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SURVEY OF SCOTTISH SALES AND EXPORTS IN 2000

Summary of Survey Results

Sectoral Export Performance

The value of Scotland's exports as a whole rose 6.6% over the 1999 level to stand at £30.9 billion (Page 5, Table 1)

Based on constant 1995 prices, in real terms, Scottish exports grew by 2.8% during 2000. (Page 5, Table 2)

The level of manufactured exports rose by 3.1% during 2000 to stand at £21.0 billion. Scotland now represents 12.4% of total UK manufactured exports. (Page 5, Table 3)

Service sector exports are valued at £2.9 billion, representing a fall of 3.6%. (Page 14, Table 6)

Exports from Scotland's Primary sector reached £6.9 billion, an increase of 25.1%. Exports excluding Oil and Gas grew by 3.4% to stand at £267.8m. (Page 22, Table 9)

In the manufacturing sector, of the 23 SIC Divisions where export activity is measured, 12 recorded an increase in exports during 2000, while 11 recorded a decline. (Page 9, Table 5)

Of the 26 sectors where Service sector export activity is measured, 14 showed an increase and 12 a decline. (Page 17, Table 8)

Within the Service sector, exports from the Computer and Software Services sector showed the greatest growth, now standing at £520.1m, representing a 36.3% increase during 2000. (Page 17, Table 8)

Destination of Exports

63% of Scotland's manufactured exports go to the European Union, valued at £13.2 billion in 2000. (Page 24, Table 10 and Figure 7)

Despite a drop in exports to France, it remains Scotland's top destination for manufactured exports, with £3.0 billion worth of goods taken by the market. (Page 26, Table 11)

The USA remains the top export destination for Scotland's Service sector, followed by Canada and Germany. (Page 31, Table 12)

Japan appears in the list of top export markets for the Service sector for 2000, with exports valued at £99.7m. (Page 31, Table 12)

The European Union markets are the most popular destination for exports from the Primary sector. (Page 23)

1. Introduction

This report outlines the findings of the latest Scottish Council for Development and Industry (SCDI) survey of Scottish Sales and Exports. The 2000 survey has once again been undertaken with the support of Scottish Development International (SDI) and nine of Scotland's Local Enterprise Companies (LECs), as well as Highlands and Islands Enterprise (HIE). As a result of this level of input from Scotland's Enterprise Network, ten in-depth regional analyses are also being published.

History

SCDI has been estimating the value of Scottish exports for almost 40 years and is the only independent organisation producing such comprehensive statistics on this aspect of Scottish economic activity. The Survey of Scottish Manufacturing and Exports has been established since the early 1960s, and has been the foundation for detailed analysis of the value, industry breakdown and destination of Scottish exports. The original study was complemented by the introduction of the Survey of Scottish Service Sector Exports in 1993. To complete the picture, this was followed by the Survey of Scottish Primary Sector Exports, first published in 1997.

Current study

The current study once again encompasses the complete spectrum of exporting activity across manufacturing, services and primary industries. This provides a definitive guide to Scotland's export performance, which we hope will assist policy makers within government and the public sector, academia, media, and exporters themselves.

Definitions

Companies surveyed were asked to state the value and destination of their exports during the calendar year 2000. However, not all respondents were able to do so and a number supplied figures for exports during the financial year (2000/2001). The majority of financial years specified ended on 31st March 2001. For convenience, and to enable comparisons to be made with other Scottish economic statistics and UK export statistics, the estimates presented in this study are shown as calendar year values, although they are in fact an amalgam of calendar year and financial year values.

Manufacturing

The definition of manufacturing is based on the 1992 Standard Industrial Classification (SIC), as produced by National Statistics.

The Whisky industry was not incorporated directly in the survey process, to avoid duplicating the research carried out by the Scotch Whisky Association (SWA). Unless otherwise stated, the data contained in this report includes the Whisky industry statistics produced by the SWA. In addition, in the other spirits industries, export sales of Gin and Vodka produced in Scotland are included in this survey for the first time, with the assistance of the Gin and Vodka Association of Great Britain.

Services

The common characteristic of companies operating within the service sector is the intangible nature of their output. In practice, the distinction between manufacturing and services companies is becoming increasingly blurred in many instances, with increasing opportunities for manufacturers to sell professional expertise or "know-how". This would include areas such as design, build and project management activity. However, for the purposes of the survey the recording of services exports applies to those companies for which this is the principal activity.

The activity of call centres is not listed as a separate category, but is included in the appropriate client sector as call centres represent a method of service delivery, rather than a specific service sector.

1. Introduction

Primary

The definition of the primary sector is based on the 1992 SIC Classification and the study also includes the activities of the water utilities and electricity generators. The measurement is of unprocessed products. Any subsequent processing activity is considered to render the product in question a manufactured product.

A large proportion of Primary sector exports is made up of Oil and Gas transfers. Oil hydrocarbons from the Northern UKCS area, brought onshore and then transferred to UK and export markets from Scottish terminals, are measured. Data is compiled from the four oil terminals transferring from the Northern and Central UKCS, which had their initial landfall in Scotland. The four terminals are Sullom Voe in Shetland and Hound Point in the Forth Estuary operated by BP, and Nigg in Ross-shire and Flotta in Orkney, both operated by Talisman Energy. Gas hydrocarbons from the Northern UKCS area, brought onshore in Scotland and then transferred via the gas grid infrastructure to export markets are also measured separately. The overseas data is based on transfers from Scotland's gas Interconnector to Ireland from Moffat and an associated offtake to Northern Ireland.

2. *Scottish Export Performance*

Tables 1 and 2 highlight the overall performance of Scottish exports in the last three years expressed in both current and constant (1995) prices, based on the Office for National Statistics price deflator for Export Trade in Goods on a Balance of Payments Basis. Table 3 shows Scotland's share of total UK exports.

	1998	1999	2000	1999-2000 % Change
Scottish Manufactured Exports	19,273	20,420	21,056	+3.1
Scottish Service Sector Exports	2,922	3,043	2,932	-3.6
Scottish Primary Sector Exports	3,286	5,542	6,932	+25.1
Total Scottish Exports	25,481	29,005	30,920	+6.6

	1998	1999	2000	1999-2000 % Change
Scottish Manufactured Exports	21,349	22,796	22,665	-0.6
Scottish Service Sector Exports	3,238	3,397	3,157	-7.1
Scottish Primary Sector Exports	3,640	6,187	7,462	+20.6
Total Scottish Exports	28,227	32,380	33,284	+2.8

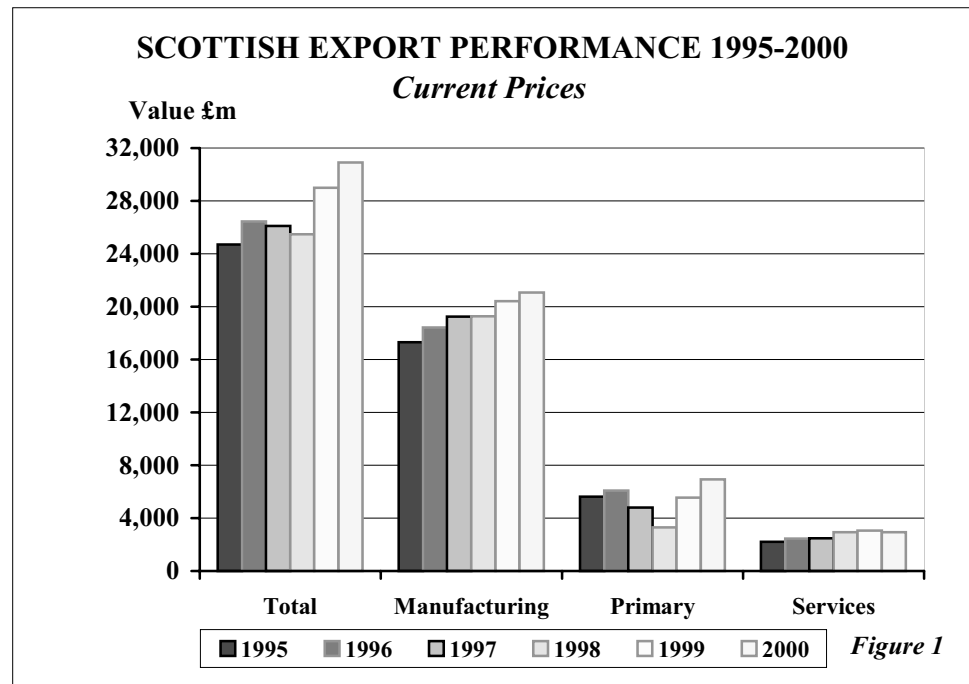
	1998	1999	2000
Scottish Manufactured Exports	12.3%	13.1%	12.4%
Scottish Service Sector Exports	4.5%	4.3%	3.8%
<i>The nature of the Primary Sector makes it difficult to calculate an exact share of UK totals, although available information does suggest that Scotland's Primary exports account for between 40% and 50% of the UK Total.</i>			

Scotland's total exports for 2000 reached £30,920m in current prices. The figures are the highest recorded for Scottish exporting performance, and represent an increase of 6.6% over the 1999 value.

Scotland's share of UK manufactured exports dropped to 12.4% in 2000 as a result of a higher growth rate from the UK as a whole. Exports from the Scottish services sectors have remained relatively low, and fell to 3.8%. It has been reported in previous editions of the Survey of Scottish Sales and Exports that the rest of the UK is the prime market for Scottish service providers, and that exports of services are therefore comparatively low. World Trade Organisation rankings suggest that the UK was the world's second largest exporter of commercial services in 2000, after the United States. The significance of the City of London as a leading world centre for Financial Services cannot be underestimated in this regard. Primary exports are thought to account for some 40%-50% of total UK exports, due in large part to the value of Oil and Gas exports.

2. *Scottish Export Performance*

Figure 1 illustrates Scotland's export performance by category, and in total, for the past six years.



Global Trade in 2000

In a global context the value of world merchandise exports rose by 12.5% in 2000, according to the World Trade Organisation. This outstanding level of growth proved to be the strongest in a decade, representing a tripling of the 1999 growth rate to a value of \$6.2 trillion and with economic growth accelerating in all major regions. Meanwhile, world exports of commercial services rose in value by 6% in 2000 reaching \$1.4 trillion, with transportation services showing the strongest growth.

Western Europe's economic growth increased by 3.4%, its strongest expansion in a decade. North America and Asia, which had each recorded GDP growth above the global average in 1999, recorded only moderate accelerations. Japan's recovery remained at best fragile, and verged on stagnation. In contrast, economic activity picked up strongly in Latin America and Russia, after stagnating the previous year. Developing countries made an above average contribution to the vigorous expansion of world output and trade in 2000.

Scotland's position in global trade reflects the growing regionalisation of trading patterns. The dominance of the European market for Scottish exporters is clear (see Figure 8, page 27) and Europe remains pivotal to the fortunes of Scottish exporters. In the United States there were already signals of deceleration in 2000, following eight successive years of impressive growth levels which to a large degree had acted as a motor for the global economy.

Despite the strong performance of world exports in 2000, the indications are of a sharp downturn in 2001, likely to be exacerbated by the dislocation and uncertainty arising from the events of 11 September.

Scottish Sales to the UK

It is worth emphasising at this juncture that Scotland's sales to the rest of the UK, Scotland's largest market, are not included in the export figures. An attempt to put the dimensions of Scotland's domestic sales into context is given later in this report (see page 40).

3.1 Manufacturing Industry Export Performance

Table 4 shows the overall performance of Scottish Manufactured Exports in the last three years expressed in both current and constant (1995) prices, based on the Office for National Statistics price deflator for Export Trade in Goods on a Balance of Payments basis.

	1998	1999	2000
Scottish Manufactured Exports (£m current prices)	19,273	20,420	21,056
(% change on previous year)	+0.1%	+6.0%	+3.1%
Scottish Manufactured Exports (£m constant (1995) prices)	21,349	22,796	22,665
(% change from previous year)	+5.7%	+6.8%	-0.6%
UK Manufactured Exports (£m current prices)	156,380	155,663	170,094
(% change on previous year)	-2.3%	-0.5%	+9.3%
UK Manufactured Exports (£m constant (1995) prices)	173,226	173,780	183,094
(% change from previous year)	+3.0%	+0.3%	+5.3%
Scottish share of UK manufactured exports	12.3%	13.1%	12.4%

The latest figures show that overseas sales of manufactured goods from Scotland, in current prices, reached £21,056m in 2000, an increase of 3.1% on the £20,420m recorded for 1999. The equivalent UK figures show a 9.3% increase in the value of manufactured exports over the same period, at current prices. As a result, the Scottish share of UK manufactured exports stands at 12.4%, compared to the 13.1% recorded in 1999. The higher dependence of the Scottish economy on the electronics sector is integral to this relative shift in the balance of manufacturing exports between Scotland and the UK in 2000.

