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HM Revenue and Customs

Regional Trade Statistics

Third Quarter 2016

Summary

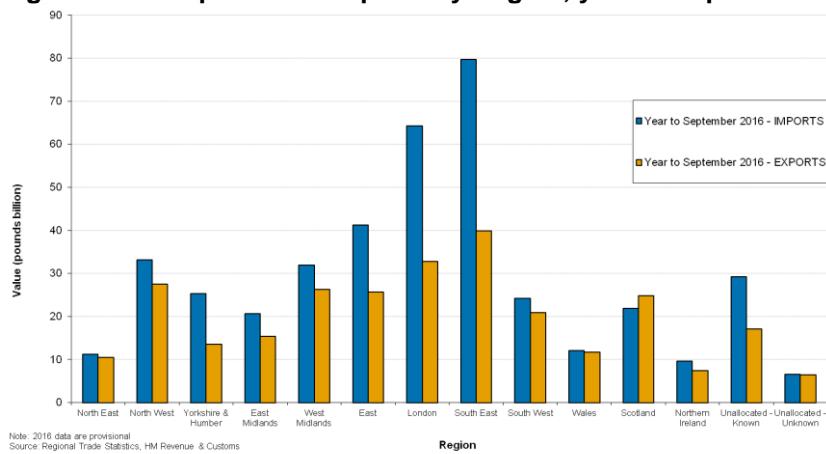
This release introduces a series of changes to the methodology and presentation. This results from the informal consultation and the responses received from our stakeholders. Methodology changes are explained in the Notes section.

In the year to September 2016, the overall value of UK trade in goods exports increased by 0.2 per cent compared with the same period last year. Similarly, the overall value of imports increased by 3.4 per cent.

On a regional basis:

- Of the four UK countries, only Scotland saw a decrease in the value of exports; and only Wales saw a decrease in the value of imports.
- There was a decrease in annual export value for all English regions except the West Midlands, the East, and the South East.
- There was a decrease in annual import value for the North East, the North West and Yorkshire and the Humber.

Figure 1: UK Imports and Exports by Region, year to Sept 2016



Overview – Exports

The total annual value of UK exports increased by 0.2 per cent to £280 billion in the year ending September 2016 compared with the same period the previous year.

