

## NIE working paper: NI Trade Data

### Summary

1. Trade within the UK remains the dominant element of commerce for NI - businesses sales to Great Britain (GB) are worth 1.5 times the value of all NI exports and nearly four times the value of exports to Ireland (IE). Notwithstanding the dominance of the GB market in value terms, there are deep-rooted relationships between the cross-border sale of raw materials and components within integrated supply chains and the sale of finished products to GB, that mean that both North-South and East-West trade are vital to NI's economy. These interdependencies are currently being researched further.
2. Ireland is a significant export market for Northern Ireland (NI) businesses. It is particularly important for businesses located close to the border and just over half the businesses trading with IE are microbusinesses. The extent of the integration of the agri-food industry across the land border means it is also sensitive to change, with the dairy, sheep, fish, food and drink sub-sectors amongst the most exposed. A diverse range of manufacturing sub sectors are also likely to be the next most heavily impacted.

### Detail

3. This note provides an overview of Northern Ireland's trade with IE, and places this economic activity within the wider context of trade between the UK and IE and trade within the UK. Understanding the characteristics of businesses engaging in these trade flows and their contribution to the NI economy will be essential during the Article 50 negotiations. The extent of non-business to business trade, e.g. cross border tourism, is also a key issue and is addressed within this note.
4. This paper does not address the wider social and cultural context of the land border, which undoubtedly impacts on the economic relationship between NI and IE. In addition, the paper's findings reflect our interpretation of current data. Updated analysis will be required when the significant analytical workstream being taken forward by NIE provides further insights.

### UK trade data

5. HMRC data indicates that the UK had an overall trade surplus with IE of £7bn (£25.7bn or 5% of UK exports, £18.7bn or 3% of UK imports<sup>1</sup>) in 2015. The majority of UK exports to IE were trade in goods worth some £16.7bn<sup>2</sup>, of which £2.2bn (13%) were from Northern Ireland and £1.7bn (10%) from Scotland. UK imports of goods from IE were worth £12.5bn, of which NI imports were worth £2.7bn (21%).

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<sup>1</sup> <http://visual.ons.gov.uk/uk-trade-partners/> 2015 is the reference year as this is the most recent year for the NISRA survey source and Balance of Payments annual geographical tables  
<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/adhocs/006656balanceofpaymentsannualgeographicaldatatables>

<sup>2</sup> HMRC Regional Trade Statistics <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Home.aspx>

## NI trade data sources

6. It is possible to disaggregate UK trade data; however, HMRC estimates only cover trade in goods and sub national estimates such as those for NI involve some modelling<sup>3</sup>. It is therefore also useful to draw on complementary sources of information such as the NISRA survey of NI businesses (the Broad Economy Sales and Exports Survey (BESES)) which covers exports and imports of goods and services, and trade with GB. Similarly DAERA holds detailed records of NI to IE agriculture related trade which helps complete the picture.
7. HMRC sources will therefore be used where equivalence is required between UK national or sub national trade (including NI trade with IE) involving product lines. NISRA and DAERA sources will be used to provide consistent estimates of trade in both goods and services between NI & IE and NI & GB for local businesses. Input-Output Tables<sup>4</sup> will be used to assess the value of such trade to the wider NI economy, integrating HMRC, NISRA, DAERA and ONS sources. A more complete discussion of the relative strengths of the available data sources for answering differing questions can be found in the Annex D.

## Value of IE trade to the NI economy and trade flows

8. NISRA's Supply Use Tables<sup>5</sup> showed that NI had a trade surplus of £1.4bn with the RoI. However, there are discrepancies between the NISRA / HMRC and CSO estimates on the level and direction of the NI/RoI trade balance in goods. While this represents the most complete picture currently available, further work is being undertaken to provide a more definitive estimate (expected to be ready in September – see Annex D on data issues).
9. Sales to IE were equivalent to 11% of GVA and sales to GB were valued at 28% of GVA<sup>6</sup>. Both measures illustrate that although trade with GB predominates, NI's trade with IE contributes significant value to the local economy.
10. Although a completely balanced set of Supply Use Tables for 2016 is not available, a complete picture of NI exports and a partial picture of NI imports (businesses' trade in goods and services) is available for 2015. This provides further detail on the nature and characteristics of NI exports and imports and the value of cross border trade to local businesses.

### External Sales

11. The total value of NI exports for 2015 was estimated at £10bn<sup>5</sup> (£7.8bn goods and c. £2.2bn services). GB remains the dominant market for NI businesses and exceeds the value of exports. In 2015 sales to GB were estimated to be worth £14.6bn (£10.8bn goods and £3.9bn services). GB therefore represents 1.5 times

<sup>3</sup> Businesses with multiple sites across the UK are not required to specify the UK countries or regions from which trade originates when completing customs declarations. This information is instead modelled by HMRC using employment shares across sites.

<sup>4</sup> <https://www.nisra.gov.uk/statistics/economy/economic-accounts-project>

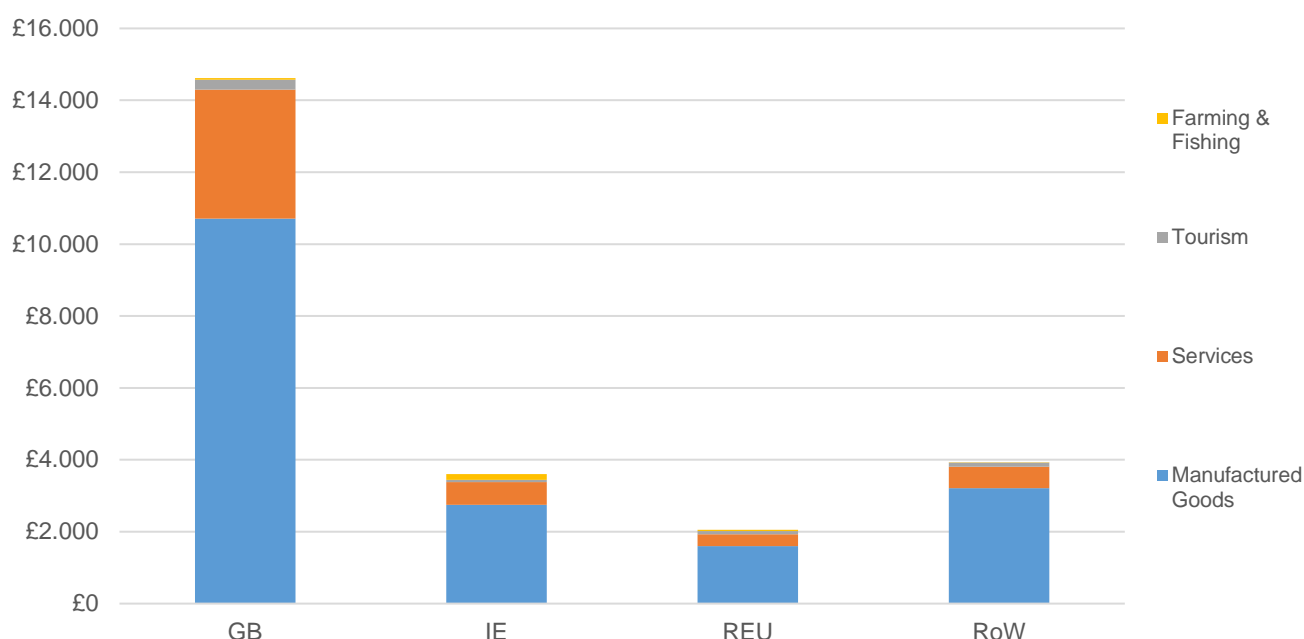
<sup>5</sup> Due to be published shortly for 2013

<sup>6</sup> Note this does not mean such sales contributed this amount to GVA as it does not adjust exports for the cost of purchases (intermediate consumption).

the value of all NI exports. A breakdown of the value of external sales by broad destination and type of activity can be seen below (Figure 1 and Table 1).

12. IE is the largest export market for NI goods and services. The total value of trade was £3.6 billion in 2015, accounting for 36% of the total value of NI's exports. However, sales to GB are worth four times more than sales to IE. Similarly, exports to IE (£3.6bn) represented some 5% of the total value of sales by NI businesses (including farm businesses) in 2015 (£72.5bn), whereas sales to GB (£14.6bn) accounted for 20% of overall sales (see Annex A for details).

**Figure 1: Value of NI external sales (£millions)**



**Table 1: Value of NI external sales (£millions)<sup>7</sup> by broad destination and type**

	GB	IE	REU	RoW
<b>Farming &amp; Fishing</b>	£50	£169	£38	£0
<b>Manufactured Goods</b>	£10,711	£2,749	£1,599	£3,211
<b>Services</b>	£3,585	£628	£327	£592
<b>Tourism</b>	£274	£61	£93	£117
<b>Total</b>	<b>£14,620</b>	<b>£3,607</b>	<b>£2,057</b>	<b>£3,920</b>

13. There were an estimated 8,400 NI businesses involved in export activity in 2015, the majority of which (88%) were involved in exporting to IE<sup>8</sup>. For over two thirds of these businesses IE is the only export market to which they sell.