3.1 Manufacturing Industry Export Performance

Figure 2 illustrates the growth trend of Scotland's manufactured exports over a ten year period in current and constant (1995) prices. This demonstrates that, while growth has continued, the rate of increase has decelerated markedly during the latter half of the decade. The issues of cost competitiveness in a fast moving global environment have been felt keenly by manufacturers, and achieving continued success in export markets is undoubtedly an ever increasing challenge. An emphasis on non-price factors and higher value products has become integral to the potential of Scottish manufacturers to succeed against adverse exchange rates and lower cost competitors.



3.1 Manufacturing Industry Export Performance

Table 5 shows total Scottish manufactured exports subdivided into exports from the 23 Standard Industrial Classification Divisions.

Table 5 Scottish Manufactured Exports (£m Current Prices) - (1998-2000)

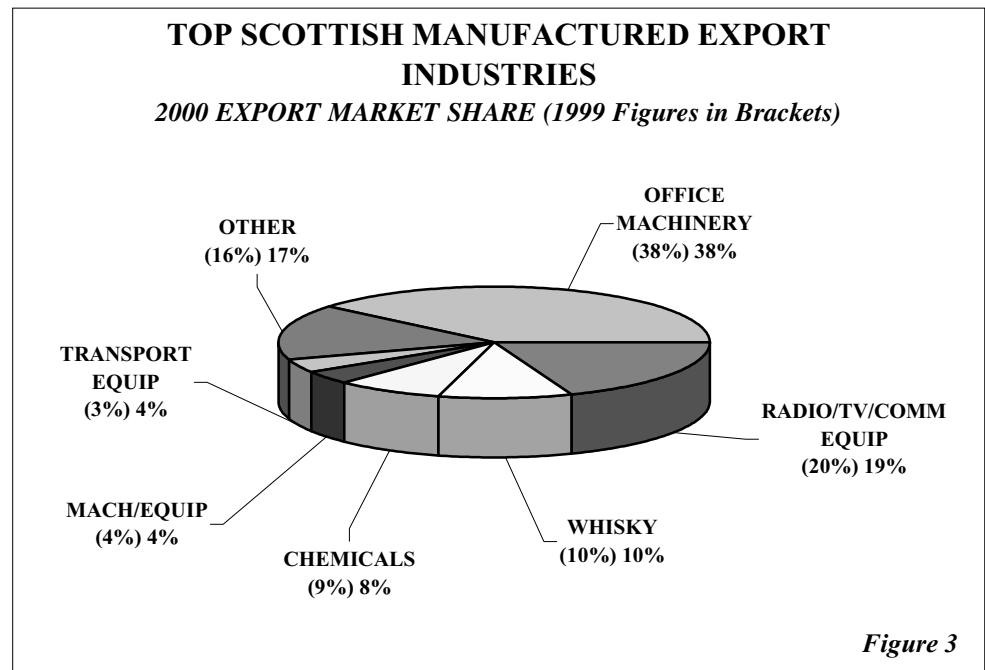
INDUSTRY (1992 SIC DIVISION)	1998	1999	2000
(15) Whisky	2,030.8	2,001.6	2,156.3
Gin/Vodka	-	-	140.0
Manufacture of Other Food Products and Beverages	359.3	401.8	404.4
(16) Manufacture of Tobacco Products	-	-	-
(17) Manufacture of Textiles	304.2	258.8	241.2
(18) Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	132.8	112.3	87.4
(19) Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear	60.9	73.4	82.0
(20) Manufacture of Wood and Wood Products	34.0	34.2	31.9
(21) Manufacture of Pulp, Paper and Paper Product	347.3	358.0	447.1
(22) Publishing, Printing and Reproduction of Recorded Media	59.6	74.8	77.3
(23) Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel	252.3	356.6	358.2
(24) Manufacture of Chemicals and Chemical Products	1,771.4	1,881.9	1,721.8
(25) Manufacture of Rubber and Plastic Products	318.0	316.2	313.7
(26) Manufacture of other Non-Metallic Mineral Products	186.8	140.7	130.2
(27) Manufacture of Basic Metals	178.7	157.9	137.6
(28) Manufacture of Fabricated Metal Products, except Machinery and Equipment	372.3	360.8	311.9
(29) Manufacture of Machinery and Equipment nec	901.5	854.1	860.1
(30) Manufacture of Office Machinery	6,987.2	7,693.3	8,092.5
(31) Manufacture of Electrical Machinery and Apparatus nec	312.3	376.8	404.2
(32) Manufacture of Radio, Television, and Communication Equipment and Apparatus	3,719.2	4,017.3	3,951.8
(33) Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks	121.6	161.0	135.9
(34) Manufacture of Motor Vehicles, Trailers and Semi-Trailers	141.9	90.4	69.5
(35) Manufacture of Other Transport Equipment	594.2	610.6	803.5
(36) Manufacture of Furniture; Manufacturing nec	78.1	79.6	78.3
(37) Recycling	8.4	7.8	18.8
ALL MANUFACTURING INDUSTRIES	19,272.8m	20,419.9m	21,055.6m

Whilst the overall total for manufactured exports has recorded a 3.1% increase, the performance of individual industries shows twelve sectors recording an increase in export values, while eleven have recorded a decline.

The dominance of a small number of key industries, noted in previous reports, has shown no sign of change. The top four sectors – Office Machinery, Radio/TV/Communications Equipment, Whisky and Chemicals – account for 75% of total export value.

3.1 Manufacturing Industry Export Performance

Figure 3 illustrates the relative shares of Scotland's top exporting industries.



Electronics

The Office Machinery sector, which largely comprises personal computers and peripherals, remains by far the top exporting industry. With exports valued at £8,092.5m the industry accounted for 38.4% of manufactured exports in 2000, representing an increase of 5.2%. Recent evidence of declining worldwide demand in this sector had not yet had a clear impact on sales from Scotland over the period of the survey.

This is perhaps underpinned by the research of the World Trade Organisation, which recorded the global office and telecoms equipment sector as showing one of the highest sectoral growth rates in 2000 (up 20% to \$940 billion), clearly not yet witnessing the radical restructuring subsequently announced by many multinational information technology and telecommunications companies in response to a rapid downturn in the global market conditions.

Nevertheless, individual survey respondents in this sector reported mixed fortunes, with a number of sizeable manufacturers noting a decline in exports whilst other key companies continued to enjoy improving worldwide sales. The scale of export activity in this sector has been so considerable during the course of the last decade that the year on year fortunes of individual companies are continuing to exert a disproportionate impact on the level of Scotland's exports overall. Debate surrounds the long-term prospects for retaining multinational corporations able to relocate speedily to alternative competitive investment climates, and much ongoing work in Scotland is focussing on higher-value application of Scotland's knowledge and skills base to ensure that the economy has a secure future at the leading edge of technology. In the short-term, however, it is likely that the influence of the global companies located in Scotland, and the requirement for them to adapt radically to the international economic climate, may result in a future decline in exports from this major industry.

3.1 Manufacturing Industry Export Performance

Electronics (Cont'd)

A decline in export activity has been recorded in 2000 for the Radio/TV/Communications Equipment sector, which includes manufacturers of mobile phones, printed circuit boards, televisions and video recorders.

While still Scotland's second exporting industry, valued at £3,951.8m in 2000 and 18.8% of manufactured exports, this nevertheless equates to a modest downturn of 1.6%. Following the phenomenon of the burgeoning mobile phone market in both domestic and export markets during the late 1990s, evidence of a slowdown in sales began to emerge in the later part of 2000. The closure of the Motorola Bathgate plant in 2001 will have a significant impact on future exports from this sector, although this is not reflected in the period surveyed. Other companies in the electronic communications industry recorded growth in 2000, but in many cases were cautious about prospects for the coming year.

Taking the Electronics industry as a whole, defined as SIC Divisions 30, 31, 32 and 33, overseas sales increased by 2.7% during 2000, to reach £12,584.4m. Representing 59.8% of all Scottish manufactured exports, the Electronics industry remains crucial to the performance of Scotland's success in export markets. Importantly, the development of local supply chain activity around the presence of multinational manufacturers has established a wide range of indigenous Scottish companies which are now significant exporters in their own right. While the volumes and value of overseas sales from these companies may never match the output of the global OEMs, they represent a positive platform for the Scottish economy as a leading electronics supplier.

Whisky/Food & Drink

Whisky remains Scotland's third top export sector, reporting a welcome upturn in exports for 2000. Exports are now valued at £2,156.3m. This highlights a significant recovery by the Whisky industry since 1998, when a particularly severe recession originating in a number of key Asian and Latin American markets resulted in that year being one of the most difficult experienced by the industry in recent times. It is to be hoped that the incipient signs of economic downturn witnessed recently in important markets such as the United States, Japan and Taiwan will not threaten this recovery unduly in 2001.

The Scotch Whisky industry has argued vigorously over the years for a more equitable trading regime, in the face of high duty barriers in many export markets and discriminatory practices in others. Such practices usually involve punitive levels of duty on Scotch alongside low levels of duty on locally produced whisky or other spirits. Examples of these practices have been widespread in such markets as Japan, Korea, Brazil and Chile. Nor has the Single European Market proved so far to be a convincing example of harmonisation in its treatment of Scotch to date.

The pressure of multilateral negotiations for free and fair trade has achieved some success in alleviating the unfair treatment of Scotch Whisky in a number of export markets. Major breakthroughs have been agreed in recent years with Japan and Taiwan, resulting in retail prices falling substantially. One of the most encouraging performances in 2000 was in the Korean market, where the value of sales rose by 41% to a level of £137.7m making it Scotland's fourth largest market for Whisky. Agreement with Chile has also been reached for the incremental harmonising of taxes by 2003. In an increasingly competitive global drinks market Scotch is in competition with spirits and wines of all varieties, as well as facing accelerating changes in consumer profiles and preferences. For this reason, it is all the more essential that it should no longer be disadvantaged by discriminatory taxation. The purchases made by the industry, and the employment it creates in some of Scotland's more fragile communities, makes it one of the sectors most firmly embedded in the Scottish economy and a vital export earner. Indeed, Whisky remains Scotland's top export industry in a number of markets around the world.

3.1 Manufacturing Industry Export Performance

Whisky/Food & Drink (Cont'd)

In the other spirits industries, export sales of Gin and Vodka produced in Scotland are becoming increasingly significant and are included in this survey for the first time, with the assistance of the Gin and Vodka Association. Exports from Scotland amounted to £140m in 2000. Figures for preceding years are unavailable, although they would have been significantly lower than the current level recorded as production increased rapidly during 2000.

Exports of Food and other Beverages remained fairly static in 2000, increasing only 0.6% to a value of £404.4m. This follows a substantial rise of 11.8% in 1999, partly reflecting the first recovery from the effects of the ban on exports of British beef. However, this has been overshadowed by the devastating impact of the Foot and Mouth Disease crisis. However, it is worth noting that any effects of FMD are outwith the timing of this particular survey. Although the disease in Scotland was successfully contained to the Dumfries and Galloway region, Scotland's past success in exports of food products has relied largely on its reputation for high quality and integrity. Unfortunately, whether producers are directly implicated in such health scares or not, the risk of damage to the industry by association is cause for alarm. Meanwhile, Government negotiations for an effective decommissioning regime in the Scottish fishing industry have sought to identify a durable solution to concerns over the conservation of fisheries stocks, a serious concern for the significant number of Scottish exporters of processed fish products. Elsewhere, Scottish companies continue to succeed with exports of strongly branded foodstuffs such as biscuits, confectionery, preserves, dairy products and mineral water.

Chemicals

While retaining its position as the fourth largest export sector, sales from the Chemicals industry fell by 8.5% in 2000, to a level of £1,721.8m. Accordingly, its share of total manufactured products has declined to 8.2%. In particular, exports from a number of the larger companies in this industry recorded a downturn. This sector includes industrial gases, pharmaceuticals, paints and coatings.