Figure 2: UK Exports by Region, years to September 2014, 2015 and 2016

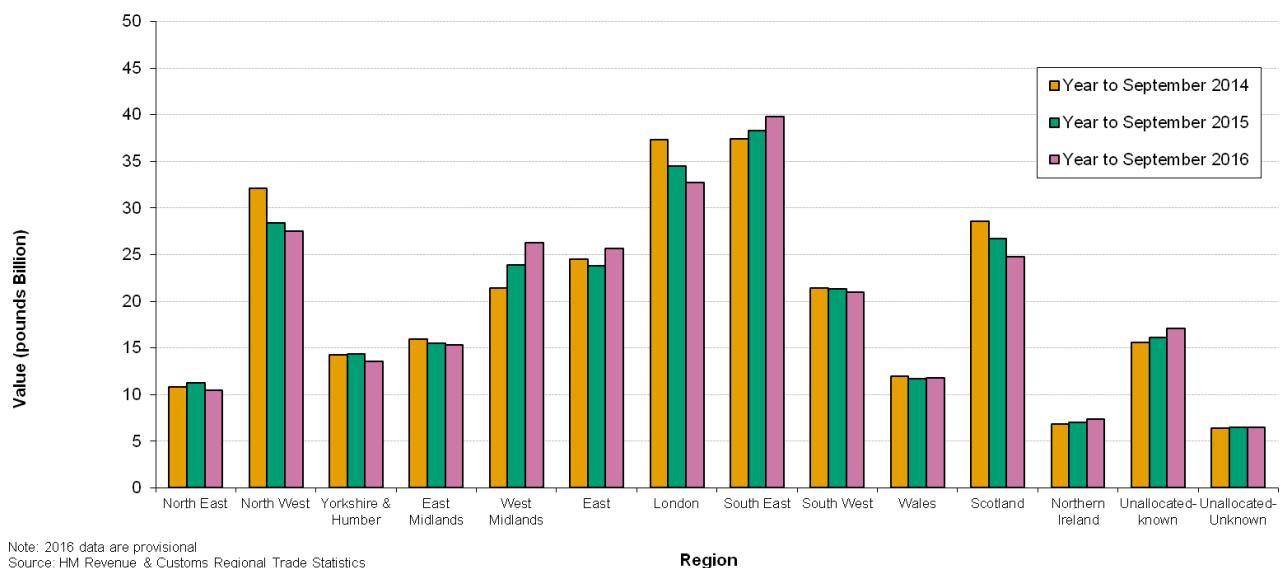


Figure 2 shows the total value of UK exports by region for the three annual periods ending September 2014, September 2015 and September 2016.

Comparing the annual period ending September 2016 with the annual period ending September 2015.

- Value of exports from Scotland decreased by 7.3 percent, but increased from England, Wales and Northern Ireland by 0.6 per cent, 0.3 per cent and 6.0 per cent respectively.
- Six of the nine English regions experienced decreases in the value of exports, the largest decrease percentagewise being the North East, by 7.1 per cent. Whilst the West Midlands, the East and the South East increased. The largest increase percentagewise was 10 per cent in West Midlands.

This can be seen in more detail in Table 1 in the accompanying tables.

Table 3 in the accompanying tables shows the total number of exporting businesses by region. The total number of UK businesses exporting increased by 3.4 per cent, between the quarters Q3 2015 and Q3 2016. According to both methods used for counting multi-branch companies, the number of businesses exporting rose across all UK countries and the nine English regions.

Overview – Imports

The total annual value of UK imports increased by 3.4 per cent to £411 billion in the year ending September 2016 compared to the same period the previous year.