<sup>7</sup> Sourced from published NISRA / DAERA / ONS sources – see Annex A for details

<sup>8</sup> [Broad Economy Sales and Exports Statistics 2015](#), NISRA

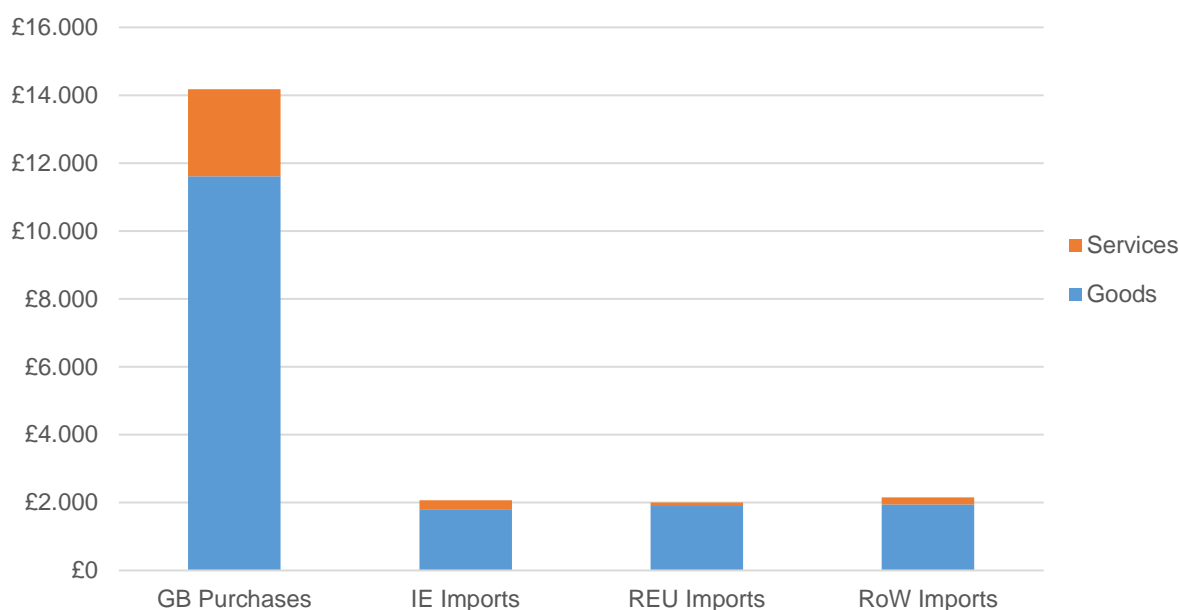
14. An InterTradeIreland report<sup>9</sup> of 2013 on exporting SMEs on the island of Ireland found that cross-border trade represents the first market outside of their domestic market for the vast majority (73%) of NI businesses that commenced exporting within the last 10 years, and that for these exporters the cross-border market is viewed as a natural extension of the domestic NI market. Many respondents to InterTradeIreland reported that NI and IE were much closer in terms of preference and behaviour than the GB market.

Imports

15. A complete picture of NI imports is not yet available for 2015. However, NISRA's Broad Economy Sales and Exports Survey (BESES) estimate the total value of goods imported by NI businesses from outside the UK at £5.6bn in 2015, with a further £11.6bn in goods purchased from GB<sup>10</sup>. Import of services is estimated at £0.6bn, with IE being the largest import partner (£0.3bn).

16. The chart and table below provide a breakdown of the value of imports and purchases from outside NI.

**Figure 2: Value of NI external purchases and imports (£millions)**



<sup>9</sup> <http://www.intertradeireland.com/researchandpublications/publications/publications/name-18615-en.php>

<sup>10</sup> Due to be published in August 2017

**Table 2: Value of NI external purchases and imports (£millions) by type and source.**

	<b>Total</b>	<b>Goods</b>	<b>Services</b>
<b>GB Purchases</b>	£14,174	£11,612	£2,562
<b>IE Imports</b>	£2,072	£1,786	£286
<b>REU Imports</b>	£2,001	£1,900	£101
<b>ROW Imports</b>	£2,156	£1,950	£207
<b>Total</b>	<b>£20,404</b>	<b>£17,247</b>	<b>£3,156</b>

17. The total value of goods and services imported into NI from outside the UK amounted to £6.2bn in 2015 (£5.6bn in goods, £0.6bn in services), with IE being the largest import partner (£2.1bn, of which £1.8bn were goods). This estimate is sourced from NISRA's survey of businesses (BESES) and excludes imports for farming, fishing, tourism and financial services purposes. However, it illustrates (see also Table 1) that from a business perspective NI is a net exporter to IE (£2.75bn exports vs £2.1bn imports); a net importer from the Rest of the EU (£1.6bn exports vs £2.0bn imports) and a net exporter to the Rest of the World (£3.2bn exports vs £2.2bn imports).

### Trade in goods

18. The movement of goods is more likely to be impacted by operational controls at the border, so is the immediate focus of this paper. The below text and supporting tables (Annex C) provide a breakdown of HMRC's Regional Trade Statistics<sup>11</sup> (RTS). NISRA's ongoing work with HMRC and ONS to analyse the granular RTS data will help to provide a more detailed assessment of cross border trade.

### Exports

19. HMRC's Regional Trade Survey estimate £2.2 billion goods exported from NI to IE in 2015 (see Annex C Table 1). The main points are:

- The largest export sector is 'Food and Live Animals' – 33% (£732m) of total exports to IE during 2015. Within this the dominant SITC2 sections were 'Dairy Products and Birds' Eggs' and 'Meat and Meat Preparations' which together accounted for over half (51% or £373m) of Food and Live Animals exports to IE (note: DAERA statistics suggest HMRC figures underestimate 'food and live animal' exports).
- The second sector was 'Manufactured Good Classified Chiefly by Material' which was worth 16.9% (£374m) of exports to IE during 2015. The dominant sections was 'Manufactures of Metal' (25% or £93m) and 'Non-metallic Mineral Manufactures' (21% or £77m).
- 'Miscellaneous Manufactured Articles' accounted for 16% (£352m) of exports to IE in 2015. This was predominantly made up from 'Miscellaneous

<sup>11</sup> <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Table.aspx>

Manufactured Articles' (40% or £141m); 'Articles of Apparel and Clothing Accessories' (24% or £86m) and 'Furniture and Parts Thereof; bedding; Mattresses etc.' (20% or £71m). Combined these three sections made up 85% of Miscellaneous Manufactured Articles.

- Following this 'Machinery and Transport Equipment' was worth 13% (£295m) of exports to IE. Of this 'Road Vehicles (including air cushion vehicles)' was worth 40% (£118m) followed by 'Machinery Specialized for Particular Industries' (25 % or £74m).
- Combined, the four sectors above make up £1.8 billion (79%) of all exports from NI to IE in 2015.

**Estimates of value of NI Agri-food exports in 2015 by source\***

Source	Live animal exports	Other agriculture and fishing exports	Food processing exports to Non-EU	Food processing exports to EU	Total Agri-Food exports
DAERA	£63m	£144m	£119m	£894m	£1,220m
HMRC RTS	£17m	-	£109m	£810m	£936m

\* All figures in Table 1 exclude farm animal feedstuffs, pet food, drinks, beverages, cut flowers, amenity plants (hardy nursery stock), animal hides and skins, non-edible (animal and vegetable) by-products, peat as a growing medium, forestry, timber (ex forest and processed) and tobacco.

The DAERA figures for live animal exports are taken from administrative data sources that track the movements of all live agricultural animals. DAERA also collects detailed price information on animal values and this allows very robust estimates of the value of live animal exports. Given that almost all NI farms are technically small businesses it is unlikely that many of these businesses are required to make Intrastat returns to HMRC, which will make it difficult for HMRC to allocate this type of trade in full. The same problem will exist for raw milk sold by NI farms to milk processors in IE (note there is no VAT charged on raw milk and live agricultural animal sales). Other agricultural and fishing exports includes raw milk exports. Other sources of information on NI exports such as BESES are not going to pick up exports by NI farmers because farmers are not included in the survey.

For these reasons, DAERA believes the statistics that it can provide on exports at farm and processing level are to be preferred over other available sources.

Imports

20. HMRC's Regional Trade Survey also estimates £2.7bn goods imported to NI to IE in 2015 (see Annex C Table 2) Of this £2.7bn:

- The dominant sector was 'Machinery and Transport Equipment' with a value of £918m, which is 34% of total import value with 'Telecomms and Sound Recording and Reproducing App. And Equipment' worth 75% (£691m).

- 'Food and Live Animals' was worth £796m (30%) of total imports and of this £292m (37%) was from 'Meat and Meat Preparations; followed by 'Cereal and Cereal Preparations' (£143m or 18%) and 'Dairy Products and Birds' Eggs' (£114m or 14%). Note: DAERA statistics suggest HMRC figures underestimate 'food and live animal' exports.
- 'Manufactured Goods Classified Chiefly by Material' was worth £272m (10.2%) of total imports from IE, with £99m (36%) from 'Non-metallic Mineral Manufactures' and £54m (20%) from 'Manufactures of Metal'.
- These three sectors accounted for £2.0 billion (74%) of the total imports from IE to NI during 2015.

### Agri-food

21. The integration of the agri-food industry on the island of Ireland means it is a key focus of NI trade flows. Exports account for 27% of NI food and drink processing sales, and IE is the destination for 53% of export sales from the sector. For a number of food processing sectors the reliance on exports is above average, i.e. dairy processing (42% of sales are exports), sheep processing (37%), fish processing (39%) and drinks manufacturing (44%) (see Annex B for more detail). In addition, 27% of the milk produced on NI farms is processed in IE while 42% of sheep/lambs are processed in IE. Given that large percentages of the products derived from raw milk and sheep/lambs processed in NI are exported it is clear that a very significant percentage of raw milk and sheep/lambs produced by NI farmers is sold in live, raw or processed form to destinations outside the UK

### **Volume of cross border trade**

22. There are significant volumes of people and goods crossing the border on a daily basis. Traffic count data from 15 key NI IE border crossing points give an average figure of 118,000 daily (24 hour) vehicle crossings between Northern Ireland and ROI. This is a minimum figure with actual crossings likely to be much higher due to the level of cover compared to total crossings. It equates to approximately 43 million annual cross border vehicle trips. The Northern Ireland transport model has been used to estimate additional origin and destination information and analysis on cross border movements between NI and IE. The model routes all cross border trips via 42 crossing points (even though there are many more minor crossing points which vehicles may actually use). It estimated that on average there were 186,000 car and light good vehicle crossings each 12-hour period and an average of 17,000 Heavy/ Medium Goods Vehicle Crossings over the same period. Further detail and analysis on the volume of cross border traffic will be provided in a separate NI paper on the movement of people.

### Road freight

23. Analysis of DfT data on freight movements via HGVs indicates that in 2015 there were 0.4 million laden journeys and 6.4 million tonnes of freight carried across the

border. This represents 10% of goods lifted in total by NI registered HGVs. This is broken down as follows:

- In 2015, 3.9 million tonnes of goods were carried across the border by IE-registered HGVs. This represented 3% of tonnes lifted by IE-registered HGVs in that year.
- Half of all border crossings by NI-registered HGVs are at the Newry-Dundalk corridor, with the rest predominantly on the southern part of the border along main roads into the IE borderlands and Dublin.
- 70% of cross border journeys start and/or end in the areas of NI closest to the border - South and East, again areas predominantly near Newry and Dundalk, or Aughnacloy, Middletown, and Monaghan. This tells us that most trade is being moved up and down the artery of the M1/A1 and some border branch roads. It should be noted however that there are around some 300 border crossing points.
- Almost three-quarters (72%) of journeys start and/or end in the IE border counties or in Dublin.