Paper and Paper Products

This sector reported one of the most impressive rates of growth in export sales for the year at 24.9%, to a value of £447.1m. The industry comprises a number of significant employers across Grampian, Fife, Forth Valley and Ayrshire, the majority of which witnessed increasing exports in 2000. The large increase is even more remarkable considering that the price of raw materials soared during the period. There are a number of reasons for this positive performance in 2000, which appear to vary from company to company. These include the pursuit of new market strategies, concentrating on value added products with a strong brand image. This approach has helped develop new markets, for example in Latin America and Eastern Europe. The recovery of Far Eastern markets has also been important in contributing to the industry performance.

Clothing and Textiles

Exports from the clothing and textiles sectors continued to face severe pressure from competition in lower cost countries. Overseas sales from both sectors have recorded a steady decline since the mid-1990s, and 2000 proved no exception with export sales down by 6.8% for textiles and 22.2% for apparel. The effect of closures of key companies such as Daks-Simpson and Edward McBean contributed to this decline, while radical corporate restructuring in others reflected an industry seeking urgently to respond to intense competitive pressures. Those examples of individual manufacturers maintaining robust exports tend to be companies operating at the top end of international luxury goods markets, where strong brands, design and quality are uppermost. Key markets for such exporters are the United States, Western Europe, Japan and Korea.

**3.1 Manufacturing
Industry
Export
Performance**

Other sectors

Exports from the Rubber and Plastics sector declined only marginally, despite the impact of the closure of the Continental Tyres factory in Newbridge, previously a significant exporter. This loss was largely compensated for by higher exports from other large companies in the sector.

The Motor Vehicles export sector also suffered from the loss of the Volvo Trucks plant in Irvine, contributing to a 23.1% decline in sales.

In the Other Transport sector, which includes aerospace and shipbuilding interests, there was no evident pattern. Traditionally, exports from this sector are volatile year on year and are largely dependent on unique contract projects which may be reported in one accounting year or spread over a number of financial years.

The Machinery and Equipment sector, which includes a wide range of engineering interests, remains significant as Scotland's fifth largest export industry. There was little change in export values from this sector in 2000, but this should be regarded as a welcome outcome in view of the continuing pressures on engineering manufacturing industry. Continued demand from the global energy, water and environmental sectors has sustained much activity in this industry. However, many companies in this field are now as active in supplying know-how and project management expertise as in the supply of manufactured plant and equipment. In terms of the results reported in this survey, the limitations in the SIC codes means that each company is coded under its main product or service, but may in fact be involved in more than one activity.

3.2 *Service Sector Export Performance*

Table 6 shows the overall estimates of Scottish service sector exports during the last three years, expressed in both current and constant (1995) prices. The Office for National Statistics price deflator for export of services was used to convert current prices into constant prices.

SCDI has been estimating the value of exports from the service sector since 1993. During this time the research has expanded in an attempt to capture all export activity from the Scottish service sector. Export activity is defined as services supplied to overseas markets from a company's domestic base. There are many examples of Scottish companies which have expanded internationally by acquiring subsidiary companies abroad. In these situations the overseas companies are autonomous companies providing services from the market in which they operate and their output is not considered as an export, as there is no export of services from Scotland to the overseas marketplace.

Revision of Prior Years Figures

There have been minor revisions to the historic data. Service sector exports for 1999 now stand at £3,042.7m in current prices, compared to the previously published figure of £3,015.4m.

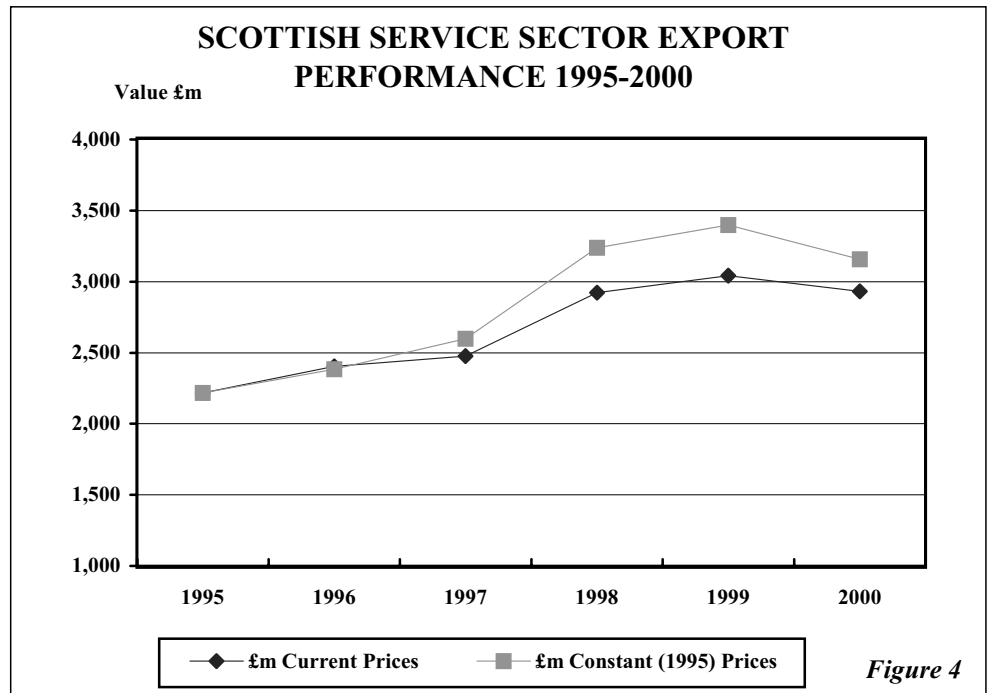
Table 6 shows that service sector exports declined by 3.6% in 2000. When this is deflated the decline is a higher 7.1% due to the effects of negative price inflation. This illustrates that exporters are continuing to sell their services at cheaper prices in 2000 than in 1995.

This fall in export activity follows a healthy rise of 4.1% the previous year. Many sectors continued to show increased exports during 2000 but these are largely concealed by the fall witnessed by the Oil and Gas services and Tourism sectors. On the other hand, UK service sector exports have continued to grow, recording a 10% rise in 2000 compared to 9% the preceding year. The UK remains a significant provider and consumer of services across all sectors. While Scotland's services output has continued to grow in recent years, the growth levels remain below the equivalent UK figures.

	1998	1999	2000
Scottish Service Sector Exports (£m current prices)	2,922.2	3,042.7	2,932.1
(% change from previous year)	+17.9%	+4.1%	-3.6%
Scottish Service Sector Exports (£m constant (1995) prices)	3,237.6	3,397.5	3,156.8
(% change from previous year)	+24.6%	+4.9%	-7.1%
UK Service Sector Exports (£m current prices)	64,745	70,552	77,649
(% change from previous year)	+12.5%	+9.0%	+10.0%
UK Service Sector Exports (£m constant (1995) prices)	71,720	78,763	83,583
(% change from previous year)	+18.7%	+9.8%	+6.1%
Scottish share of UK Service Sector Exports	4.5%	4.3%	3.8%

3.2 Service Sector Export Performance

Figure 4 illustrates the first fall in export activity in the Service sector's export activity in recent years.



The Financial Services sector is a major Scottish employer and acts as a leading European financial centre. Nevertheless, the proportion of Scottish service sector employment in the fast-growing financial and business services sub-sectors is slightly lower than the UK equivalent. This is largely due to the City of London continuing to exert a powerful influence in global financial markets.

Similarly, the impact of UK Higher and Further Education services is greater than that of the Scottish sector. The global demand for education services is undiminished, and the UK enjoys the comparative advantage afforded by the English language. However, the competition in this arena is strong, particularly from North America and Australia. While Scotland has many successes to report in this field, its overseas business growth remains below the growth of the sector globally and below UK performance.

The UK is still one of the top five destinations for overseas visitors, despite the UK-wide difficulties experienced by the Tourism industry over the last two years. However, much of this business remains focused on London and a small number of key cities within easy reach such as Oxford, Cambridge and Bath. While Edinburgh and Glasgow also fare very well in terms of destinations for overseas visitors to the UK, the overall success for Scotland remains significantly below UK performance. Indeed, it is the rest of the UK which offers the largest market for the Scottish tourist industry.

The UK also enjoys an increasing international reputation for innovative technology services and creative industries, particularly in design, advertising, music and media industries. While Scotland has successful practitioners in all these fields, their impact in international markets is not yet as marked. However, Scottish expertise in high technology services – including Computer and Software Services, Oil and Gas Services and Biotechnology – offers many opportunities for international success in niche markets.

3.2 Service Sector Export Performance

Table 7 list service sector exports by five main groupings within services: Professional, Education and Training, Recreation, Transport and Financial Services.

	1998 £m	1999 £m	2000 £m
Professional Services	1,302.8	1,496.8	1,355.1
Education and Training	203.3	207.2	264.7
Recreational Services	949.2	858.6	794.6
Transport Services	38.9	32.3	29.2
Financial Services	428.0	447.8	488.5
Total	2,922.2	3,042.7	2,932.1

As in previous years, exports from the Professional Services grouping remains by far the greatest exporter from the Service sector. This grouping accounts for 46% of the total, however the value of exports from this grouping has fallen from £1,496.8m to £1,355.1m over the period. This category includes the Oil and Gas sector, which experienced a fall in exports from £958.8m to £668.2m between 1999 and 2000. However Computer and Software Services has enjoyed sustained growth over the period rising from £381.5m to £520.1m.

Following modest growth over 1998 and 1999 of 1.9%, Education and Training has witnessed a substantial increase in exports to a value of £264.7m in 2000.

In previous years Recreational Services had been regarded as the largest exporting sector, however this now accounts for 27.1% of total service exports, retaining its position as second in value. Recreational services is dominated by the Tourism sector which once again had a poor year in 2000. Tourism exports are reported in the survey on the basis of domestic sales to overseas visitors. The spend by UK visitors in Scotland, i.e. those from England, Wales and Northern Ireland is not included in this report.

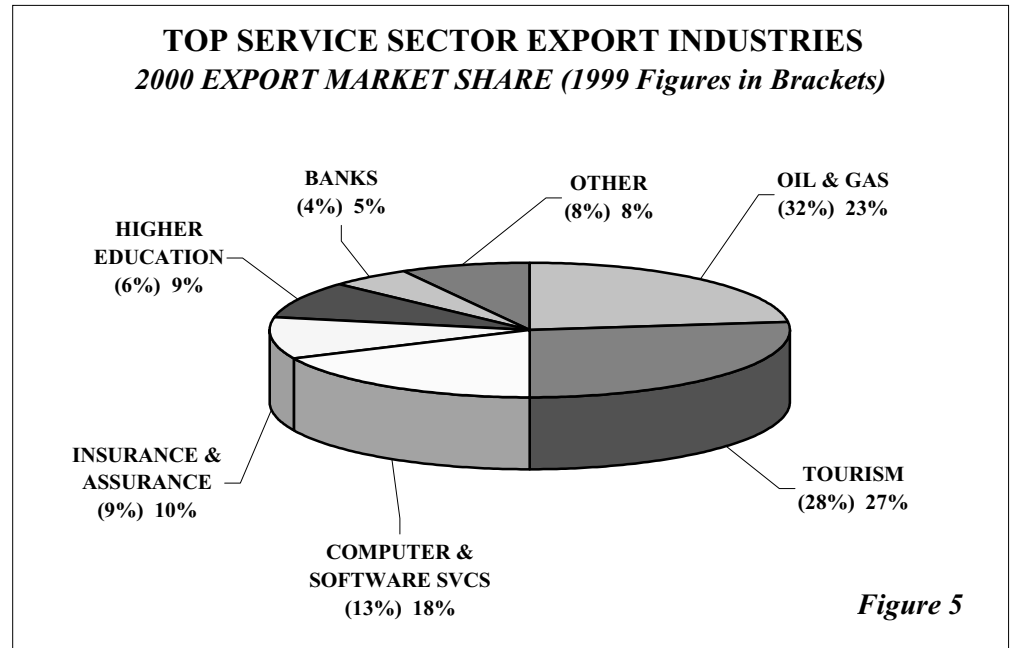
Exports of Financial Services have enjoyed steady growth over the period, recording an increase of 9.1%, from £447.8m in 1999 to £488.5m in 2000. Elsewhere within the service industry Transport Services declined by 9.6% from £32.3m to £29.2m over the period.