Figure 3: UK Imports by Region, years to September 2014, 2015 and 2016

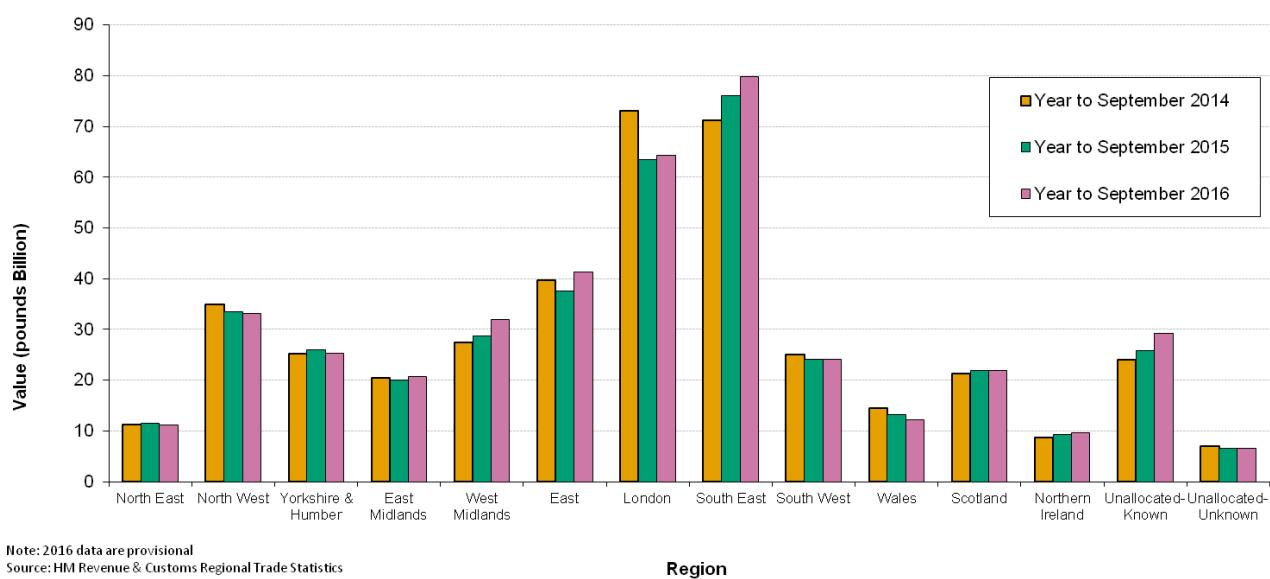


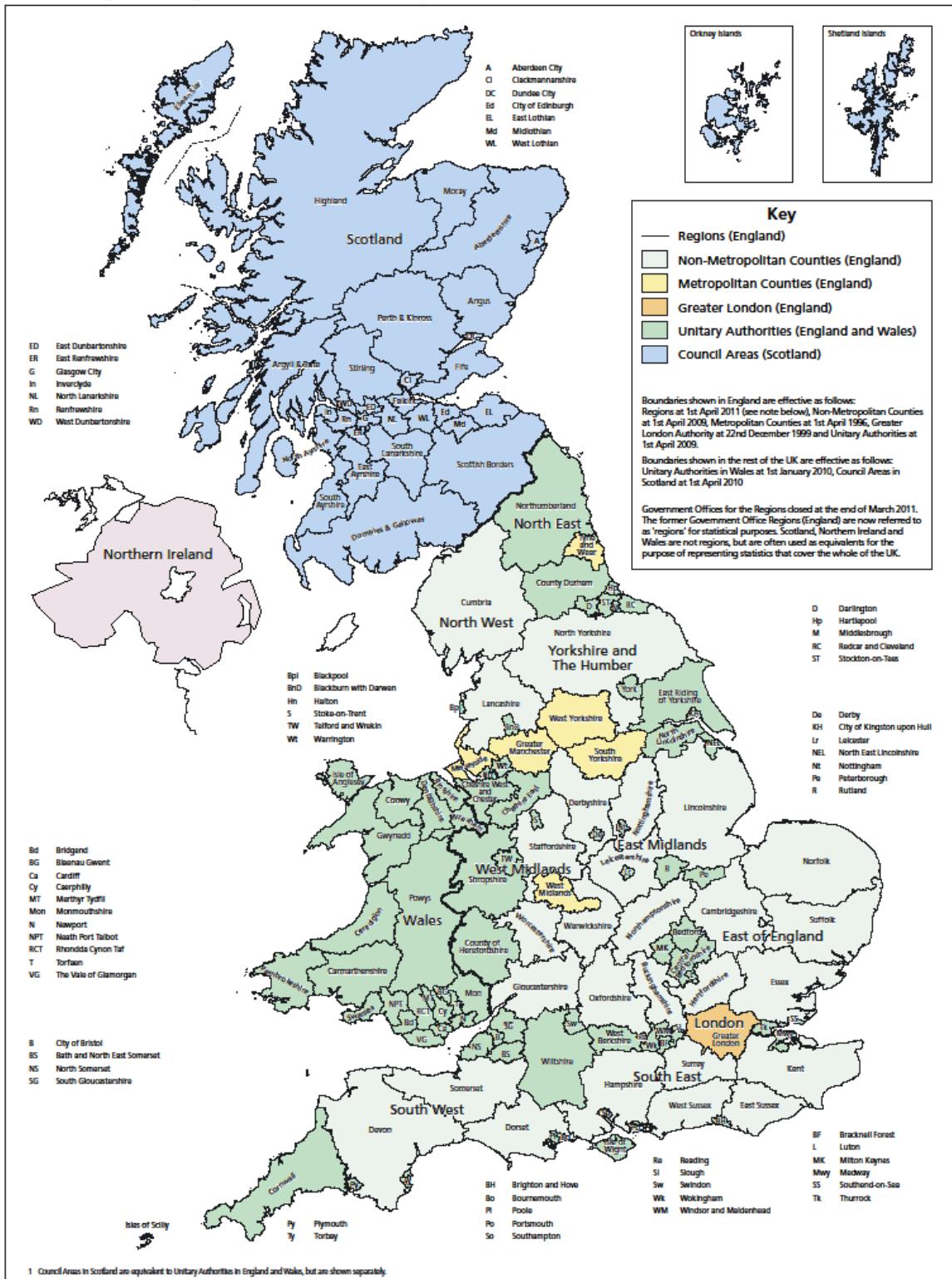
Figure 3 shows the total value of UK imports by region for the three annual periods ending September 2014, September 2015 and September 2016.