24. DfT also provided detailed breakdowns of the volumes of freight data moving between IE, GB and NI. Among the key findings were:

- Road freight crossing from NI to GB almost doubled between 2013 (795,000 tonnes) and 2015 (1.4m). Agricultural freight was fairly stable in this period, but there was a significant increase in the transporting of live animals. Transportation of food products was the biggest driver of the overall increase, with meat, dairy, grain and tobacco all increasing significantly. (DAERA figures indicate that live sheep movements to GB increased by 70% during this period).
- Overall volumes of freight transported from GB to NI (3.2m tonnes) were slightly below NI to GB flows (3.3m) in the three-year period between 2013 and 2015. GB to NI freight also doubled from 2013 to 2015, with significant rises in transport equipment and food products (notably meat, processed fruit and vegetables, grain and tobacco). Food products saw the largest overall volumes of freight transported between GB and NI in both directions in this timeframe.
- Significantly more freight was transported from NI-IE (14.2m tonnes) in the three-year period than the other way around (8.6m). However, freight volumes going into IE fell slightly between 2013 and 2015 while volumes the other way rose slightly. Food products again saw the most significant volumes of trade going over the border in both directions, though there was also significant trade in mining, agricultural products and 'glass, cement and other non-metallic mineral products.' Food product flows did fall in both directions between 2013 and 2015, but there were significant increases in glass and wood freight crossing from IE to NI. DAERA estimates that 607 million litres of raw milk was exported (625k tonnes) from NI to IE in 2015,



which equates to an estimated 30,350 tanker journeys. Therefore approximately 80 tankers take raw milk across the border every day. This does not take into account the movement of semi-processed milk and milk products.

- 2.3m tonnes of freight were transported from GB to IE in the three year period between 2013 and 2015, almost 1m less than the total freight going from GB to NI. The most significant volumes of trade were in 'glass, cement and other non-metallic mineral products.' Data on freight flows between IE and GB are not currently available.

### Ports

25. The majority of trade between NI and GB is through the Ports, with a small volume of trade (30,940 tonnes) handled through Belfast International and Belfast City Airport in 2015. Of the 24.8 million tonnes of freight handled by NI ports during 2015, Belfast port handled 16.7 million tonnes (67%).
26. While data is limited, overall Belfast Port has estimated that approximately 15-20% of its traffic either emanates from or is destined to IE. For some trades the percentage will be lower e.g. timber, fertiliser etc. and for others much more e.g. in excess of 60% of newsprint and packaging trades and 40% of steel imports through Belfast is destined for IE marketplace (as far south as Cork and Limerick).
27. The volume of trade through Northern Ireland ports destined to IE is likely to be higher given that major retailers service the island through distribution centres located in Northern Ireland and supplied through NI ports, principally Belfast.
28. Of the 33.6 million tonnes received by IE ports, a third (11.2 million tonnes) of goods received were from GB & NI. Of the 17.0 million tonnes forwarded by ports in IE, half (8.6 million tonnes) were to GB & NI.

### **Business characteristics**

29. Looking exclusively at the aggregate value and volume of trade only gives part of the picture. Due to the profile of the NI economy – 97% of businesses employ less than 50 people – we must understand trade flows amongst small businesses that may struggle to absorb additional administrative or fiscal costs resulting from new border controls.

### Size of businesses

30. Micro-businesses account for a disproportionate share of the total number of businesses exporting to IE. Although only 9% of micro-businesses (0-9 employees) in NI export to IE they account for over half (51%) the number of business trading across the land border. In contrast, 29% of small businesses export to IE and they represented 42% of traders; 33% of medium sized businesses export to IE and they accounted for 5% of IE exporters, and 39% of large businesses export to IE which represents 1% of the total number businesses selling into the IE market.

**Table 3: Number of NI businesses exporting to IE by size and nature of exports**

Type of export sales to IE (count)	0-9	10-49	50-249	250+	Total
IE exporter of goods only	2,024	1,954	250	53	4,280
IE exporter of services only	1,424	767	113	29	2,332
IE exporter of both goods and services	353	356	59	14	782
No exports to IE	34,998	7,209	838	149	43,194
<b>Total</b>	<b>38,799</b>	<b>10,285</b>	<b>1,260</b>	<b>245</b>	<b>50,589</b>

31. Despite being the largest size band (c. 3,800 businesses) the value of micro-businesses' trade only accounted for 14% of the value of IE sales. Other small businesses represented 33% of the value of trade, medium sized businesses accounted for 34% of the value, and large businesses had 19% of export value to IE.

**Table 4: Value of exports to IE by size of business and nature of exports**

Type of exports sales to IE (£millions)	0-9	10-49	50-249	250+	Total
IE exporter of goods only	334	762	877	425	2,399
IE exporter of services only	100	171	179	78	527
IE exporter of both goods and services	45	191	84	131	451
No exports to IE	-	-	-	-	-
<b>Total</b>	<b>479</b>	<b>1,125</b>	<b>1,140</b>	<b>633</b>	<b>3,377</b>

32. The value of sales to GB across business sizes is less balanced, with a small number of large businesses accounting for 60% of sales. Despite a similar number of large businesses trading into both IE and GB markets, sales by this size band to GB is more than 10 times the value of sales to IE. The data also shows the value of micro, small and medium sized businesses to IE is also lower than sales to GB.

**Table 5: Number of NI businesses selling to GB by size and nature of sales**

Type of sales to GB (count)	0-9	10-49	50-249	250+	Total
GB sales of goods only	1,082	1,341	206	47	2,677
GB sales of services only	2,254	857	133	27	3,271
GB sales of both goods and services	360	262	58	18	697
No sales to GB	35,104	7,826	863	153	43,945
<b>Total</b>	<b>38,799</b>	<b>10,285</b>	<b>1,260</b>	<b>245</b>	<b>50,589</b>

33. Around 1,700 more businesses are involved in selling goods to IE (5,100) than to GB (3,400). The higher number of businesses trading with IE is reflected across all business sizes, but is particularly salient in the comparison of micro-businesses: around 800 more micro-businesses trade goods with IE than GB.

**Table 6: Value of sales to GB by size of business and nature of sales**

Type of sales to GB (£millions)	0-9	10-49	50-249	250+	Total
GB sales of goods only	324	1,014	1,345	6,811	9,495
GB sales of services only	300	820	759	890	2,769
GB sales of both goods and services	187	215	423	760	1,585
No sales to GB	-	-	-	-	-
<b>Total</b>	<b>811</b>	<b>2,050</b>	<b>2,527</b>	<b>8,461</b>	<b>13,848</b>

34. Collectively these findings suggest that economic activity across the land border is more likely to be from micro and small businesses involved in low-value trade, but more product level and business characteristics analysis is required to complete this picture.

#### Location

35. Preliminary analysis indicates there may be a greater propensity to export for those businesses with employees in District Councils closest to the border. Table 5 shows that those businesses with a larger share of exports relative to their share of employment are likely to share a border with IE. The exception is Fermanagh and Omagh, which has a relatively low value of export activity, though the picture may differ when the value of farm sales is included.
36. Further work is required establish this relationship as the export value relates to both goods and services, covers all destinations and is assigned to the headquarter location of the business whereas the employment refers to local sites across District Councils.

Table 7: Export share as % of employment share, by District Council

District Council	Share of total exports (HQ)	Share of Employment (Local)	Export Share as % of Employment Share
Antrim & Newtownabbey	8%	9%	90%
Ards & North Down	3%	5%	51%
Armagh City, Banbridge & Craigavon	12%	10%	122%
Belfast	23%	28%	83%
Causeway Coast & Glens	3%	6%	54%
Derry City & Strabane	8%	7%	107%
Fermanagh & Omagh	3%	5%	60%
Lisburn & Castlereagh	5%	7%	69%
Mid & East Antrim	5%	7%	68%
Mid Ulster	12%	8%	148%
Newry, Mourne & Down	9%	8%	118%
Unassigned	10%	0%	-

### Ownership

37. The proportion of NI owned businesses exporting to IE (80%) reflects the balance of NI businesses involved in all export sales (78%). However, while businesses owned outside the UK are smaller in number they drive a large proportion of NI exports, whereas NI owned businesses account for a larger share of the value of exports exclusively to IE:

- Of the £9.1bn exports in 2015, £3.8b (42%) were by businesses owned outside the UK, £3.3b (36%) were by NI owned businesses and £460 million (5%) by GB owned businesses. Businesses whose owner location was not known had exports worth £1.6b (17%).
- Of the £3.4b exports from NI to IE in 2015, £1.9b (55%) were by NI owned businesses, £602m (18%) were by businesses owned outside the UK, £253m (7%) were by GB owned businesses. Businesses whose owner location was not known had exports to IE worth £652m (19%).

38. This suggests that the large number of NI owned businesses are exporting at low levels of trade in the aggregate picture. However, for trade with IE, NI owned businesses are driving the value of exports.

### **Cross border supply chains**

39. The Department for Economy has commissioned the Northern Ireland Statistics and Research Agency to develop, issue and analyse a Business Survey aiming to generate greater insight into Cross Border trade and the potential supply chains inherent in that trade. The survey was issued mid-July to all businesses who had indicated that they export/import to/from IE in the 2015 Annual Business Inquiry. The survey gathers information on what businesses export/import to/from IE; the number, nature, transport method and value of export/import trips; along with information on the occupational profile of the businesses.

40. There is some existing evidence on the cross border nature of the NI agri-food sector. Farming and processing of dairy is an apt example of the integration of supply chains across the land border:

- Around 27% of milk produced by NI farmers in 2015 was processed in IE. Many of IE firms that purchased this raw milk also own plants based in NI. It is estimated that these firms processed a further 20% of the raw milk produced by NI farmers in their NI based plants during 2015.
- An estimated 5% of the milk processed in NI in 2015 was imported from IE. This includes both unprocessed (raw) milk and semi-processed (e.g. skimmed) milk (for further processing).
- Since 2015 there has been further rationalisation of the dairy processing capacity within NI with additional NI firms being taken over by IE firms, therefore more than 50% of milk produced in NI is processed by firms with IE ownership in plants located in either NI or IE.
- Firms in the dairy industry sell raw and semi-processed milk to each other, both within NI and across the NI/IE border. Firms also transfer material between their own plants on both sides of the border.

41. In addition, 42% of sheep and lambs produced by NI farmers is processed in IE, while 34% of the pigs processed in NI are purchased from IE farmers.