3.2 Service Sector Export Performance

Table 8 lists a detailed breakdown of exports within Professional Services, Education and Training, Recreational Services, Transport Services and Financial Services, while Figure 5 overleaf illustrates the relative share taken by the top exporting sectors.

	1998 £m	1999 £m	2000 £m
<u>Professional Services</u>			
Accountants	15.1	16.2	16.3
Advertising	5.5	6.9	0.4
Architects	2.0	1.8	2.0
Chartered Surveyors	2.1	2.5	3.2
Commercial Research and Development	53.2	56.3	73.5
Computer and Software Services	352.8	381.5	520.1
Consulting Engineers	7.0	6.7	7.1
Design Services	1.4	2.6	1.5
Energy	1.8	1.7	0.2
Healthcare	19.1	27.9	28.2
Lawyers	9.6	9.7	10.5
Oil and Gas	814.6	958.8	668.2
Other Business Services	18.6	24.2	23.9
<u>Education and Training</u>			
Commercial Training	3.9	4.9	6.5
Further Education	5.7	6.6	7.0
Higher Education	193.7	195.7	251.2
<u>Recreational Services</u>			
Catering	0.9	0.8	0.7
Film, TV and Music Production	2.9	12.4	1.7
Performing Arts	0.4	0.4	0.2
Tourism	945.0	845.0	792.0
<u>Transport Services</u>			
Transport	33.8	26.7	24.3
Ship Management	5.1	5.6	4.9
<u>Financial Services</u>			
Banks	150.5	130.7	149.0
Auxiliary to Banking	3.4	3.3	4.5
Insurance/Assurance	235.9	268.7	281.9
Other Financial Institutions	38.2	45.1	53.1
Total Service Sector Exports	2,922.2	3,042.7	2,932.1

3.2 Service Sector Export Performance



Professional Services

The Professional Services grouping remains the largest within the Scottish service sector, accounting for 46.2% of total service sector exports. However exports from this grouping have declined over the period from £1,496.8 in 1999 to £1,355.1m in 2000.

Oil and Gas Services

Within this category the major contributor is the Oil & Gas services sector. Following substantial growth recorded in previous years, the figure reported in 2000 is markedly lower. The cyclical nature of oil and gas as a global industry should be borne in mind when analysing the downturn in 2000. The performance of Scottish companies in exporting Oil and Gas services is very much dependent on global market conditions. The evidence suggests that the downturn in 2000 is largely attributable to lower export figures reported by a few key companies in the sector. These result from the conclusion of major contracts in the preceding financial year. Meanwhile, other companies in the sector have reported a continued increase in export sales.

Computer and Software Services

Export sales continue to rise from Computer and Software Services, which is the second largest sector within Professional Services. There has been a substantial increase in sales in 2000 growing from £381.5m in 1999 to £520.1m in 2000, a rise of over 36%. This equates to 17.7% of total services exports and 38.4% of Professional Services exports respectively. Many of the companies in this sphere offer leading-edge services in the provision of high quality niche software development, IT solutions in training and accountancy, video games development and e-commerce consultancy. The consistent export growth in this sector highlights Scotland's development as a knowledge-based economy, providing services to international IT and telecommunications companies as well as consumer/retail markets worldwide.

3.2 Service Sector Export Performance

Commercial Research and Development

The remaining sectors within the Professional Services category are smaller in comparison, nevertheless a number have experienced growth in 2000. Commercial Research and Development continues to be a sunrise exporter with sales growth in excess of 30% to stand at £73.5m. Healthcare services have also continued to grow, increasing by 47.6% over a three-year period to stand at £28.2m in 2000. These figures reinforce Scotland's growing reputation in sectors such as biotechnology and life sciences, underlining the high quality of service which Scottish companies can provide to global clients in the fields of drug development, biopharmaceutical testing, pre-clinical services and so on. Target markets for such firms would include the United States, Europe, Japan and Korea. Moreover, the recent focus on improving Scotland's performance in commercialising the research base in Scottish Universities and other institutions creates a platform for widening the base of spin-out companies on science and research parks which will ultimately operate in global environments, irrespective of the size of company.

Export growth has also been identified for Accountants, Lawyers and Consulting Engineers. While export activity reported by Chartered Surveyors and Architects has also increased marginally, the opportunities for the primarily small Scottish professional firms in these sectors to become involved in overseas projects remain limited. The other four sectors – Advertising, Design Services, Energy and Other Business Services – each reported a decline in export activity in 2000.

Education and Training

Exports from Education and Training have risen substantially in 2000 from £207.2m to £264.7m, an increase of 27.8%. This follows a modest 1.9% increase in 1999. Education and Training now accounts for 9.0% of total services exports. The largest proportion of income within this sector comes from overseas students, with the remainder coming from research grants, overseas contracts and services rendered. Opportunities for overseas students, for example from a number of Asian markets, to undertake postgraduate study in engineering disciplines, medicine and business management courses in Scotland remain important. This is nevertheless in the face of strong international competition from institutions in the United States, Canada, Australia and elsewhere in the UK.

The dominant sector remains Higher Education, which accounts for 94.9% of total Education and Training exports. In 2000 Higher Education exports increased by £55.5m, from £195.7m to £251.2m, representing some 8.6% of all Scottish service sector exports. Although Higher Education exports from Scotland are not growing at international rates, consistent growth has been experienced between 1996 and 2000. Although smaller in value, exports from both Commercial Training and Further Education sectors continue to rise at a steady rate of growth, by 32.6% and 6.1% respectively.

3.2 Service Sector Export Performance

Recreational Services

Tourism

Exports from Recreational Services in 2000 have fallen by 7.4% from £858.6m in 1999 to stand at £794.6m in 2000. In order to avoid duplicating the annual research carried out by VisitScotland, tourism businesses are not incorporated directly in the survey process but are sourced from VisitScotland. Tourism exports are reported in the survey on the basis of domestic sales to overseas visitors. Tourism accounts for almost the entirety of Recreational Services exports at 99.7% of the total. With the widespread publicity in recent times underlining the challenges which face the industry, it does not come as any surprise that exports from Scotland's tourist industry declined from £845.0m to £792.0m over the period. While travel and tourism has been the fastest growing global industry in the 1990s, Scotland has failed to match this period of unprecedented expansion. Many of the difficulties facing the industry in Scotland are well-rehearsed and are also common to the rest of the UK. Exchange rates have contributed to the impression that this is a high-cost destination, often exacerbated by the pricing policies of some suppliers. Perceptions of an unpredictable climate, high transport costs and poor public transport services have also undermined the industry. In Scotland, the high fuel costs which were at their peak in the latter half of 2000 adversely affected numbers of visitors, especially to remote and rural communities. Not least, the continuing crises in British agriculture have acted as a deterrent. While the outbreak of Foot and Mouth Disease materialised in early 2001, after the period of this survey, the impression of a Britain "closed for business" has also dented confidence in the Scottish market.

Forecasts for 2001 suggest a further decline in overseas visitor numbers and expenditure. However, the appointment in late 2001 of a Minister in the Scottish Executive with direct responsibility for tourism gives an opportunity for fresh impetus, alongside a range of new and high profile marketing strategies being initiated by VisitScotland.

Film TV and Music Production

A downturn is noted this year in exports from Film, TV and Music Production. Following a threefold increase the previous year from £2.9m to £12.4m, the decline is not altogether unexpected. In such an industry exports can vary year upon year, as scheduling of productions and location choices ultimately lie outwith the control of Scottish agencies. However the decline in exports in 2000 has been compensated for by a large number of UK production companies choosing Scotland as a location for Film and Television production. As a result this sector continues to provide an opportunity for growth in Scotland's economy whether this is through exporting or trade with the rest of the UK.

Financial Services

The Financial Services sector remains vitally important to the Scottish economy and furthermore an important contributor to Scottish sales to export markets. Results in 2000 highlight this sector's importance as it now accounts for 16.7% of total service exports, growing from £447.8m in 1999 to £488.5m in 2000.

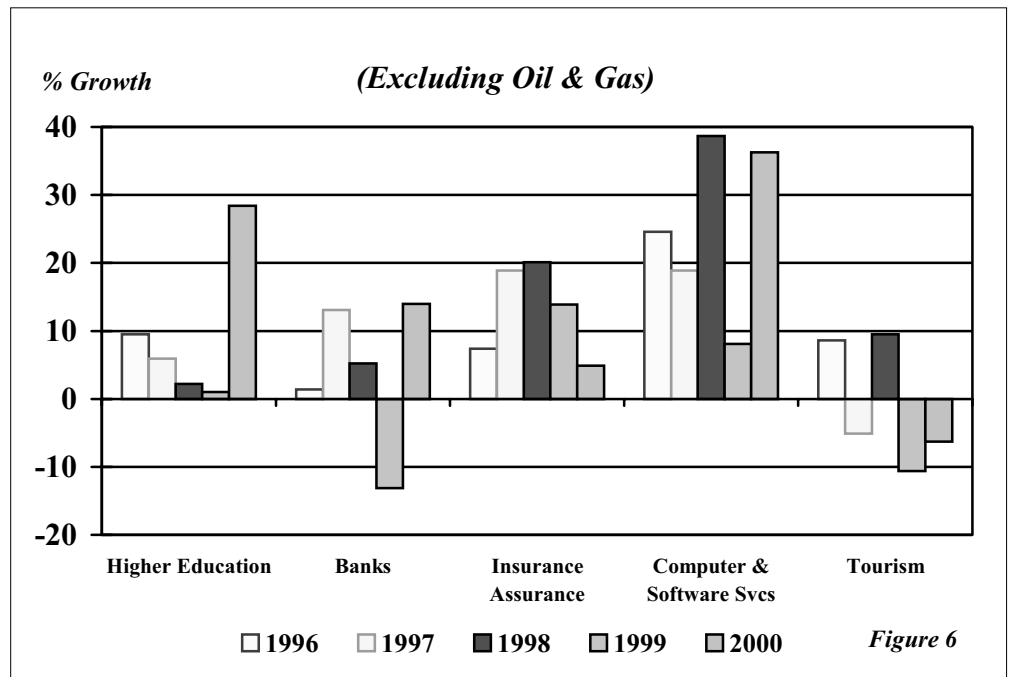
This is a sector in which it is very difficult to determine what constitutes an export. For the purposes of the survey, exports from banking were defined as the interest, net fee and commission income accrued by the banks. For insurance/assurance the "effective income" was used as a benchmark measure applied to long term insurance/assurance business. Effective income is calculated as new annual premiums plus 10% of single premiums, and sales to overseas customers have been calculated on this basis for the insurance/assurance sector export estimates. The estimates for other financial institutions exports (largely composed of fund management firms) comprise fees for investment management and commission income and for the auxiliary to banking sector fee income (mainly stockbroking firms).

**3.2 Service Sector
Export
Performance**

Financial Services (Cont'd)

Within Financial Services all sectors have experienced growth this year, the most notable being in the Banking sector, which recorded a 14.0% increase from £130.7m in 1999 to £149.0m in 2000. Banking remains the second largest sector in Financial Services behind Insurance/Assurance, which increased from £268.7m to £281.9m over the period and now accounts for 9.6% of total services exports compared to 8.8% in 1999. Other Financial Institutions, which largely comprises Fund Managers, has also increased this year from £45.1m in 1999 to £53.1m in 2000.

Figure 6 shows the percentage change in some of the top exporting sectors.



3.3 Primary Sector Export Performance

Table 9 identifies primary exports by sector over the last three years recorded.

SCDI has been estimating the value of exports from Scotland's primary sector over the last six years, with figures stretching back to 1995. The definition of the primary sector is based on the 1992 Standard Industrial Classification and the study also includes the activities of the water utilities and electricity generators. The measurement is of unprocessed products, usually at the first point of sale. Once the product has entered a plant for further processing it is considered a manufactured product. Nevertheless, it is important to emphasise the significance of primary producers in providing the feedstock for much of Scottish-based manufacturing.

