96	130	11%
<b>Administrative and support service activities</b>	34	111	10%	36	98	8%
<b>Wholesale and retail trade, repair of motor vehicles and motorcycles</b>	44	17	1%	46	21	2%
<b>Other Production and service activities</b>	22	14	1%	21	18	2%
<b>Other Services sector</b>	23	7	1%	22	8	1%
<b>Total</b>	<b>584</b>	<b>1,144</b>	<b>100%</b>	<b>601</b>	<b>1,203</b>	<b>100%</b>

- Data is unweighted and unrounded.

- Differences in totals from previous tables are due to missing information on industrial classification in some cases.

- Industrial categories are derived from the Standard Industrial Classification of Economic Activities (SIC) – Other production & Agriculture is made up of sections A, B, D, E; Other services sector is the aggregate of sections H, I, K, L, P, Q, R, S.

The largest value of services imported were in Professional, scientific and technical activities (30% in 2016-18) and the Information and communication sector (20% in 2016-18).

The Professional, scientific and technical activities sector also had the largest increase in the value of services imported, up £13 million equating to a 10% increase (Table 4).

**Table 4: Number of businesses and value of services imported by Standard Industrial classification**

	2015-17			2016-18		
	Count	(£m's)	% total service imports	Count	(£m's)	% total service imports
<b>Information and communication</b>	78	87	19%	81	90	20%
<b>Professional, scientific and technical activities</b>	94	126	27%	97	138	30%
<b>Manufacturing</b>	70	63	14%	77	72	15%
<b>Construction</b>	76	60	13%	79	62	13%
<b>Administrative and support service activities</b>	*	*	*	*	*	*
<b>Wholesale and retail trade, repair of motor vehicles and motorcycles</b>	42	17	4%	45	21	5%
<b>Other Production and service activities</b>	17	25	5%	18	22	5%
<b>Other Services sector</b>	*	*	*	*	*	*
<b>Total</b>	<b>408</b>	<b>462</b>	<b>100%</b>	<b>438</b>	<b>489</b>	<b>100%</b>

- Data is unweighted and unrounded.

\* = Cells have been suppressed to protect confidentiality.

- Differences in totals from previous tables are due to missing information on industrial classification in some cases.

- Cells in italics and highlighted in orange will be suppressed to protect confidentiality.

- Industrial categories are derived from the Standard Industrial Classification of Economic Activities (SIC) – Other production & Agriculture is made up of sections A, B, D, E; Other services sector is the aggregate of sections H, I, K, L, P, Q, R, S.

**Amanda Alexander**

For further information or queries please contact [analyticalservices@economy-ni.gov.uk](mailto:analyticalservices@economy-ni.gov.uk)

- 
- i [Northern Ireland International Trade in Services - New Perspectives](#)
  - ii [Northern Ireland International Trade in Services - New Perspectives](#)