### **Tariff and non-tariff barriers**

42. Recent research published by InterTradeIreland (and undertaken by ESRI) examined the potential impact of WTO tariffs on cross border trade.<sup>12</sup> The research shows that the picture would not be uniform across industry with some sectors impacted more than others dependant on the levels of tariffs and non-tariff barriers that might apply. The analysis indicates that the highest tariffs would be mainly faced by the food, clothes and tobacco sectors in a no deal scenario. Although a substantial fraction of products would face no tariff, the small percentage (2%) of products that would incur tariffs of over 35% in a WTO scenario account for 19% of exports from NI to IE trade. When the bracket is widened to tariffs over 15% the proportion of trade impacted increases to 33%.

43. Depending on the combination of tariffs, non-tariff barriers and a 10% fall in the exchange rate the research estimates that NI-IE cross border trade could be reduced by 11% to 19%, and IE-NI trade could be reduced by 8% to 21%. The main driver of the fall in trade comes from the effect of tariffs and estimated non-tariff barriers on the food sectors. The dairy sector is found to be particularly exposed; milk and cream accounts for half of the estimated reduction in NI to IE trade. As Irish cross-border trade has considerable agri-food content, higher tariffs would apply in a WTO scenario on Northern Irish trade compared to estimates for the UK as a whole.

<sup>12</sup> <http://www.intertradeireland.com/researchandpublications/publications/publications/name-43052-en.php>

44. The dairy processing sector's net profit as a percentage of sales in 2015 was 1%<sup>13</sup>. On this evidence, even low tariffs and non-tariff barriers would create financial difficulties for the sector (though the burden would mostly likely be spread along the supply chain). Beef and sheep meat processors' net profit as a percentage of sales is likewise narrow, at 3% in 2015.
45. NISRA is also undertaking sensitivity analysis of the effects various tariff scenarios might have on trade with IE using GVA multipliers derived from the Input Output Tables. The work is currently in draft format and results will be shared once finalised. ONS are also working on developing their Supply Use and Input Output tables to distinguish trade with IE from the rest of the EU. The aim being to be able to undertake sensitivity analysis on the effects of different trade scenarios between the UK and IE.

### **Non-business to business**

46. Non-business to business trade flows are generally considered to be composed of tourism, cross border shopping and e-commerce.
47. Tourism is fundamental to the NI and IE economies with the industry supporting 263,000 jobs across the island of Ireland<sup>14</sup>. Outside the UK and Ireland, NI and IE are largely marketed as a single geographical tourist destination. NISRA<sup>15</sup> estimate there were 2.6m external overnight trips to NI in 2016: 2.1m from GB and overseas and 0.5m from Ireland. In total, visitors spent a combined 11.4m nights in NI and £614m during their stays over the same period.
48. Cross border shopping has been a long standing feature of the retail trade on both sides of the NI-IE border. Historically there are a range of reasons for such shopping including the availability and variety of shops, favourable exchange rates and general convenience given that for some people the shops closest to them on the other side of the border.
49. InterTradeIreland<sup>16</sup> figures record that IE-registered cars account for, on average, 47% of the occupancy of car parks for selected cross border NI shopping centres between Q3 2008 and Q1 2017. In the 12 months to Q2 2010, the Irish CSO<sup>17</sup> estimated that total household expenditure on shopping in NI was €418 million. This was £72.2 million in GVA terms, which was c. 2% of GVA for the wholesale/retail sector.
50. Currently, no data is available on the prolificacy of cross border e-commerce sales and information relating to this is difficult to quantify as the purchaser may be unaware of location of the wholesaler. The CSO Household Budget Survey and UK E-Commerce survey may be able to provide more detail going forward

<sup>13</sup> <https://www.daera-ni.gov.uk/publications/size-and-performance-ni-food-and-drinks-processing-sector>

<sup>14</sup> <https://publications.parliament.uk/pa/ld201617/ldselect/ldcom/76/7602.htm>

<sup>15</sup> <https://www.nisra.gov.uk/publications/external-overnight-trips-northern-ireland-publications>

<sup>16</sup> Survey of Border Shopping Centre Carparks, *InterTradeIreland*

<sup>17</sup> [Quarterly National Household Survey, Q2 2010, CSO](#)

## Trade in services

51. The services sector makes a significant contribution to the NI economy, accounting for three quarters of GVA and over 80% of employment in 2015. The services sector is also growing in importance: over the last five years the sector generally has increased by almost 6% and contributed over 33,000 jobs to the NI economy, by far the largest of any sector. External sales make up a significant part of this picture.
52. In 2015, 6,920 businesses in NI were involved in external sales of services, 95% of which employ less than 50 people or less. Businesses selling services outside of NI account for employment figures of around 119,000 and GVA of £4.3bn for the NI economy.
53. The primary market for NI services is GB, which accounted for 66% (£3.1bn) of sales in 2015. A further £1bn of external sales was recorded in IE (£630m) and the EU26 (£377m). Rest of the World (RoW) sales amounted to £593m in the same period.
54. While the dominance of the GB market initially suggests that services sales may avoid disruption, we need to determine the extent to which sales to GB are dependent on GB companies' ability to trade freely within the EU single market.
55. There is also extensive public service trade between NI and IE. Many public services, particularly in health and education are also provided across the border.

## IE to GB trade

56. The significance of IE trade with GB will only be known when more detail is gathered on cross border supply chains. In particular, there is a need to better understand the extent to which IE's sales to GB are supported by cross border economic activity, and NI's exposure to the cost of trade frictions being passed through these supply chains.
57. At this stage, the data shows that the UK and IE are closely tied together in macroeconomic terms. IE plays a greater role in the UK economy than the size of its economy would ordinarily lead it to. However, the relative importance of the UK in IE's foreign trade has steadily eroded in recent decades: in 1972 60% of Irish exports went to the UK, the equivalent figure for 2016 is c.13% (CSO trade stats). This decline is not because UK trade with IE has declined in absolute terms; rather, IE's trade with rEU and RoW has expanded by several orders of magnitude since the 1980s. Today the UK is IE's second largest trading partner behind the US.

## Northern Ireland Executive [officials]

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## Annex A: Total value of NI sales and exports, 2015 (£millions) by broad industry sector and destination

Type of Sales / Exports Activity	Broad destination						
	Total sales	NI	GB	Exports	Rol	REU	RoW
<b>Farming &amp; Fishing</b>	<b>£1,329</b>	<b>£1,072</b>	<b>£50</b>	<b>£207</b>	<b>£169</b>	<b>£38</b>	<b>£0</b>
Live Animals	£829	£717	£50	£63	£44	£19	-
Unprocessed Milk	£480	£356	-	£125	£125	-	-
Live and Unprocessed Fish <sup>a</sup>	£20	-	-	£20	£1	£19	£0
<b>Manufactured Goods (of which)</b>	<b>£48,541</b>	<b>£30,272</b>	<b>£10,711</b>	<b>£7,559</b>	<b>£2,749</b>	<b>£1,599</b>	<b>£3,211</b>
Production & Other Agricultural Industries	£19,893	£5,737	£8,660	£5,496	£1,349	£1,332	£2,814
(of which agri-food) <sup>b</sup>	£4,424	£1,147	£2,098	£1,177	£625	£416	£137
Construction Industries	£1,962	£1,527	£369	£66	£61	£2	£2
Distribution Industries	£24,040	£21,021	£1,329	£1,689	£1,197	£229	£264
Service Industries	£2,646	£1,986	£352	£308	£141	£36	£131
<b>Services</b>	<b>£21,830</b>	<b>£16,246</b>	<b>£3,585</b>	<b>£1,999</b>	<b>£628</b>	<b>£327</b>	<b>£592</b>
Non-Financial Services	£18,158	£13,473	£3,138	£1,547	£628	£327	£592
Pens, Ins & Financial Services <sup>c</sup>	£3,672	£2,773	£447	£452	*	*	*
<b>Tourism</b>	<b>£764</b>	<b>£219</b>	<b>£274</b>	<b>£270</b>	<b>£61</b>	<b>£93<sup>d</sup></b>	<b>£117</b>
<b>Total sales and exports of goods (excl. services &amp; tourism)</b>	<b>£49,870</b>	<b>£31,344</b>	<b>£10,761</b>	<b>£7,766</b>	<b>£3,546</b>	<b>£1,964</b>	<b>£3,803</b>
<b>Total Sales and Exports (goods, services and tourism)</b>	<b>£72,464</b>	<b>£47,810</b>	<b>£14,620</b>	<b>£10,035</b>	<b>£3,607</b>	<b>£2,057</b>	<b>£3,920</b>

## Notes:

(a) Unprocessed fish refers to fish landed by NI Fishermen in Ireland, Denmark and Norway. Live fish refers to the sale of live fish and shellfish from NI aqua-culture firms. Export sales only, NI/GB not currently available.

(b) DAERA estimates of agri-food. Please note figures are not directly comparable with BESES published totals – see Annex B for further breakdown.

(c) ONS have published the exports as experimental statistics for 2015. GB, NI & Total Sales are based on unpublished 2013 SUTs – caution- experimental statistics – latest available.

(d) Expenditure is based on 'mainland Europe' and not solely EU Countries

\*country destination of Pension, Insurance, Financial services is not known

## Annex B

## Agri Food (Food and Drinks processing) subsector sales, Destinations and values (£ million) 2015

	NI <sup>1</sup>	GB <sup>2</sup>	ROI <sup>3</sup>	Other <sup>4</sup> EU	ROW <sup>5</sup>	Inter- vention	Total Sales	External <sup>6</sup> Sales	Export <sup>7</sup> Sales
Animal By-Products	*	*	*	*	*	0	<b>56.7</b>	*	*
Bakeries	155.9	53.2	73.1	0.4	2.4	0	<b>284.9</b>	129.1	75.8
Beef/Sheepmeat	206.9	813.3	83.8	126.9	24.6	0	<b>1,255.6</b>	1,048.7	235.4
Drinks	170.4	41.8	135.2	11.4	18.3	0	<b>377.0</b>	206.6	164.8
Eggs	46.3	91.0	*	*	0.0	0	<b>151.8</b>	105.5	14.5
Fish	12.8	33.9	6.1	21.9	2.3	0	<b>77.0</b>	64.2	30.3
Fruit/Vegetables	108.1	153.3	50.3	1.0	0.8	0	<b>313.5</b>	205.4	52.1
Milk/Milk Products	259.9	262.9	102.9	220.7	56.9	1.2	<b>904.6</b>	643.5	380.5
Pigmeat	121.4	101.5	65.4	*	*	0	<b>302.1</b>	180.7	79.2
Poultrymeat	*	*	89.7	*	*	0	<b>700.9</b>	*	*
<b>Total</b>	<b>1,147.3</b>	<b>2,098.4</b>	<b>624.8</b>	<b>415.5</b>	<b>136.9</b>	<b>1.2</b>	<b>4,424.1</b>	<b>3,275.5</b>	<b>1,177.1</b>

\*Information has been suppressed to avoid disclosure.