Table 9 Scottish Primary Sector Exports and Transfers to Overseas Markets 1998-2000 (£'000 current prices)

	1998 (£'000)	1999 (£'000)	2000 (£'000)
<u>Agriculture</u>			
SIC 01			
Livestock + Products	31,550	34,018	30,243
Cereals*	1,837	23,463	23,463
Potatoes	8,590	10,497	4,983
TOTAL	41,977	67,978	58,689
<u>Fisheries</u>			
SIC 05			
Seafish	107,069	62,279	68,983
Shellfish	1,911	1,153	897
Salmon	104,640	119,132	128,388
TOTAL	228,692	182,564	198,268
<u>Forestry**</u>			
SIC 02			
<u>Minerals</u>			
SIC 10/13			
Mines	4,300	2,031	1,787
Quarries	4,487	6,450	9,090
TOTAL	8,787	8,481	10,877
<u>Oil And Gas</u>			
SIC 11			
Oil Hydrocarbons	2,936,848	5,209,085	6,521,456
Gas Hydrocarbons	69,988	73,968	142,686
TOTAL	3,006,836	5,283,054	6,664,142
TOTAL	3,286,292	5,542,076	6,931,976
TOTAL (Excl Oil & Gas)	279,456	259,023	267,834

* Export figures for Cereals are no longer available from the sources previously used.

For comparative purposes, the 1999 figure has been used again for 2000.

** No exports have been recorded from the Forestry sector

Total exports for 2000, including Oil and Gas, are valued at £6,931.9m, a substantial increase of 25.1% on the £5,542.1m recorded in 1999. This reflects a continuing trend identified in the 1999 report, with the increase primarily due to a 25.2% increase in sales of Oil Hydrocarbons outwith the UK, reaching a value of £6,521.4m. Following an especially difficult year in 1998, when global trading conditions for the oil industry were severely depressed, the revival in oil prices continued to be sustained. This led to an encouraging upturn in investment and activity in the Scottish sector, reflected in the significant figures recorded for 2000.

3.3 Primary Sector Export Performance

The 2000 figure is the highest recorded for Oil exports since 1995, and results in the overall Primary Exports figure similarly reaching a five-year high. Exports of Gas Hydrocarbons also increased by an impressive 92.9% in 2000 to reach a level of £142.7m.

Without the effect of Oil and Gas sectors, the contribution of primary industries to Scotland's exports is relatively modest at some £267.8m. Nevertheless, this represents an increase of 3.4% for the same sectors over the corresponding period in 1999. Fisheries remains the top exporting sub-sector, followed by Agriculture and Mining/Quarrying. Of these, both the Fisheries and Mining/Quarrying sectors reported a marginal upturn in exports for 2000, while Agriculture recorded a 13.7% decline in exporting activity.

The year remained an extremely precarious one for the Agriculture sector, compounding the difficulties reported in 1999 arising from low commodity prices and adverse exchange rates. Recovery from the effects of the beef export ban crisis was quickly followed by the advent of an even greater threat, with the emergence of Foot and Mouth Disease in the national herd. With this crisis only emerging in Scotland in February 2001, the fall in export figures can not solely be attributed to FMD. Nevertheless, the ongoing crises experienced in the UK livestock sector in particular have been highly damaging to Scottish primary exports, irrespective of the source or spread of the problem. Meanwhile the value of potato exports, which had increased consistently over recent years, more than halved in 2000.

In the fisheries sector, exports of seafish and salmon have risen marginally, while sales of shellfish have fallen below the £1m mark for the first time in the last five years. The depletion of North Sea and other fish stocks is a well-rehearsed and contentious issue. The Government has sought to introduce a decommissioning regime which will result in crucial conservation of stocks, particularly in white fish. The success of such measures will be vital in ensuring the longevity of an industry which supports significant numbers of Scottish jobs, including in the processing sector.

In addition to Scotland's domestic processing capacity, there are also substantial direct landings by Scottish vessels in other markets. The export market for aquacultured fish and shellfish has grown significantly in recent years, and the Scottish brand has gained a reputation for quality in some of the key consumer markets such as France, Spain, Belgium and the United States. Once again, however, the threat of infectious disease – allied to ever more fierce international competition – has undermined Scotland's hard won success in this field. The continuing downturn in shellfish exports in 2000 illustrates this.

The European Union is the largest market for Scotland's Primary exports in each of the Fisheries, Agriculture and Mining/Quarrying sub-sectors. In landings of seafish, the main export markets are Norway, Netherlands, Spain and Denmark. In exports of salmon, France accounts for some 42% of sales, followed by Germany, United States, Spain and Belgium.

Primary Sector UKCS Transfers

Petroleum hydrocarbons from the Northern UKCS area, brought onshore and subsequently transferred to UK and export markets from Scottish terminals in 2000 were valued at £8,074m (Exports £6,521m, UK £1,553m). This compares with £6,965m in 1999 (Exports £5,209m, UK £1,756m), maintaining a rapid rise over a three-year period. This data is compiled from the four oil terminals transferring from the Northern and Central UKCS, which has their initial landfall in Scotland. The four terminals are Sullom Voe in Shetland and Hound Point in the Forth Estuary operated by BP, and Nigg in Ross-shire and Flotta in Orkney, both operated by Talisman Energy.

Gas hydrocarbons from the Northern UKCS area, brought onshore in Scotland and then transferred via the gas grid infrastructure to UK and export markets in 2000 were valued at £1,661m (Exports £143m, UK £1,519m). This compares with £1,107m in 1999 (Exports £74m, UK £1,033m). The UK figures were calculated using data from the UK Gas National Transmission System operated by Transco. Overseas data is based on transfers from Scotland's gas Interconnector to Ireland.

4.1 Destination of Manufactured Exports

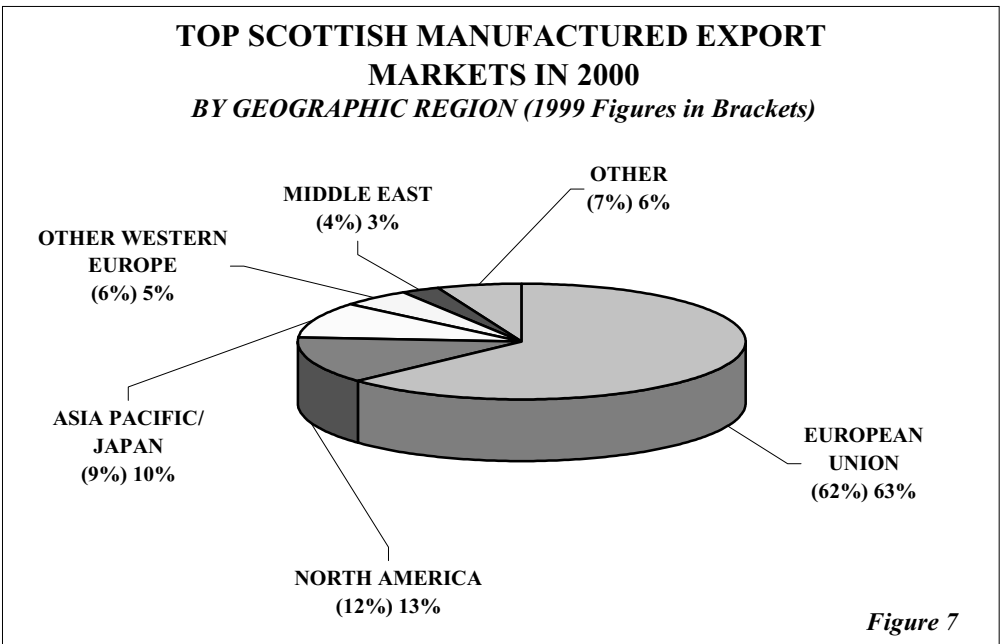
Sections 2 and 3 looked at the value of Scotland's exports by industry sector. Section 4 now concentrates on the destination of these exports.

The destination of Scottish manufactured exports analysed by geographic region is given in Table 10 and Figure 7.

Table 10 Destination of Scottish Manufactured Exports by Geographic Region (£m Current Prices) (1998 – 2000)

	1998		1999		2000	
	Value	%	Value	%	Value	%
European Union	12,139	63%	12,760	62%	13,218	63%
North America	2,061	11%	2,372	12%	2,706	13%
Asia Pacific (excl. Japan)	1,167	6%	1,172	6%	1,541	7%
Western Europe (excl. EU)	1,271	7%	1,221	6%	1,009	5%
Japan	588	3%	609	3%	698	3%
Middle East	501	2%	817	4%	601	3%
Latin America	605	3%	503	2%	443	2%
Eastern Europe	437	2%	465	2%	392	2%
Africa	312	2%	373	2%	325	1%
Australasia	193	1%	128	1%	123	1%

NB Western Europe (excl. EU) consists of Iceland, Liechtenstein, Malta, Norway and Switzerland.



The principal trading area for Scotland's manufactured exports remains the European Union. In 2000, sales to the EU increased by 3.6% to £13,218m from £12,760m in 1999. As a result, the share of Scotland's exports destined for the EU rose one percentage point to 63%.

In contrast to the EU markets, sales to other Western European markets declined to a level of £1,009m and now account for 5% of Scottish exports. Central and Eastern Europe also witnessed a decline in Scottish exports, falling below the level recorded in 1998.

4.1 Destination of Manufactured Exports

The still strong North American economy throughout much of 2000 was reflected in enhanced sales, rising to a new high of £2,706m and taking a 13% proportion of Scottish sales.

The Asia Pacific region also recovered in strength, breaking the £2 billion threshold for the first time and increasing its share from 9% of the total in 1999 to 11%.

Sales to the Middle East, Latin America, Africa and Australasia all fell marginally in real terms in 2000. Accordingly, the major trading blocs of the EU, North America and Asia Pacific have increased in importance as markets for Scottish goods.

4.1 Destination of Manufactured Exports

Table 11 and Figure 8 examine this in more depth. Table 11 shows the top 40 destinations of Scottish manufactured exports in 2000, along with comparable figures for 1999 and 1998, where available. Figure 8 illustrates the major country markets.

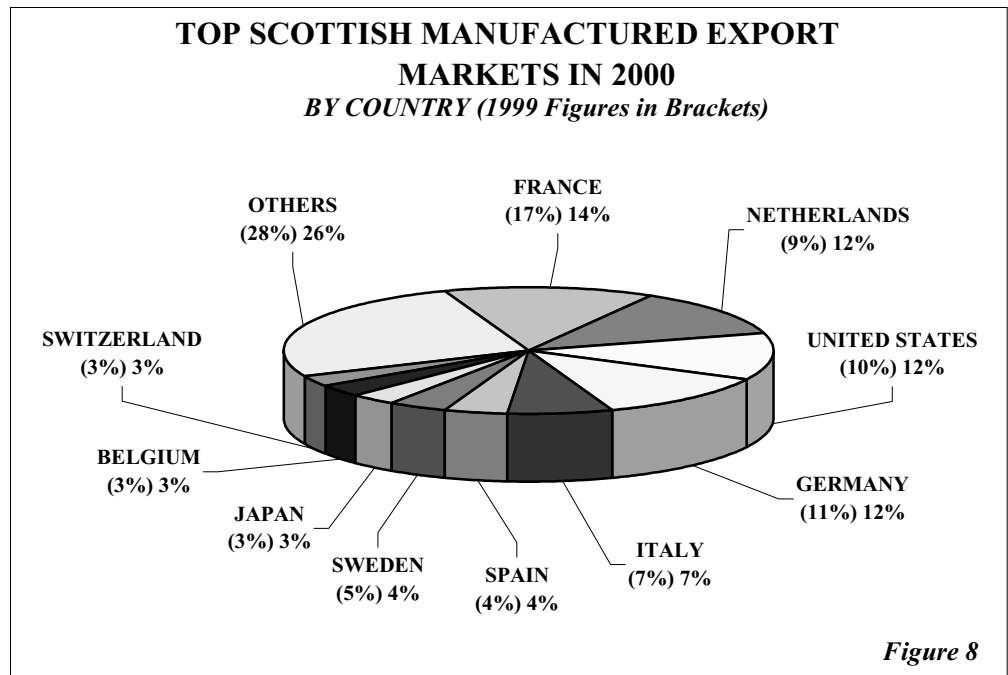
Table 11 Top 40 Markets for Scottish Manufactured Exports (£m Current Prices) (1998-2000)