When comparing the annual period ending September 2016 with the annual period ending September 2015

- Imports into England, Scotland and Northern Ireland increased during this period by 3.3 per cent, 0.0 per cent and 4.3 per cent respectively. However, there was a decrease of 7.7 per cent in imports into Wales.
- Four English regions experienced a decrease; North East, North West and Yorkshire and the Humber; the largest decrease percentagewise being Yorkshire and the Humber by 2.6 per cent. All the others saw an increase; the largest increase percentagewise being the West Midlands by 11 per cent.

Table 4 in the accompanying tables shows the total number of businesses importing by region. When comparing 2016 Q3 with 2015 Q3, the total number of businesses importing into the UK increased by 3.5 per cent. According to both methods used for counting with multi-branch companies, the number of businesses importing rose across all UK countries and the nine English regions.

United Kingdom: Regions, Counties and Unitary Authorities,¹ 2011



Contains Ordnance Survey data © Crown copyright and database right 2015
Source of boundary for Northern Ireland: UNEP (2014);
UNEP Environmental Data Explorer, United Nations
Environment Programme. <http://geodata.grid.unep.ch>.

Explanatory Notes

Introduction

1. HM Revenue & Customs (HMRC) is responsible for collecting the UK's international trade in goods data, which are published as two National Statistics series - the 'Overseas Trade Statistics (OTS)' and the 'Regional Trade Statistics (RTS)'. The RTS is published quarterly showing trade at summary product and country level, split by UK regions and devolved administrations.
2. The latest statistics on Regional Trade were released on 06 December 2016 by HM Revenue & Customs under arrangements set out in the [Code of Practice for Official Statistics](#). This release includes the first provisional estimates of trade-in-goods for quarter 3 2016. At the same time revisions for all previously published regional data for 2016 are also being released.
3. Aggregated tables are produced to allow time series analysis; these tables are provided in a separate document released in conjunction with this release.

OTS

4. Trade in non-monetary gold (NMG) is now included in OTS data, however this trade will continue to be excluded from RTS data. This is because the majority of NMG trade would be assigned to the London region and this would distort the RTS figures. The following reconciliation table shows the differences at total trade level between OTS and RTS by quantifying the elements of OTS that are excluded from RTS:

Table A: RTS/OTS Reconciliation Table Quarter 3, 2016

	EU Exports £ millions	Non-EU Exports £ millions	EU Imports £ millions	Non-EU Imports £ millions
OTS total value	36,094.7	36,724.9	60,246.3	66,331.3
RTS total value	35,597.4	36,009.7	59,220.1	49,576.5
Allocated to a region	32,664.9	33,009.5	54,615.2	43,639.7
Unknown region	2,932.5	3,000.1	4,604.9	5,936.9
Late response estimates	474.9	-	623.5	
Non-monetary gold	22.4	715.20	402.6	16,754.7
RTS total plus exclusions	36,094.70	36,724.90	60,246.3	66,331.3

Note 1: There may be rounding differences between the total shown and the sum of its components.

Note 2: Late Response estimates are for EU trade only. This will reduce over time. They are excluded from RTS trade

Note 3: Non-Monetary Gold is excluded from RTS trade

Note 4: 2016 data is provisional and subject to update.

Source: Regional Trade Statistics and Overseas Trade Statistics, HM Revenue & Customs

5. The Overseas Trade Statistics (OTS) were published on a Special Trade basis from May 2016 account onwards as described on [uktradeinfo](#). This change has been

reflected in the RTS from this release (2016 Q2) onwards. All data in this release has been compiled on a Special Trade basis to allow comparisons across periods to be made.

6. Data is taken primarily from Customs systems (for non-EU trade) and the Intrastat survey (for EU trade). HMRC does not receive information in respect of goods that move wholly within the UK, nor in intangibles and services such as banking or tourism.