1. Northern Ireland 2. Great Britain 3. Republic of Ireland 4. Other European Union  
5. Rest of World 6. Sales outside NI 7. Sales outside UK

## Annex C

**Table 1: Principal Products by value (£000s) exported from Northern Ireland to the Republic of Ireland by SITC1 2015**

<b>SITC1</b>	<b>Value (£000s)</b>	<b>Proportion</b>
0 - Food & live animals	732,442	33.0%
1 - Beverages & tobacco	116,279	5.2%
2 - Crude materials, inedible, except fuels	88,159	4.0%
3 - Mineral fuels, lubricants & related materials	53,961	2.4%
4 - Animal & vegetable oils, fats & waxes	15,530	0.7%
5 - Chemicals & related products, nes	179,252	8.1%
6 - Manufactured goods classified chiefly by material	374,342	16.9%
7 - Machinery & transport equipment	294,853	13.3%
8 - Miscellaneous manufactured articles	351,886	15.9%
9 - Commodities/transactions not class'd elsewhere in SITC	10,278	0.5%
<b>Total</b>	<b>2,216,982</b>	<b>100.0%</b>

Source: HMRC Regional Trade Survey

**Table 2: Principal Products by value (£000s) imported by Northern Ireland from the Republic of Ireland by SITC1 2015**

<b>SITC1</b>	<b>Value (£000s)</b>	<b>Proportion</b>
0 - Food & live animals	795,766	29.8%
1 - Beverages & tobacco	73,214	2.7%
2 - Crude materials, inedible, except fuels	113,785	4.3%
3 - Mineral fuels, lubricants & related materials	69,338	2.6%
4 - Animal & vegetable oils, fats & waxes	14,799	0.6%
5 - Chemicals & related products, nes	200,448	7.5%
6 - Manufactured goods classified chiefly by material	271,590	10.2%
7 - Machinery & transport equipment	917,644	34.3%
8 - Miscellaneous manufactured articles	209,440	7.8%
9 - Commodities/transactions not class'd elsewhere in SITC	7,046	0.3%
<b>Total</b>	<b>2,673,070</b>	<b>100.0%</b>

Source: HMRC Regional Trade Survey

## Annex D: NI / UK Trade – Use of Data Sources - strengths and limitations

### Introduction

There are four main sources of NI / UK and Ireland trade data:- (i) HMRC's Regional Trade Statistics based on Intrastat and customs declarations relating to products (ii) NISRA's Broad Economy Sales and Exports Survey (BESES) covering trade in goods and services including with GB (iii) DAERA's estimates of trade in farming, fishing and agri-food and (iv) CSO's trade statistics relating to products based on Intrastat and customs declarations to the Revenue Commissioners.

Each of these series are derived from systems originally designed to serve different purposes, use a range of different methodologies and as a result provide different estimates of the value of trade.

NISRA's Supply Use Tables (SUTs) bring together a wide range of official statistics sources, including trade statistics, to provide a comprehensive picture of the NI economy.. This helps reconcile discrepancies between available sources and provides an estimate of the balance of trade between NI and IE (Table D1).

**Table D1 SUT estimate of NI / RoI Trade Balance for 2013 (Goods and Services)**

	NI Exports to IE	NI Imports from IE	NI / IE 'Trade Balance'
<b>Combined NISRA / DAERA / HMRC / ONS, etc</b>	<i>£3,777m</i>	<i>£2,359m</i>	<i>£1,418m</i>

Given that the most recent SUTs refer to 2013, the individual sources need to be compiled outside this framework to provide a more recent picture of the value of NI trade (2015)<sup>18</sup>. This Annex provides further background on the sources and the rationale for their use in this paper bearing in mind their respective strengths and limitations.

### Differences between Sources

Table D2 below illustrates the differences between the sources for sales and purchases (of goods only) to and from RoI in 2015:- (i) NISRA/DAERA's estimates of NI exports to IE is higher than HMRC's (by £0.7bn) and HMRC's estimate of imports from IE is about £0.5bn lower than the NISRA / DAERA estimate (ii) Both HMRC and CSO consider NI to be a net importer of goods from IE, whereas NISRA considers NI a net exporter (iii) HMRC estimates of NI sales to RoI are 2.8 times CSO's estimates of imports (purchases from NI) (£2,217m/£792m).

<sup>18</sup> HMRC and CSO information is available for 2017, but NISRA and DAERA survey sources refer to 2015 (data collection for 2016 is currently underway and will be published in December 2017)

**Table D2 - NI Sales to and Purchases of Goods from IE (2015)**

2015	NI Sales to RoI	NI purchases from RoI	NI/ROI 'Trade Balance'
<b>NISRA/DAERA</b> (Of which farming & fishing)	£2,917m (£207m)	£2,137m (£65m)	+ £780m (+£142m)
<b>HMRC</b>	£2,217m	£2,673m	- £456m
<b>CSO<sup>19</sup></b>	£792m	£1,266m	- £474m

These differences arise because

- (i) HMRC information is designed to provide estimates of UK national trade with other countries, not UK country (such as NI) or English regional estimates. Their estimates for NI therefore include both direct reports of trade by NI businesses and some trade allocated to NI, which is reported by GB based businesses.
- (ii) HMRC also models the type of product traded as businesses are not required to describe product type below the reporting threshold (£250k for exports).
- (iii) It is not possible to allocate some 6% of UK exports (21% of imports) to any of the countries or regions of the UK
- (iv) BESES covers all large NI businesses (20 or more employees) and a stratified sample of the remainder. It covers both goods and services and sales to GB, which are not available from HMRC. BESES estimates are grossed to population levels but are subject to sampling error.
- (v) BESES does not cover the farming, fishing, financial, insurance and pension sectors, but is consistent with Turnover and GVA estimates from NISRA's main financial survey (Annual Business Inquiry). NISRA also shares data with DAERA on the agri-food sector to optimise coherence.
- (vi) CSO estimates are based on administrative returns to the Revenue Commissioners. While they also estimate trade in products below the reporting threshold this is quite high for businesses selling into the RoI (> €500k)

## Discussion

Recent improvements to the HMRC regional allocation methodology have narrowed the gap between NISRA and HMRC estimates of goods exports, but widened the difference regarding imports. Prior to the change BESES and HMRC estimates of NI imports were historically very close, and trended similarly. However, the new methodology introduced by HMRC has resulted in their estimate of NI imports increasing from a historical norm of just under £6 billion to around £8.6 billion in 2013. HMRC estimates show that NI total imports were worth £9.3bn in 2015 and £10.1 billion in 2016.

These difference are very marked for imports from the rest of the EU and Rest of the World and least marked for trade with the RoI. A detailed description of the differences is included in Section A1 and NISRA and HMRC are continue to work on researching the underlying issues. In the interim NISRA's view is that the BESES provides the best overall estimates of trade in goods and services and the trade balance with IE. This decision is also influenced by the fact that BESES can show the relative value of trade

<sup>19</sup> CSO report NI exports to RoI as imports from NI and vice versa – CSO € figures converted to £

with GB. DAERA also consider that they have more complete information on trade in agriculture related products and that these may be underestimated by HMRC. This is because the DAERA data systems rely on the health certification of live animals crossing the border and have very close contact with producers.

## Conclusion

HMRC sources will therefore be used where equivalence is required between UK national or sub national trade (including NI trade with the RoI) involving products. NISRA and DAERA sources will be used to provide consistent estimates of trade in both goods and services between NI & RoI and NI & GB for local businesses. Input-Output Tables<sup>20</sup> will be used to assess the value of such trade to the wider NI economy, integrating HMRC, NISRA, DAERA and ONS sources.

## Further Detail on Sources

### HM Revenue & Customs (HMRC)

HMRC collect comprehensive Intrastat and Customs declarations covering trade in goods between the UK and other countries.

Detailed information on products is currently required for businesses for whom “arrivals” are valued at over £1.5 million per annum and “dispatches” (exports) are over £250,000. Trade below these thresholds is recorded and HMRC estimate the nature of the products traded to provide a comprehensive estimate of the total value of UK trade. Further details on Intrastat can be found at

<https://www.gov.uk/government/publications/notice-60-intrastat-general-guide/notice-60-intrastat-general-guide#para31>

This information is published as two National Statistics series - the 'Overseas Trade Statistics (OTS) of the UK' and the 'UK Regional Trade Statistics (RTS)'. However, the administrative sources used were not designed to provide estimates of the UK country or region from which each element of the trade emanates or concludes (to minimise the burden on business).

In order to produce the RTS, HMRC merges trade data with data from ONS's business register (IDBR). This allows HMRC to identify a single address for those companies located only in one place – and hence place all their trade in that region. However, for those companies with multiple addresses, HMRC uses IDBR employee information to proportion the trade of the company in the same proportions as the employee distribution across multiple sites. This is not the same as the physical movement of a good across the NI / RoI border. The RTS relate to the export and import of goods, but provide no information on service exports or NI sales to Great Britain. Further details on the OTS and RTS methodology is available at the following link.

<https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/PoliciesandMethodologies.aspx>

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<sup>20</sup> <https://www.nisra.gov.uk/statistics/economy/economic-accounts-project>

**Uses**

HMRC data has been used in this paper where equivalence is required between UK national or sub-national trade (e.g. trade between UK and the RoI or between NI, Scotland, Wales, English regions and the RoI) involving products. This is because NISRA sources are mainly survey based, only cover businesses located in NI and do not collect detailed information on trade in products.

***NISRA's Broad Economy Sales and Exports Statistics (BESES)***

The BESES <https://www.nisra.gov.uk/statistics/business-statistics/broad-economy-sales-and-exports-statistics> collects information about the sale of goods and services to markets outside NI including GB. It also captures information about purchases from other businesses in NI and GB, and the value and country of origin of imports. Information on the total value of NI trade in both goods and services is available at country level though the splits are only available for sales and purchases from NI, GB, RoI, Rest of EU and Rest of the World (i.e. not at individual country level). It has been running since 2011 and is collected through NISRA's Annual Business Inquiry (ABI). This is one of the main strengths of the BESES as it allows NI trade data to be placed in context with a wider range of financial data about NI local businesses, including Turnover, Gross Value Added, Employment Costs, Purchases and employment available from the ABI <https://www.nisra.gov.uk/statistics/business-statistics/annual-business-inquiry>.