COUNTRY	1998	1999	2000
FRANCE	2,878 (1)	3,386 (1)	3,056 (1)
NETHERLANDS	1,459 (5)	1,837 (4)	2,506 (2)
USA	1,895 (3)	2,134 (3)	2,499 (3)
GERMANY	2,030 (2)	2,250 (2)	2,431 (4)
ITALY	1,764 (4)	1,432 (5)	1,475 (5)
SPAIN	745 (7)	904 (7)	952 (6)
SWEDEN	1,142 (6)	932 (6)	897 (7)
JAPAN	588 (11)	610 (9)	698 (8)
BELGIUM	605 (10)	593 (10)	679 (9)
SWITZERLAND	609 (9)	637 (8)	599 (10)
NORWAY	642 (8)	569 (11)	386 (11)
DENMARK	478 (12)	360 (12)	335 (12)
IRELAND	382 (13)	329 (13)	328 (13)
SINGAPORE	276 (14)	277 (=15)	249 (14)
BRUNEI	*	*	231 (15)
HONG KONG	228 (15)	261 (17)	216 (16)
CANADA	166 (19)	238 (18)	207 (17)
SOUTH KOREA	90 (31)	141 (22)	199 (18)
FINLAND	171 (18)	204 (19)	190 (19)
ISRAEL	95(=28)	147 (21)	171 (20)
TURKEY	148 (23)	313 (14)	155 (21)
PORTUGAL	184 (16)	277 (=15)	139 (22)
SOUTH AFRICA	154 (22)	154 (20)	129 (23)
CHINA	121 (26)	74 (=32)	125 (24)
AUSTRIA	157 (21)	132 (24)	114 (=25)
GREECE	137 (25)	120 (25)	114 (=25)
MALAYSIA	71 (35)	106 (28)	112 (27)
TAIWAN	180 (17)	94 (30)	110 (28)
POLAND	164 (20)	133 (23)	108 (29)
AUSTRALIA	138 (24)	112 (26)	107 (30)
CZECH REPUBLIC	*	52 (39)	91 (31)
VENEZUELA	88 (32)	67 (36)	87 (32)
UNITED ARAB EMIRATES	91 (30)	107 (27)	83 (33)
THAILAND	80 (33)	54 (37)	72 (34)
RUSSIA	95(=28)	99 (29)	64 (35)
MEXICO	104 (27)	42 (40)	60 (36)
BRAZIL	70 (36)	74 (=32)	58 (37)
EGYPT	*	*	51 (38)
INDIA	47 (39)	69 (=34)	49 (39)
HUNGARY	50 (38)	53 (38)	48 (40)

* Not a Top 40 market for the specified year.

N.B. It should be noted that Whisky exports are almost entirely responsible for the appearance of some of the smaller, particularly Latin American markets in the Top 40 list.

4.1 Destination of Manufactured Exports



France

France remains Scotland's principal export market by some distance. However, sales to France actually recorded a 9.7% fall in 2000 resulting in the French share of Scottish exports declining from a high point of 17% in 1999 to 14.5% in 2000. Exports from the Office Machinery sector remain a principal driver in the value of sales to the French market, representing some £1.7 billion of sales, despite a fall from £1.9 billion the previous year. Within France, the market for computer peripherals continued to grow by some 10.3% in 2000. The market for desktop computers remained stable, but growth here was only 0.1%; meanwhile portable pc's grew by 7.8%, with notebooks dominating the market. The office equipment sector grew by 12.8%, with photocopiers constituting the highest value share at 56% of the market.

The second largest manufactured export industry to France is the Radio/TV/Telecommunications sector. The market in France for cellular and wireless communication systems grew by 59% in 2000. At the end of the year, France had some 30 million mobile phone users representing a 49% penetration of the population. Televisions, VCRs and camcorders have also continued to witness expanding demand.

France has traditionally been a significant market for Scotch Whisky, despite the keen competition from wines and other spirits such as cognac. In 2000, France was the third largest market for Whisky at a value of £202.1m. However, this represented a decline of 7% over the preceding year. France is also by some distance the largest market for Scottish foods and beverages, accounting for some £94m of sales across a wide range of products.

The Netherlands

The second largest export market recorded in 2000 was the Netherlands, with reported sales in excess of £2.5 billion. A cautionary note should be struck here, however, as it is clear that a high proportion of sales to this market are for wider distribution beyond this market itself. The Netherlands is well established as a trading entrepot, and this explains the significance of a relatively small country of 15 million people as a major global market for export and import activity.

4.1 Destination of Manufactured Exports

The Netherlands (Cont'd)

However, the underlying reason for the rapid increase in sales to this market in 2000 appears to result from major electronics suppliers shipping a much higher proportion of sales from Scotland to the Netherlands as a key distribution centre. As a consequence, sales from the Office Machinery sector account for almost £1.8 billion, or over 70% of sales to the Netherlands. This makes it the largest world market receiving Scottish manufactured goods from this sector.

The second largest sector is sales from the Chemicals sector which were valued at £374m.

The United States

The United States remains in third position, recording further strong growth of some 17% in Scottish exports for the year, to a figure approaching £2.5 billion. As described earlier in this report, the United States was still enjoying robust economic growth in the earlier part of 2000 and continuing to provide a significant market as the world's largest importer. However, the possibility of a serious slowdown in growth was already being anticipated in the latter half of the year and a deterioration in the economic climate was clearly signalled. The repercussions of the events of 11 September 2001 on the US and global economies remain to be identified. However, as a highly important market for Scotland, it can be speculated that the economic troubles now being experienced by the United States will have a significant impact in 2001 and potentially beyond.

Sales to the US are more widely spread over a range of industries. While exports from the electronics industries are again high, they do not dominate as obviously as in some other markets. The top sectors by value were Office Machinery at £498.2m and Radio/TV/Communications at £434m. Also significant were sales from the Transport sector at £373.4m and Whisky at £300.7m. Sales from the Chemicals, Coke and Petroleum and Machinery and Equipment sectors each surpassed the £100m level. The US was the largest market for Textiles at £48.3m, while some £21.3m of Food and Beverages exports was achieved. The spread of industries selling successfully into this market, comprising exporters large and small, means that a serious economic downturn in the US economy would be likely to have a widespread impact on Scottish exporters.

Germany

Germany has slipped down the rankings from second to fourth top market, although the value of manufactured exports actually increased from £2,250m to £2,431m in 2000. Germany is the UK's largest market in Europe, where the UK has a market share of around 7%, compared to Scotland's 0.8% share, but lags behind France in the Scottish exports table. This is largely due to the Office Machinery sector, from which exports to France are approximately double the value of exports to Germany. The German market is nevertheless a vital one for a number of Scottish industries.

German GDP grew by 3% in 2000, slightly below the Eurozone average but still remaining the world's third largest economy. Scotland's largest export sector was the Radio/TV/Communications industry, valued at £944.4m. 2000 saw an explosive growth in mobile customer numbers in Germany, with the market for cellular communications services growing by 104% to reach a penetration rate of 42%. While the market for Office Machinery products is overshadowed by sales to France, it nevertheless represents some £804.2m. Exports from the Chemicals and Paper sectors were also important. Germany is Scotland's second largest market for Food and Beverages, at over £50m of sales.

4.1 Destination of Manufactured Exports

General Overview

As illustrated earlier in Figure 7, the EU currently accounts for 63% of Scottish exports. Within that share, the twelve countries which currently constitute the Eurozone amount to £11,872m or 56% of Scottish exports. Exports to Italy, Spain and Belgium have climbed in 2000, but a number of other Western European markets including all the Scandinavian markets, Switzerland, Portugal, Austria and Greece have experienced a downturn and sales to Ireland have been static. GDP growth in many of these markets was still relatively healthy in 2000, however the weakness of the euro and other European currencies against sterling throughout much of this period may have contributed to difficulties for Scottish exporters in maintaining export prices.

Sales from Scotland to Central and Eastern Europe have not yet met the potential offered by the transition economies. Of the three key Central European markets, only the Czech Republic has recorded growth while Poland and Hungary have fallen back. This may to some extent reflect the differences in economic performance in these markets during the last two to three years. However, the prospects of economic growth aligned to the expected accession of these markets to the EU in 2003/2004 suggests that it is an area which Scottish exporters would do well to explore. In parallel, exports to Russia have fallen to a modest level of £64m, led by sales from the Electronics, Chemicals and Metals industries.

Amongst the Asian markets, Japan has continued to recover its position in the top 10, climbing to eighth place and still clearly Scotland's major market in the Far East. This counteracts the impression that the faltering Japanese economy has closed the door to productive business in that market. A large proportion of exports to Japan (68%) come from the Electronics sectors. However, it is also an important market for Chemicals; as well as for the Food and Beverages and Textiles industries, each of which accounts for around £13m in exports. In these sectors, Japan is an enduring market for high quality, top of the range and niche products. The market for Whisky exports dipped marginally by 3% in 2000, but remains significant as the fifth top market valued at £126.8m.

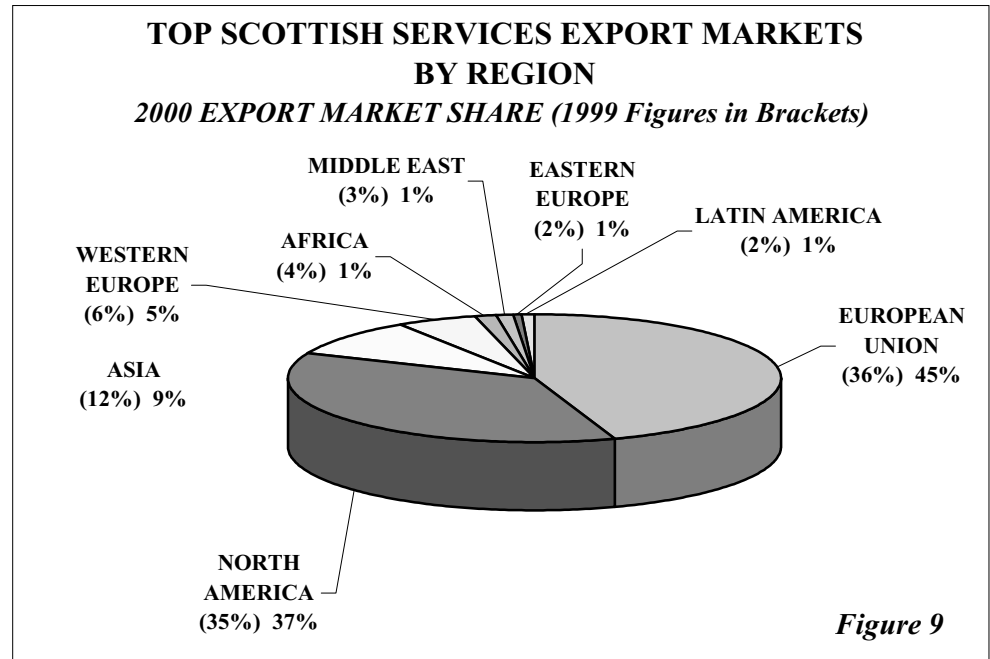
Exports to Korea have continued to climb significantly, with the result that the market has moved from 31st place in 1998 to 18th in 2000. This has been fuelled primarily by a 41% increase in Whisky exports in 2000, but it is also a growing market for a number of other industries, including Textiles, Paper & Paper Products, Machinery & Equipment, and the Electronics sectors. Meanwhile, sales to Singapore and Hong Kong have fallen slightly. The export figure for Brunei, which enters the top 40 at 15th position, may be considered an aberration as this relates almost entirely to one contract in the Transport sector which was recorded in the accounting year surveyed.

The largest increase in exports to Asia is to the China market, with a 69% rise to a level of £125m. This is manifest in a number of sectors, including Electronics, Machinery and Equipment, Fabricated Metal Products and Chemicals. Last year's survey suggested that respondents may be under-reporting sales to China, and that the market may also be difficult for SMEs to penetrate due to its emphasis on local manufacturing and investment. It does appear that more business is now being conducted between Scotland and China. The continued growth of China's GDP has avoided the vagaries of other East Asian markets in recent years. Moreover, China's entry into the WTO in 2001 is expected to be a further stimulus to trade in the future.