Methodology

7. Following an informal public consultation on Regional Trade Statistics (RTS), this 2016 Q3 release incorporates changes to the methodology and presentation that resulted from this consultation. The main changes are:
 - Allocating a business' trade to a region based on their proportion of employees in that region rather than where the location of the Head Office of the business is.
 - Dividing trade that cannot be allocated to a region into 'Known' and 'Unknown'.
 - For specific energy goods using data received by HMRC direct from interconnector and rig operators rather than the business doing the trade.
 - The number of businesses now includes all VAT Registered traders rather than just those who are required to make full declarations to HMRC for their EU trade.
 - Shorter commentary for publications relating to Quarters 1, 2 and 3; followed by fuller report for Quarter 4.

The following paragraphs describe the methodology in more detail.

8. RTS data is compiled by merging trade data collected by HMRC with employment data from the Interdepartmental Business Register (IDBR). A business' trade is allocated to a region based on the proportion of its employees employed in that region. Where a trader is not matched with the IDBR, its trade is matched with Office for National Statistics postcode data to obtain the region in which the Head Office of the VAT registered business (importer or exporter) is based.
9. Not all trade can be assigned to one of the 9 English Regions, Wales, Scotland and Northern Ireland. Where appropriate, this is referred to in the tables as the 'Unallocated Trade'. Unallocated Trade is split into:
 - i. 'Unallocated – Known': where we have virtually full details of the trade but it is not appropriate to allocate it to a region. This covers:
 - Trade going into or out of the Channel Islands or the Isle of Man;
 - Trade carried out by the UK Government;
 - Trade carried out by overseas based traders who have a VAT presence in the UK; and
 - Parcel post trade that is dealt with centrally (trade with non-EU countries only).
 - ii. 'Unallocated – Unknown': This includes:
 - Trade where business details submitted are invalid
 - Un-registered businesses (Non-EU only)
 - Private Individuals (non-EU only); and
 - Low Value Trade (non-EU only).

10. For specific energy goods only, trade is allocated to the region where the goods enter or leave the UK rather than the location / employment of the business doing the trade. This is because HMRC receives details of the trade in these goods directly from grid operators rather than the business. The goods concerned are Electrical energy, Natural Gas in a gaseous state and Crude Oil exported directly from offshore oil rigs. Crude Oil imported to the UK and exported from terminals is still allocated to the region of the business.
11. The business count is derived from trade declarations and is a count of all VAT Registered businesses importing and exporting.

Where businesses have branches in multiple regions, there are two ways of deriving the count:

- **Whole Number Method:** A business will be counted as one in every region they have employees. This represents the actual count of businesses in any region. However, it will mean the sum of the trader count for each region will be greater than that for the UK.
- **Proportion Method:** A business will be counted as a fraction in each region they trade based on the proportion of their employees in each region. An individual business counts as one business in the UK. The sum of businesses (whole and fractions) gives the total business count for a region.

We show results from both methods in the table 3 of the accompanying data tables

12. RTS data is categorised by partner country and [Standard International Trade Classification, Rev.4](#). (SITC) at division level (2-digit). The SITC is a relatively broad classification of goods and is not as detailed as the commodity classification available in the OTS. In this release RTS data is analysed at partner country and SITC section (1-digit) level, with references to SITC divisions where appropriate.
13. More information can be found in the RTS methodology document.
https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/User%20support/RTS_Methodology_Revision_2016.pdf

Governance

14. The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics. Designation can be broadly interpreted to mean that the statistics:
 - meet identified user needs;
 - are well explained and readily accessible;
 - are produced according to sound methods, and
 - are managed impartially and objectively in the public interest.
Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.
15. The Regional Trade in Goods figures undergo regular quality assurance reviews to ensure they meet customer needs. These reviews are published as a [Government Statistical Service Quality report](#).
16. The RTS has been reviewed as part of an assessment made of Overseas Trade Statistics by the [UK Statistics Authority](#). The report of that assessment can be found at <http://www.statisticsauthority.gov.uk/assessment/assessment-assessment-reports/assessment-report-93---uk-trade-in-goods.pdf>

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The OTS and RTS data series are published in HMRC's trade data website www.uktradeinfo.com. Detailed data is available within an [interactive database](#) and '[The Customer Story](#)' explains how users utilise it to analyse import and export markets.

Next release: 09 March 2017 at 9:30am

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