The ABI / BESES sample is stratified by industry sector and size of business, with all large businesses (multi-site businesses with more than 20 employees) being surveyed each year and all single site businesses with 50 or more employees. A stratified random sample of the remaining businesses is taken to ensure specified levels of precision are achieved at industry section level <https://www.nisra.gov.uk/statistics/annual-business-inquiry/abi-sample-coverage> and <https://www.nisra.gov.uk/publications/usage-methods-and-quality-and-revisions-policy-abi>.

**Uses**

NISRA BESES is used to provide consistent estimates of trade in both goods and services between NI & RoI and NI & GB for local businesses. It also provides an estimate of the balance of trade between NI and GB / ROI for those industry sectors covered by the survey as it covers imports and exports of both goods and services.

**DAERA**

The Department of Agriculture Environment and Rural Affairs (DAERA) provide estimates of NI exports and imports for farming, fishing and the agri-food sector. NISRA shares relevant data collected from the BESES to enable DAERA to produce estimates for the Agri food sector.

**The Central Statistics Office Ireland**

CSO also produce estimates of trade between the ROI and NI and the UK, based on returns by businesses to the Revenue Commissioners.

Further detail on the differences in sources is provided below:

Table D3	Overall summary of the balance of trade for the different sources 2011-15;
Table D4 and D5	HMRC / CSO views of trade by product (SITC1 level) between UK and IE, including to GB
Figs D1 and D2	HMRC / CSO views of trade by top 10 products (SITC2 level) between IE and NI
Tables D6 and D7	HMRC / CSO views of trade by top 10 differences (SITC2 level) between IE and NI
Section D1	Main differences in HMRC and CSO Goods Traded Estimates at SITC2 Level
Section D2	Detailed comparison between the HMRC Regional Trade Statistics (RTS) and NISRA's Broad Economy Sales and Exports Statistics (BESES).



**Table D3: Total Value of Exports & Imports from Northern Ireland by value (£m) and destination, for each source, 2011 – 2015**

		Export sales from NI [CSO Imported From NI (£)]				Imports (unpublished BESES) [CSO = Exported to NI (£)]				Trade Balance (exports - imports)			
		Total	RoI	RoEU	RoW	Total	RoI	RoEU	RoW	Total	RoI	RoEU	RoW
2011	BESES	7,988	2,764	1,799	3,426	5,432	2,131	1,495	1,805	2,557	633	303	1,620
	DAERA	210	175	35	-								
		<b>8,198</b>	<b>2,939</b>	<b>1,834</b>	<b>3,426</b>								
	HMRC	5,973	2,241	1,292	2,440	5,890	1,750	1,759	2,381	83	492	-468	59
	CSO		907				1,232						
2012	BESES	7,937	2,758	1,661	3,518	5,615	2,069	1,667	1,878	2,323	689	-6	1,640
	DAERA	211	168	43	-								
		<b>8,148</b>	<b>2,926</b>	<b>1,704</b>	<b>3,518</b>								
	HMRC	5,700	2,071	1,165	2,464	5,784	1,571	1,703	2,509	-84	500	-538	-46
	CSO		836				1,170						
2013	BESES	8,411	3,022	1,869	3,520	5,597	2,106	1,614	1,877	2,814	915	255	1,643
	DAERA	233	191	42	-								
		<b>8,644</b>	<b>3,213</b>	<b>1,911</b>	<b>3,520</b>								
	HMRC	7,054	2,395	1,814	2,844	8,605	1,928	4,171	2,506	-1,551	468	-2,357	338
	CSO		860				1,251						
2014	BESES	8,004	2,832	1,765	3,408	6,077	2,334	1,810	1,932	1,927	498	-46	1,475
	DAERA	246	198	48	-								
		<b>8,250</b>	<b>3,030</b>	<b>1,813</b>	<b>3,408</b>								
	HMRC	6,805	2,376	1,707	2,721	8,910	2,492	3,835	2,583	-2,105	-115	-2,128	138
	CSO		893				1,334						
2015	BESES	7,559	2,749	1,599	3,211	6,230	2,072	2,001	2,156	1,329	676	-402	1,054
	DAERA	207	169	38	-	na	na	na	na	na	na	na	na
		<b>7,766</b>	<b>2,918</b>	<b>1,637</b>	<b>3,211</b>								
	HMRC	6,959	2,217	1,698	3,044	9,270	2,673	4,109	2,489	-2,312	-456	-2,411	555
	CSO		792				1,266				-474		

**Table D4: Republic of Ireland Exports to UK vs UK Imports from RoI, split by trade into Great Britain and Northern Ireland, 2015 (£millions)**

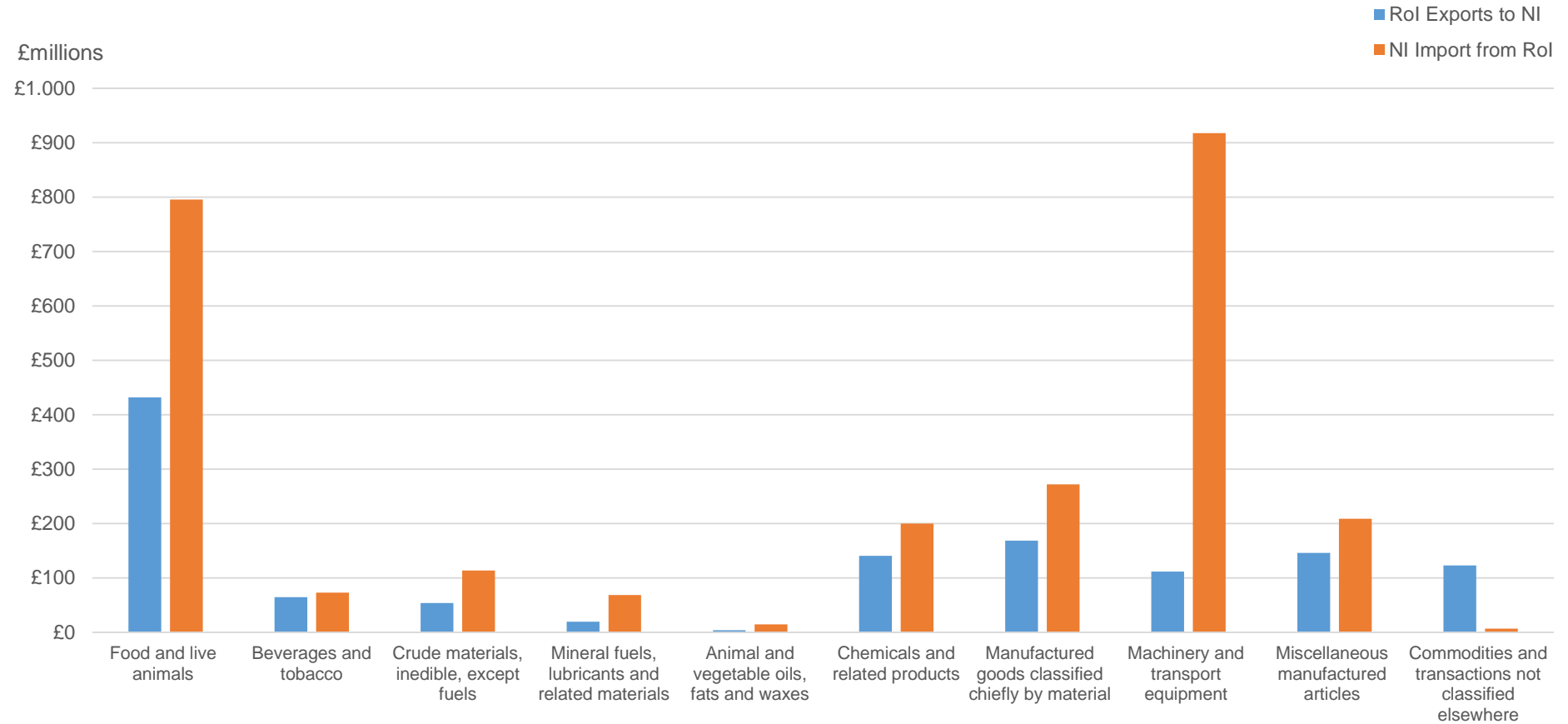
SITC level 1	Description	Irish CSO Exports Data		HMRC Imports Data		Asymmetry (HMRC view)	
		From RoI to GB	From RoI to NI	Into GB from RoI	Into NI from RoI	RoI-GB	RoI-NI
0	Food and live animals	£2,842	£432	£2,872	£796	£30	£364
1	Beverages and tobacco	£177	£65	£206	£73	£29	£8
2	Crude materials, inedible, except fuels	£286	£54	£233	£114	-£53	£60
3	Mineral fuels, lubricants and related materials	£304	£20	£248	£69	-£56	£50
4	Animal and vegetable oils, fats and waxes	£8	£4	£11	£15	£3	£10
5	Chemicals and related products	£2,831	£141	£2,270	£200	-£562	£60
6	Manufactured goods classified chiefly by material	£665	£169	£454	£272	-£210	£102
7	Machinery and transport equipment	£1,857	£112	£1,568	£918	-£289	£805
8	Miscellaneous manufactured articles	£813	£146	£769	£209	-£45	£64
9	Commodities and transactions not elsewhere classified	£243	£123	£5	£7	-£238	-£116
	<b>Total</b>	<b>£10,026</b>	<b>£1,266</b>	<b>£8,635</b>	<b>£2,673</b>	<b>-£1,391</b>	<b>£1,407</b>

**Table D5: UK Exports to Republic of Ireland vs RoI Imports from UK, split by trade from Great Britain and Northern Ireland, 2015 (£millions)**