In the Middle East, the rapid rise of exports to Turkey in 1999 was attributed to the liberalisation of the rapidly expanding telecommunications sector. The subsequent economic dislocation of the economy arising from its ongoing financial crisis has dampened activity with the Turkish market, and a rapid reversal of fortunes has been reported. In contrast, exports to Israel have continued to strengthen to the extent that it has risen from 28th to 20th place in Scotland's export markets. As one of the world's most innovative economies in the development of new technologies, it is not surprising that the Electronics sector is a key contributor to this expansion of trade.

4.2 Destination of Service Sector Exports

Service sector organisations were also asked to provide a breakdown of the destination of their exports. Figure 9 provides a regional breakdown of export destinations, while Figure 10 and Table 12 overleaf, illustrate the top ten country markets.



The European Union has retained and strengthened its position as the most significant destination for exports of services, accounting for 45% of the total compared to 36% in 1999. In contrast however, sales to the rest of Western Europe (comprising Iceland, Liechtenstein, Malta, Norway and Switzerland) have marginally decreased from 6% to 5%. The slowdown in exports of Oil and Gas services to Norway is largely responsible for this.

The second largest region for services exports remains North America with the proportion increasing slightly from 35% in 1999 to 37% in 2000. Meanwhile, a decline in the proportion of services exports to Asia, Latin America, Middle East, Africa and Eastern Europe has been recorded.

4.2 Destination of Service Sector Exports

Table 12 Top 10 Markets for Scottish Service Sector Exports (£m Current Prices) (1999-2000)

COUNTRY	1999		2000	
	Value of Exports	Proportion of Exports	Value of Exports	Proportion of Exports
USA	897.6	29.5%	800.5	27.3%
Canada	197.8	6.5%	334.2	11.4%
Germany	213.0	7.0%	258.0	8.8%
Ireland	82.1	2.7%	225.8	7.7%
Italy	176.5	5.8%	193.5	6.6%
France	146.0	4.8%	164.2	5.6%
Spain	94.3	3.1%	120.2	4.1%
Australia	170.4	5.6%	117.3	4.0%
Netherlands	88.2	2.9%	105.6	3.6%
Japan	*	*	99.7	3.4%
Others	976.8	32.1%	513.1	17.5%
Total Service Sector Exports	3,042.7	100%	2,932.1	100%

*Not a top market for the specified year

TOP SCOTTISH SERVICES EXPORT MARKETS BY COUNTRY

2000 EXPORT MARKET SHARE (1999 Figures in Brackets)

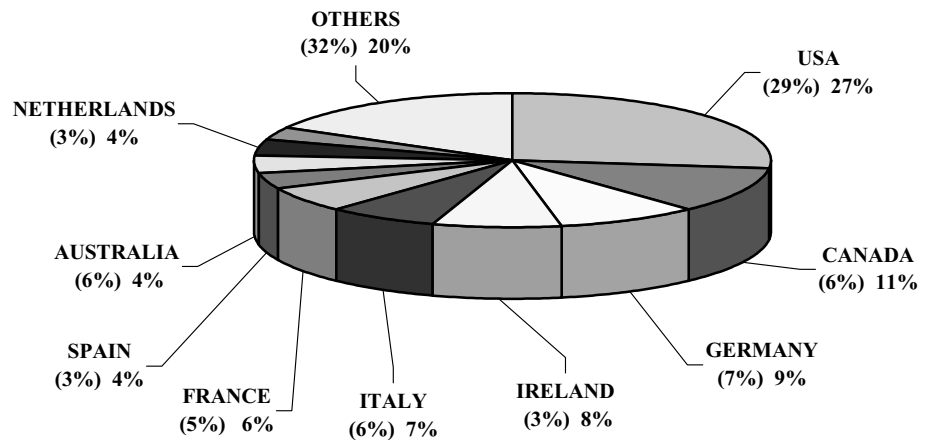


Figure 10

The United States

The United States has retained its position as Scotland's largest market for sales of services by a considerable degree. Despite this, total exports have decreased marginally from £897.6m in 1999 to £800.5m in 2000, with the United States' overall share dropping from 29.5% to 27.3% over the period. Exports of services to the USA remain so significant because they encompass the broadest range of sectors including Tourism, Financial Services, Oil and Gas Services, Commercial Research and Development, and Computer and Software Services.

4.2 Destination of Service Sector Exports

The United States (Cont'd)

The appeal of the US market for Scottish services exporters derives from its size and openness, resulting in fewer barriers to entry. The US economy is the world's largest consumer and importer of services. For Scottish and other English-speaking firms the lack of language barriers is a distinct advantage in the delivery of services. Moreover, the market-oriented enterprise culture offers a more competitive environment conducive to new and innovative ideas. The US is also one of the frontrunners in technological advances thus providing many opportunities for pioneering technologies developed by Scottish companies. For example, as the leading driver behind developments in the biotechnology sector, the US is a natural target for Scottish businesses in the Commercial Research and Development sector with exports accounting for over £30m in 2000.

The market is also the largest for Financial Services exports. In an economy enjoying eight successive years of growth and acting as a motor for the world economy, the active investment climate in the United States has provided considerable opportunities for Scottish firms in the Banking, Fund Management and Merchant Banking sectors to generate lucrative business. The end of 2000, however, anticipated a sharp downturn in the economy. This, allied to the bruising investment climate in technology and telecoms equity markets throughout much of 2000, may have dampened prospects for continued growth in the short term.

The United States remains the most important source of Tourism revenues for Scotland, despite an overall drop in tourist visitors from the US. Sales in 2000 dropped 13.7%, down from £220m to £189m over the period, although represents a substantial 23.9% share of the total. There were a number of factors contributing to this, common to the difficulties experienced across the tourism industry during the year. However, the unimaginable attacks which took place in New York and Washington in September 2001 are expected to result in a greatly worsening impact on travel and tourism business with the US in the 2001 figures.

Canada

In 2000 Canada ranks as the second top market accounting for an 11.4% share of total services exports. This represents a sharp increase from the results recorded in 1999, rising from £197.8m in 1999 to £334.2m in 2000. Many of the factors suggested above relating to the US market also apply to Canada. The close historical and cultural links between Scotland and Canada have opened up channels for substantial business. In 2000, the increase is paradoxically attributable to a growth in tourist revenues during a year when overall tourism exports were in decline. Family associations and direct transport links between Scotland and Canada help to explain the significance of this sector. The other key service industry supporting business with Canada is the Financial Services sector. In particular, the presence of the Insurance/Assurance sector is longstanding and significant.

Europe

In 2000 the third largest market for service exports was Germany, slipping from second position in 1999. Despite this, services exports to the market have actually increased by value from £213.0m in 1999 to £258.0m in 2000. Germany is also an important market for the Tourist industry, accounting for £68m in 2000 compared to £59.9m in 1999. In particular, the image of Scotland as a romantic wilderness offering walking, fishing, golf and other country pursuits as well as a rich heritage of castles and monuments has been a highly effective marketing strategy for the German consumer market. The business tourism market is also important. In addition, Germany is also a key market for the expansion of the biotech sector with service exports increasing from both the Healthcare and the Commercial Research & Development industries.

4.2 Destination of Service Sector Exports

Europe (Cont'd)

As discussed, the impact of Tourism on all key service export markets outweighs all other sectors. For example, in 2000 Scotland witnessed a substantial increase in tourist revenues from Ireland resulting in the market climbing from tenth position to fourth position overall. Improved transportation links with a greater frequency and choice of transportation provider, resulting in lower costs for the consumer, have been essential factors in this growth. In addition Computer Services and Other Business services are important sectors

Italy is also an important market for the Scottish Service Sector with exports to this region rising from £176.5m to £193.5m over the period. Exports from the Tourist industry have increased to Italy, as have exports from the Business Services Sector and Commercial Research and Development Sector.

The European Union provides the main source of sales of Scottish services, taking a 45% share of the global market. Important contributors continue to be Tourism, Computer and Software Services, Financial Services, Commercial Research and Development and Higher Education. In other Western European markets outwith the EU, Oil and Gas Services and Financial Services are the leading services. In Central and Eastern Europe, Accountancy, Business Services and Computer and Software services are contributors to the continuing modernisation of the transition economies within this region. The development of market-oriented enterprises necessitating Western accounting principles and management practices has offered opportunities for training and consultancy activity, some of which is under the umbrella of EU-funded schemes. The longer-term appeal of markets in Central Europe and the Baltic States has led a number of the larger accountancy and retail firms to set up a presence in the region. With the current preparations for the majority of these markets to enter the EU in the coming years, it can be envisaged that opportunities for Scottish services providers to do business will expand further.

Japan

Japan has appeared in the top ten this year, taking 10th position in the top markets for services exports in 2000. This may be unexpected in view of the sluggish state of the Japanese economy over recent years. Nor is Japan considered the most open of markets for participation in sectors such as Financial Services where market liberalisation remains an issue. In fact, the highest growth in exports to Japan stems from the Commercial Research and Development sector where contract services to the biotechnology industry is of increasing importance.

The Asia Pacific region accounts for 9% of total service exports compared with 12% in 1999. The downturn in tourism in 2000 has been the major contributor to this drop. The strong pound and the uncertain economic climates in many Asia-Pacific countries suggest that this share could drop further. However this region is not dominated entirely by Tourism, as Commercial Research and Development and Education exports also figure prominently to the Asia-Pacific market.

Elsewhere, the Middle East (particularly the Gulf States) has provided market opportunities for Computer and Software Services and Business Services. Opportunities also exist for Business Services in Latin America. In these regions the opening and expansion of free market economies continue to provide a positive outlook for Scottish companies looking to export their services abroad. However, it is unclear whether there is likely to be any affect on companies' outlook when dealing with Arab countries, following the events of 11 September.

4.3. UK Export Markets

Table 13 shows the UK's top export markets in 2000 for the Manufacturing and Service sectors combined. As with last year's survey, the majority of the UK's top export markets listed below appear in either Scotland's manufacturing or service sector top markets in Tables 11 and 12, although the relative positions and share of totals do differ. The USA remains the top market for UK exports of manufactured goods and services. It is also the top market for Scotland's service sector, but in the case of manufacturing it is third top behind France and the Netherlands.

As noted earlier on pages 26 and 27, the Netherlands is ranked second for manufactured sales, but includes a high proportion of sales which are for wider distribution beyond this market. This is less likely in the service sector, which perhaps explains the lower ranking in terms of the top UK export markets, which includes Manufacturing and Service sectors combined. The inclusion of services in Table 13 and the Netherlands lower ranking indicates that any sales of services to this market are intended for end users only.

Table 13 - UK's Top 20 Export Markets in 2000

COUNTRY	Value £m	% of Total UK Exports
(1) USA	29,371	15.7
(2) Germany	22,670	12.1
(3) France	18,510	9.9
(4) Netherlands	14,947	8.0
(5) Ireland	12,227	6.5
(6) Belgium/Luxembourg	10,267	5.5
(7) Italy	8,381	4.5
(8) Spain	8,274	4.4
(9) Sweden	4,189	2.2
(10) Japan	3,679	2.0
(11) Canada	3,501	1.9
(12) Switzerland	3,075	1.6
(13) Australia	2,708	1.4
(14) Hong Kong	2,698	1.4
(15) Denmark	2,299	1.2
(16) India	2,079	1.1
(17) Norway	2,033	1.1
(18) Turkey	1,812	1.0
(19) Portugal	1,651	0.9
(20) Singapore	1,640	0.9

Source: Business Monitor, September 2001

5.1 SME and Large Manufacturing Companies

The statistics in Table 14 were derived by estimating separately for small and medium sized enterprises (SMEs) (i.e. those with up to 249 employees) and large companies (250 plus employees), based on Scottish employment only. This enables the relative contributions of small and large companies to be assessed. It should be noted that the figures in Table 14 for Other Food Products and Beverages exclude Whisky. This is because, as mentioned in the introduction to the survey, Whisky statistics used in this report are sourced from the Scotch Whisky Association. An employment breakdown is not provided by the SWA. However, it can be assumed that the majority of Whisky exports would be generated by companies employing more than 250 staff.

