

Global Britain Briefing Note

No 111

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Exports of services: a British success story - *especially outside the EU*

Export growth faster in services than in goods

The ten-year period 2004 - 2014 straddled the global financial crisis which began in 2008. During those ten years UK exports of services grew **fifty-two per cent faster** - at 6.7% per year - than UK exports of goods.

In 2014, the value of UK services exports worldwide (£ 219.8 bn) was almost three-quarters of the value of UK goods exports worldwide (£ 295.4 bn):-

Type	Value in 2004	Value in 2014	Av. Annualised growth
Services	114.7	219.8	6.7%
Goods	191.6	295.4	4.4%

1 Annual average compounded over 10 years

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Export growth faster in services to Rest of World than to EU

In the ten-year period 2004 - 2014, British exports of services to the EU grew at a “respectable” average rate of 5.8% per year. (*Table 2*)

But British exports of services to the Rest of the World (“RoW”) grew 26% faster, at an average rate of 7.3% per year. (*Table 2*)

The value of British exports of services outside the EU was 70% greater than the value of British exports of services to the EU in 2014. (*Table 2*)

Table 2: Growth¹ in UK Services Exports: EU versus RoW: 2004 - 2014: £ bn			
Destination	Value in 2004	Value in 2014	Av. Annualised Growth
To Rest of World	68.2	138.5	7.3%
To EU	46.5	81.3	5.8%
To World	114.7	219.8	6.7%
<i>1 Annual average compounded over 10 years</i>			

Export growth in services fastest in “Insurance & Pension Services”

Table 3: Growth¹ in UK Services Exports by Category: 2004 - 2014: £ bn			
Category	Value in 2004	Value in 2014	Av. Annualised Growth
Financial	24.7	49.2	7.1%
Travel	15.6	28.3	6.1%
Transport	17.1	26.7	4.6%
Insurance & pension services	7.8	20.1	9.9%
Telecoms, computer & information services	7.9	16.3	7.5%
Other services	41.6	79.2	6.7%
Totals: World	114.7	219.8	6.7%
<i>1 Annual average compounded over 10 years</i>			

By category of services, the biggest by export value was **Financial** (*Table 3 above*), while the fastest growing, at an annual average of almost ten per cent, was **Insurance & Pension Services**.

“**Travel**” includes expenditure by non-residents on holidays and business trips in the UK. “**Transport**” includes the cost of shipments of cargo by air, sea and land.

Rate of growth in imports of services lower than rate of growth in exports of services

On the “Import” side (*Table 4 below*) expenditure by UK residents on overseas holidays is included in the “Travel” category.

Table 4: Growth¹ in UK Services Imports by Category: 2004 - 2014: £ bn			
Category	Value in 2004	Value in 2014	Av. Annualised Growth
Financial	5.6	10.0	6.0%
Travel	32.1	38.4	1.8%
Transport	18.3	19.4	0.6%
Insurance & pension services	4.0	1.4	negative
Telecoms, computer & information services	4.3	9.4	8.1%
Other services	23.7	52.0	8.2%
Totals: World	88.0	130.6	4.0%
<i>1 Annual average compounded over 10 years</i>			

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Table 5 below, listing the “balances” - the differences between the values of exports and imports - shows that in aggregate the UK services sector more than tripled its surplus with the rest of the world between 2004 and 2014, from £ 26.8 bn to £ 89.1 bn.

Only the “Travel” category still recorded a balance of payments deficit in 2014, of £ 10.1 bn, but significantly smaller than that recorded ten years earlier.

Table 5: Balances on UK Trade in Services by Category: 2004 - 2014: £ bn		
Category	Value in 2004	Value in 2014
Financial	+ 19.1	+ 39.2
Travel	(16.5)	(10.1)
Transport	(1.2)	+ 7.3
Insurance + pension services	+3.8	+18.7
Telecoms, computer & info services	+ 3.7	+6.9
Other services	+17.9	+27.2
Totals: World	+26.8	+89.1
<i>+ means UK surplus; () means UK deficit</i>		

Source: *The Pink Book 2015*, 30th October 2015, www.statistics.gov.uk > Economy > Balance of Payments > *The Pink Book 2015* > “*PinkBook2015detailedGeographicalData.pdf*” > Tables 3.1, 9.1, 9.2, 9.4 and 9.5. from which the statistical data summarised in this Briefing Note is extracted.

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