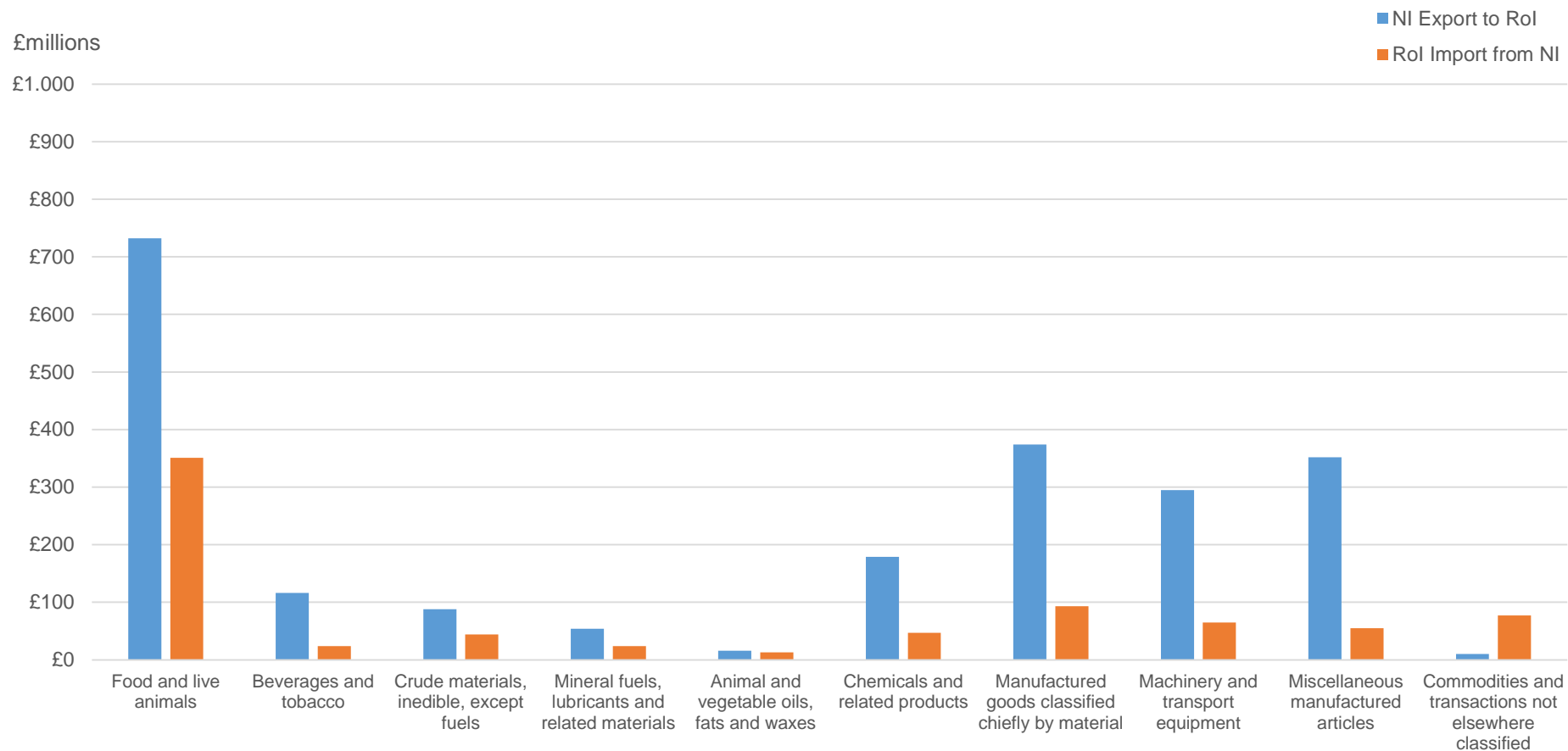
SITC level 1	Description	HMRC Exports Data		Irish CSO Imports Data		Asymmetry (HMRC view)	
		From GB to RoI	From NI to RoI	Into RoI from GB	Into RoI from NI	GB-RoI	NI-ROI
0	Food and live animals	£1,824	£732	£2,064	£351	-£240	£381
1	Beverages and tobacco	£223	£116	£222	£24	£2	£93
2	Crude materials, inedible, except fuels	£119	£88	£118	£44	£1	£45
3	Mineral fuels, lubricants and related materials	£1,745	£54	£2,280	£24	-£535	£30
4	Animal and vegetable oils, fats and waxes	£43	£16	£33	£13	£10	£3
5	Chemicals and related products	£1,918	£179	£1,836	£47	£182	£132
6	Manufactured goods classified chiefly by material	£1,540	£374	£1,305	£93	£236	£282
7	Machinery and transport equipment	£3,432	£295	£2,152	£65	£1,280	£230
8	Miscellaneous manufactured articles	£2,519	£352	£1,774	£55	£745	£297
9	Commodities and transactions not elsewhere classified	£123	£10	£589	£77	-£466	-£67
	<b>Total</b>	<b>£13,486</b>	<b>£2,217</b>	<b>£12,272</b>	<b>£792</b>	<b>£1,215</b>	<b>£1,425</b>

Sources: Irish CSO data – BREXIT: Ireland and the UK in numbers (Published Dec 2016). HMRC Data – Regional Trade Statistics.

**Figure D1: Comparison of RoI Exports to NI (Irish CSO) against NI Imports from RoI (HMRC) in 2015, £millions**



**Figure D2: Comparison of NI Exports to RoI (HMRC) against RoI Imports from NI (Irish CSO) in 2015, £millions**



## **Section D1**

### **Main differences in HMRC and CSO Goods Traded Estimates at SITC2 Level**

#### **Trade of goods from the Republic of Ireland to Northern Ireland**

Table D6 and Figure D1 show the top then largest differences between HMRC and CSO estimates in the value of traded goods from the Republic of Ireland to Northern Ireland in 2015. At SITC1 level, the two sectors with the largest difference are '7 – Machinery and transport equipment' (£805m or 57% of the total difference between HMRC and CSO estimate) and '0 – Food and live animals' (£364m or 25% of the total difference). Combined, these two sectors account for 83.2% of the total difference between the HMRC and CSO estimates.

Table 3 shows the ten products with the largest difference between HMRC and CSO estimates. The largest difference at SITC2 level is '76 – Telecomms & sound recording & reproducing apps & eqp' with a HMRC figure of £691m and a CSO figure of £1.6m; this one difference (£690m) accounts for 49% of the total difference in the HMRC and CSO estimates in the value of trade from South to North.

When 'Food and live animals' is broken out into STIC2 level, there are four products worth £347m in the top ten largest differences.

The top ten products with the largest differences in value between HMRC and CSO data have a difference of £1.3 billion; which is 75% of the total difference between the HMRC and CSO values.

#### **Trade of goods from Northern Ireland to the Republic of Ireland**

Table D7 and Figure D2 show the top ten largest differences between HMRC and CSO estimates in the value of traded goods from Northern Ireland to RoI in 2015. At SITC1 level, four sectors make up the majority (83.5%) of the difference: '0 – Food and live animals' (£380m difference); '8 – Miscellaneous manufactured articles' (£297m difference); '6 – Manufactured goods classified chiefly by material' (£281m difference) and '7 – Machinery and transport equipment' (£230m difference).

Table 4 shows the ten products with the largest difference between HMRC and CSO estimates. The largest difference at SITC2 level is '01 – Meat and meat preparations' with a HMRC figure of £169m and a CSO figure of £47m; followed by '89 – Miscellaneous manufactured articles' (£141m HMRC and £30m CSO) and '78 – Road vehicles (including air cushion vehicles)' (£118m HMRC and (£24m CSO).

The top ten products with the largest differences in value between HMRC and CSO data have a difference of £847m; which is 54% of the total difference between the HMRC and CSO values.

**Table D6: Top ten differences by SITC2 of HMRC and CSO Estimates for the Value of Goods traded from IE to NI 2015**

SITC1 Code	SITC2 Code	HMRC (£000)	CSO (£000)	HMRC - CSO	% Total Diff
7 - Machinery & transport equipment	76 - Telecomms & sound recording & reproducing app. & eqp.	691,310	1,587	689,723	49.2%
0 - Food & live animals	01 - Meat & meat preparations	292,340	132,785	159,555	11.4%
9 - Commodities/transactions not class'd elsewhere in SITC	99 - All other commodities and transactions	0	99,677	-99,677	-7.1%
0 - Food & live animals	04 - Cereals & cereal preparations	142,811	61,775	81,036	5.8%
0 - Food & live animals	02 - Dairy products & birds' eggs	113,649	47,956	65,693	4.7%
0 - Food & live animals	05 - Vegetables & fruit	79,356	38,317	41,039	2.9%
6 - Manufactured goods classified chiefly by material	66 - Non-metallic mineral manufactures n.e.s.	98,908	59,703	39,205	2.8%
8 - Miscellaneous manufactured articles	84 - Articles of apparel & clothing accessories	63,287	24,970	38,317	2.7%
2 - Crude materials, inedible, except fuels	28 - Metalliferous ores & metal scrap	37,224	1,589	35,635	2.5%
7 - Machinery & transport equipment	78 - Road vehicles (including air cushion vehicles)	61,088	33,196	27,892	2.0%

Sources:

HMRC Data, *Regional Trade Statistics*

Irish CSO data – *BREXIT: Ireland and the UK in Numbers (Published Dec 2016)*

**Table D7: Top ten differences by SITC2 of HMRC and CSO Estimates for the Value of Goods traded from NI to IE 2015**

<b>SITC1 Code</b>	<b>SITC2 Code</b>	<b>HMRC (£000)</b>	<b>CSO (£000)</b>	<b>HMRC - CSO</b>	<b>% Total Diff</b>
0 - Food & live animals	01 - Meat & meat preparations	169,037	47,017	122,020	8.6%
8 - Miscellaneous manufactured articles	89 - Miscellaneous manufactured articles n.e.s.	141,311	29,830	111,481	7.8%
7 - Machinery & transport equipment	78 - Road vehicles (including air cushion vehicles)	118,475	24,101	94,374	6.6%
1 - Beverages & tobacco	11 - Beverages	116,259	23,634	92,625	6.5%
8 - Miscellaneous manufactured articles	84 - Articles of apparel & clothing accessories	85,969	4,011	81,958	5.8%
6 - Manufactured goods classified chiefly by material	69 - Manufactures of metal n.e.s.	92,711	15,005	77,706	5.5%
0 - Food & live animals	02 - Dairy products & birds' eggs	203,701	127,663	76,038	5.3%
9 - Commodities/transactions not class'd elsewhere in SITC	99 - All other commodities and transactions	0	69,365	-69,365	-4.9%
6 - Manufactured goods classified chiefly by material	66 - Non-metallic mineral manufactures n.e.s.	76,785	15,010	61,775	4.3%
7 - Machinery & transport equipment	72 - Machinery specialized for particular industries	74,384	14,907	59,477	4.2%

Sources:

HMRC Data, *Regional Trade Statistics*

Irish CSO data – BREXIT: *Ireland and the UK in Numbers (Published Dec 2016)*

## **Section D2: Comparing NI exports: BESES v HMRC**

HMRC Regional Trade Statistics (RTS) measure trade in goods only (not services) and are broken down using the Standard International Trade Classification (SITC). The results are therefore only broadly comparable with the Standard Industrial Classification (2007) system used in the BESES.

Prior to December 2016, the HMRC figures were estimated using a methodology which may have resulted in some exports being allocated to parts of the UK where companies' headquarters were located, instead of where goods were being physically exported from. A new methodology has now been introduced by HMRC which allocates exports between parts of the UK more in line with the activity of each company, based on their employment share in multi-branch businesses. This new methodology has resulted in a larger share of UK exports being allocated to Northern Ireland than previously estimated by HMRC. HMRC have published revised data, based on the new methodology, back to 2013.

Further information on the updated RTS methodology is available on their website:

[https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Documents/RTS\\_Methodology\\_Revision\\_2016.pdf](https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Documents/RTS_Methodology_Revision_2016.pdf)

Figure A1 below shows the value of NI exports as measured by the BESES (this figure includes both goods and services), and by the old and new RTS methodologies (goods only).

**Figure A1: Northern Ireland Exports – various sources: 2006 – 2015 (£ millions)**

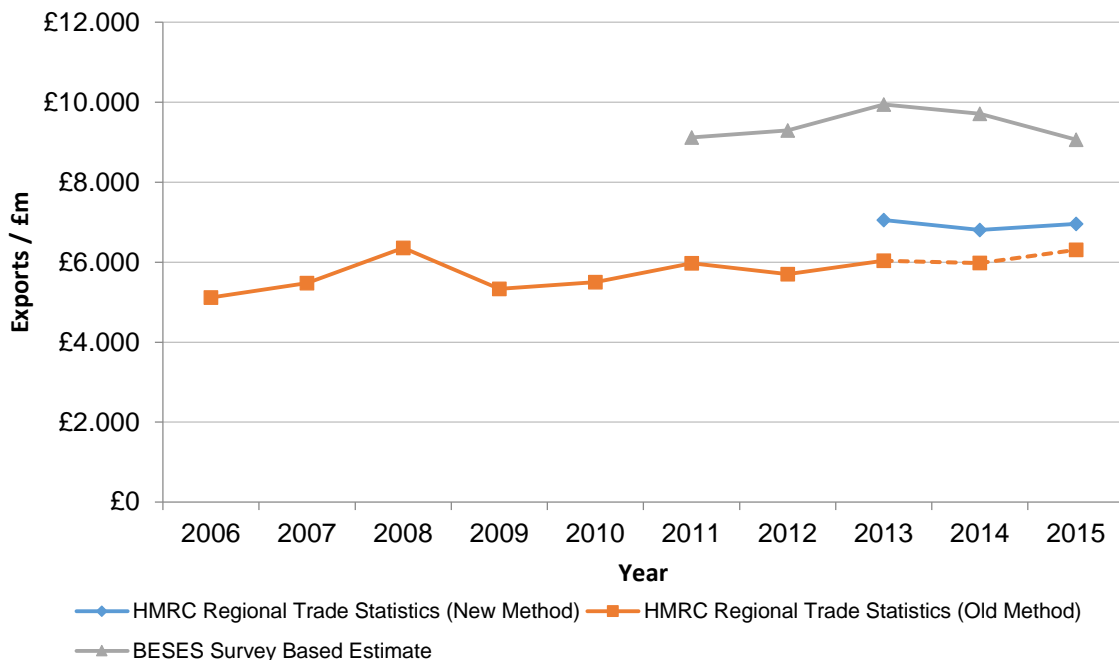
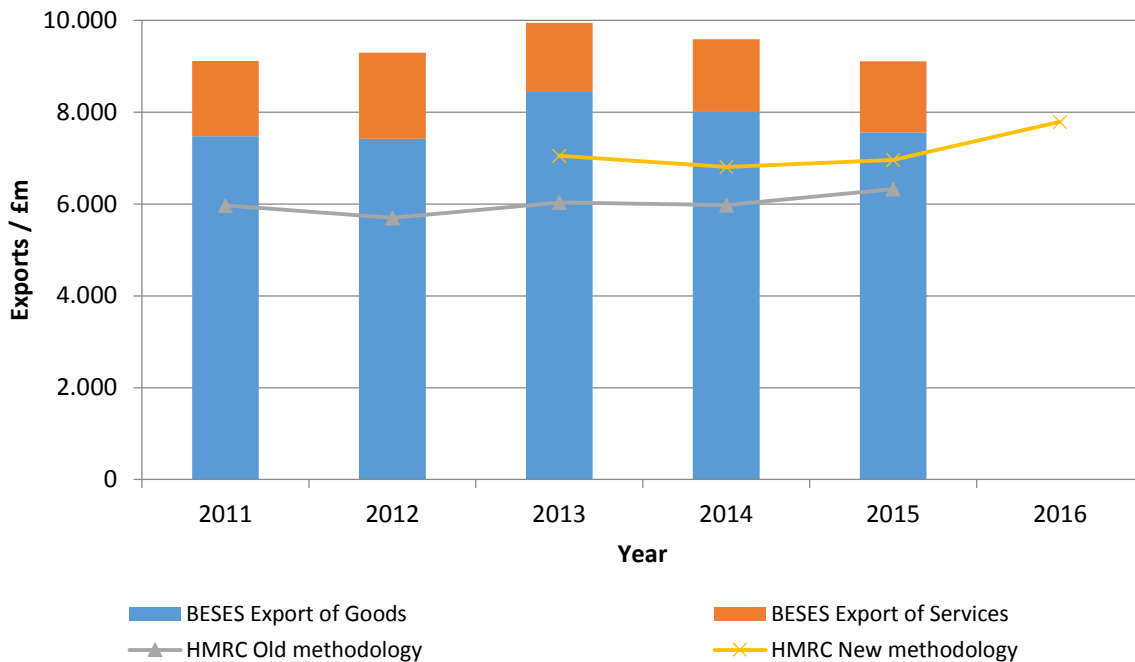




Figure A2 below shows the value of the NI export of goods (and services) as measured by the BESES and old and new RTS methodologies (goods only).

**Figure A2: Northern Ireland Export of Goods – various sources: 2011 – 2016 (£ millions)**



The latest BESES data available for the export of goods is for survey year 2015. Figure A2 shows that the new RTS methodology has allocated more exports to NI and hence this has reduced the difference between the two measures. BESES has historically reported higher estimates of the value of goods exported from NI (£7.6 billion in 2015), compared to HMRC (£7.0 billion in 2015).

HMRC is unable to allocate a significant amount of UK trade to the countries and regions of the UK. If one assumes that the unallocated trade is not systematically different from the allocated trade, it is likely that a portion of that unallocated trade belongs to NI. This would further reduce the gap between the HMRC and BESES measures of exports.

## **A2: Comparing NI imports: BESES v HMRC**

Figure A3 below shows NI imports data as measured by BESES and HMRC.

Prior to the change in HMRC methodology, BESES and HMRC estimates of NI imports were very historically very close, and trended similarly.

However, the new methodology introduced by HMRC has resulted in their estimate of NI imports jumping from a historical norm of just under £6 billion to around £8.6 billion in 2013. HMRC estimates show that NI imports were worth £10.1 billion in 2016.

**Figure A3: Northern Ireland Import of Goods – various sources: 2011 – 2016 (£ millions)**

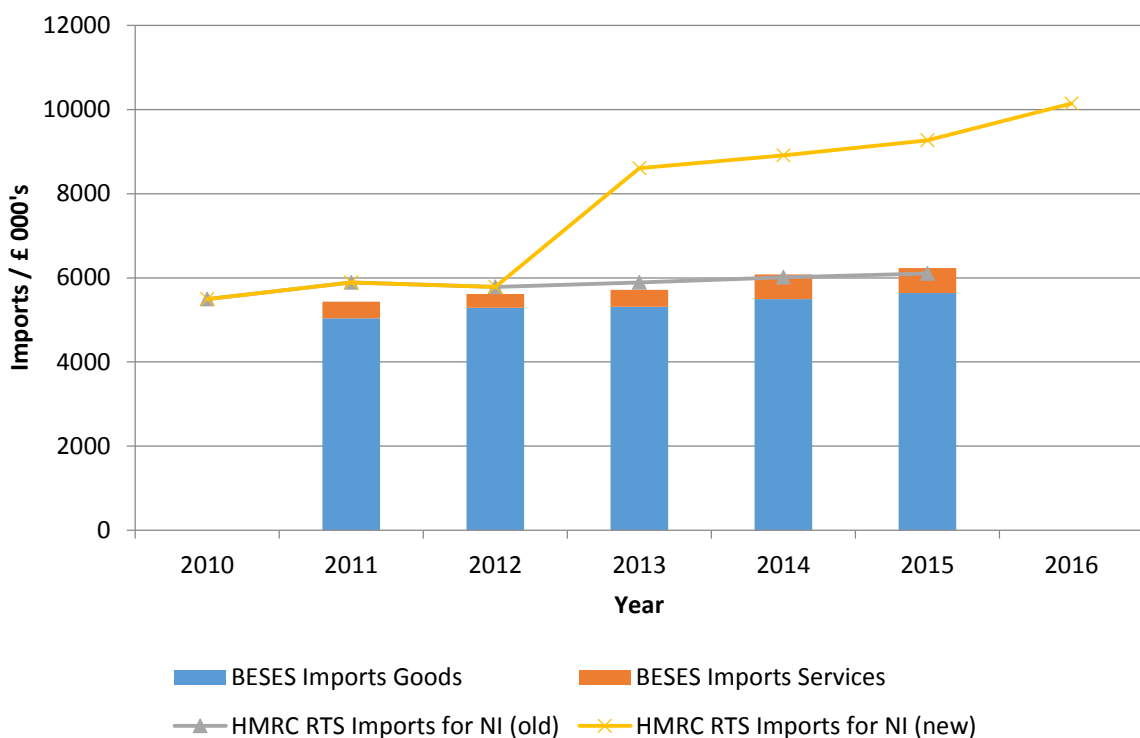


Figure A4 below shows the value of NI imports to each of ROI, Rest of EU (REU) and Rest of World (ROW) as measured by BESES and HMRC. The effect of the change in HMRC methodology can clearly be seen from 2013 onwards and is very pronounced in the imports from REU. In 2011, the BESES estimate for REU imports was £1.5 billion while the HMRC estimate was £1.8 billion. In 2015, the BESES estimate for REU imports was £2.0 billion while the HMRC estimate was £4.1 billion. HMRC have published data for 2016, with REU imports worth £4.7 billion.

**Figure A4: Northern Ireland Imports by trade partner, BESES v HMRC: 2011 – 2016 (£ millions)**