Table 14 Relative Contributions of SME and Large Companies - 2000

INDUSTRY (1992 SIC DIVISION)	SME Company Exports £m	Large Company Exports £m
(15) Manufacture of Other Food Products and Beverages	317.5	86.9
(16) Manufacture of Tobacco Products	-	-
(17) Manufacture of Textiles	147.3	93.9
(18) Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	15.5	71.9
(19) Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear	30.4	51.6
(20) Manufacture of Wood and Wood Products	27.3	4.6
(21) Manufacture of Pulp, Paper and Paper Products	108.0	339.1
(22) Publishing, Printing and Reproduction of Recorded Media	33.7	43.6
(23) Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel	117.2	241.0
(24) Manufacture of Chemicals and Chemical Products	489.7	1,232.1
(25) Manufacture of Rubber and Plastic Products	47.2	266.5
(26) Manufacture of other Non-Metallic Mineral Products	64.1	66.1
(27) Manufacture of Basic Metals	132.3	5.3
(28) Manufacture of Fabricated Metal Products, except Machinery and Equipment	188.9	123.0
(29) Manufacture of Machinery and Equipment nec	282.6	577.5
(30) Manufacture of Office Machinery	69.3	8,023.2
(31) Manufacture of Electrical Machinery and Apparatus nec	145.4	258.8
(32) Manufacture of Radio, Television, and Communication Equipment and Apparatus	231.5	3,720.3
(33) Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks	115.9	20.0
(34) Manufacture of Motor Vehicles, Trailers and Semi-Trailers	13.1	56.4
(35) Manufacture of Other Transport Equipment	38.1	765.4
(36) Manufacture of Furniture; Manufacturing nec	57.4	20.9
(37) Recycling	18.8	-
Total of above (as % of all exports)	2,691.2 14.3	16,068.1 85.7

Notes: (1) An SME is defined as having 249 or fewer employees and is based on Scottish employment only.
(2) The figures for Food products and beverages exclude whisky
(3) N.B. Whisky/Gin/Vodka exports for 2000 were £2,296.3m

**5.1 SME and
Large
Manufacturing
Companies**

To allow comparison the equivalent table for the 1999 statistics is provided below.

Table 14A Relative Contributions of SME and Large Companies - 1999

INDUSTRY (1992 SIC DIVISION)	SME Company Exports £m	Large Company Exports £m
(15) Manufacture of Other Food Products and Beverages	299.9	101.9
(16) Manufacture of Tobacco Products	-	-
(17) Manufacture of Textiles	159.9	98.9
(18) Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	33.3	79.0
(19) Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear	22.2	51.2
(20) Manufacture of Wood and Wood Products	31.6	2.6
(21) Manufacture of Pulp, Paper and Paper Products	81.8	276.2
(22) Publishing, Printing and Reproduction of Recorded Media	45.9	28.9
(23) Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel	123.6	233.0
(24) Manufacture of Chemicals and Chemical Products	408.5	1,473.4
(25) Manufacture of Rubber and Plastic Products	48.4	267.8
(26) Manufacture of other Non-Metallic Mineral Products	58.4	82.3
(27) Manufacture of Basic Metals	129.9	28.0
(28) Manufacture of Fabricated Metal Products, except Machinery and Equipment	192.3	168.5
(29) Manufacture of Machinery and Equipment nec	233.1	621.0
(30) Manufacture of Office Machinery	141.6	7,551.7
(31) Manufacture of Electrical Machinery and Apparatus nec	165.4	211.4
(32) Manufacture of Radio, Television, and Communication Equipment and Apparatus	214.0	3,803.3
(33) Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks	114.5	46.5
(34) Manufacture of Motor Vehicles, Trailers and Semi-Trailers	16.5	73.9
(35) Manufacture of Other Transport Equipment	33.9	576.7
(36) Manufacture of Furniture; Manufacturing nec	56.0	23.6
(37) Recycling	7.8	-
Total of above	2,618.5	15,799.8
(as % of all exports)	14.2	85.8

Notes: (1) An SME is defined as having 249 or fewer employees and is based on Scottish employment only.
(2) The figures for Food products and beverages exclude whisky
(3) N.B. Whisky exports for 1999 were £2,001.6m

5.1 SME and Large Manufacturing Companies

Figure 11 illustrates the export breakdown by industry sector within the SME company category for 2000 exports.

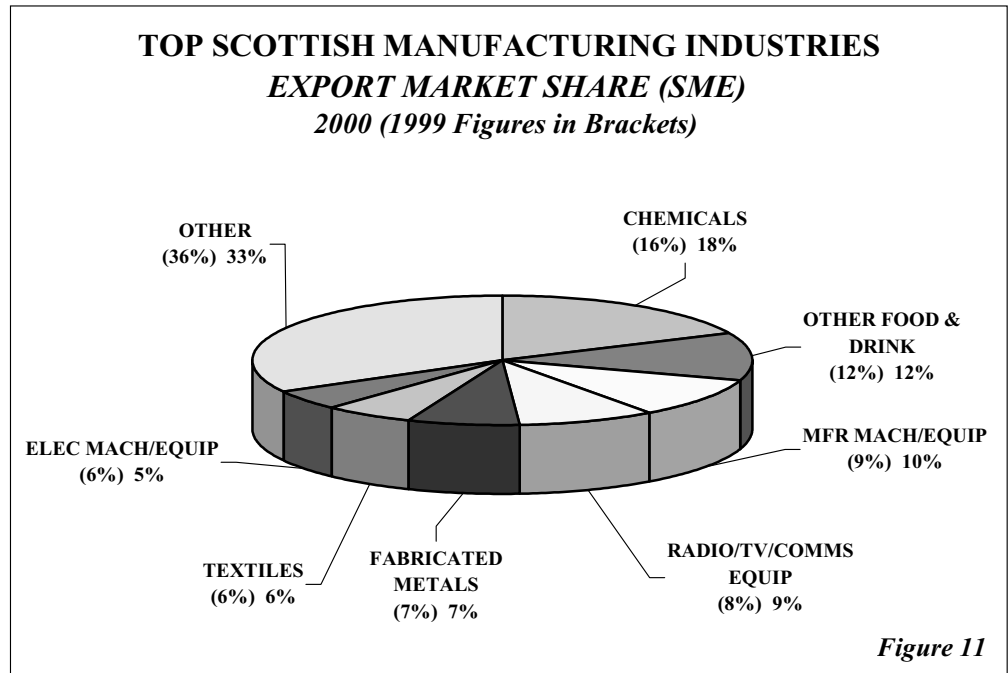


Figure 11

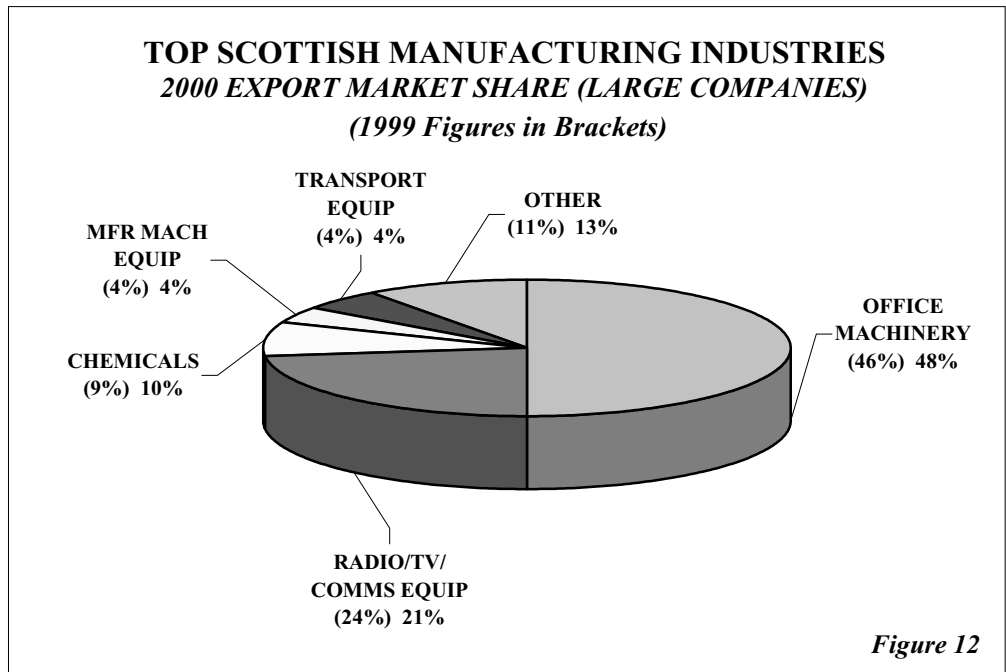
The largest share of exports from the SME sector once again comes from the Chemicals industry, which now accounts for 18% of small company exports, a rise from the 16% recorded in 1999. Looking at Figures 11 and 12, it shows that the overall fall in exports of Chemicals during 2000 came from large companies in the sector. Exports from SMEs have increased to £489.7m, a rise of 20% on the preceding year. SMEs were also the benefactor of the rise seen earlier in the Food and Drink sector. Although its share of the total remains at 12%, Food and Drink exports from SMEs rose by 6% during the year, compared to a fall seen in large company exports in the sector. Machinery and Equipment, and Radio/TV/Communications Equipment sectors have both seen an upturn in their share of total SME exports.

In contrast, despite a large rise in the overall exports from the Electrical Equipment sector, SME exports from the sector fell and now account for 5% of the total, compared to 6% in 1999. Elsewhere, Fabricated Metals and Textiles maintain their 7% and 6% share respectively.

The sectoral diversity is illustrated in Figure 11, which shows seven sectors making up 67% of total exports from small companies, compared to the top five sectors in the large category alone making up 90% of the total.

5.1 SME and Large Manufacturing Companies

Figure 12 illustrates the export breakdown by industry sector within the large company category.



Overseas sales from the large company category rose from £15,799.8m in 1999, to £16,068.1m in 2000, an increase of 2% over the period. Large companies still account for 86% of the total. If exports of Scotch Whisky, Gin and Vodka are assumed to be derived from companies employing over 250, the figure for 2000 would rise to £18,364.4m and account for 87% of total manufactured exports from Scotland. This compares to an equivalent figure for 1999 of £17,801.4m, also representing 87% of the total.

Unlike the SME category, at a sectoral level, a small number of sectors make up a considerable proportion of total large company exports. The dominance of the Electronics industries is clearly illustrated in Figure 12, with Office Machinery and Radio/TV/Communications Equipment representing almost three quarters of total exports from large companies. Elsewhere, Chemicals reduced its share slightly from 9% in 1999 to 8% in 2000. On the other hand, Other Transport Equipment increased its share from 4% to 5% in 2000. Machinery and Equipment takes a 4% share, a figure unchanged from 1999.

In the large category, of the 21 SIC Divisions where export activity is measurable, eight sectors increased and 13 decreased. The small companies fared better, with 12 of the 22 SIC Divisions where export activity is measurable showing an increase, and 10 showing a decline.

5.2 *SME and Large Service Sector Companies*

The service sector is significantly greater in size than the manufacturing sector in terms of the number of businesses and the employment it accounts for, but also has a greater proportion of small firms. The responses to the survey range from self-employed individuals to major businesses with employment in the thousands.

The responses to the 2000 survey were classified into SME and large companies. The results of this analysis are listed in Table 15 below.

Table 15 Scottish Service Sector Exports SME Breakdown (1999 – 2000)

Company Sizeband	Value of Service Sector Exports (£m)		Proportion of Service Sector Exports	
	1999	2000	1999	2000
SME (0-249 employees)	1,592.7	1,622.6	53.1%	55.3%
Professional Services	707.5	785.4	47.3%	58.0%
Education and Training	4.6	10.6	2.2%	4.0%
Recreational Services	850.1	786.7	99.0%	99.0%
Transport Services	8.3	15.1	25.7%	51.7%
Financial Services	22.2	24.8	5.0%	5.1%
Large (employees > 249)	1,450.0	1,309.5	46.9%	44.7%
Professional Services	789.3	569.7	52.7%	42.0%
Education and Training	202.6	254.1	97.8%	96.0%
Recreational Services	8.5	7.9	1.0%	1.0%
Transport Services	24.0	14.1	74.3%	48.3%
Financial Services	425.6	463.7	95.0%	94.9%

There are wide variations within sectors for the proportion of exports which can be attributed to SME or large companies. In general, exports from sectors including Insurance & Assurance, Banks and Higher Education can be attributed to large companies, whilst in sectors such as Tourism, Computer and Software Services and Design Services, exports are almost entirely attributable to SME's.

Table 15 shows that the fall in export activity in the service sectors seen earlier in the report has come mainly from the large company category, which fell from £1,450.0m in 1999 to stand at £1,309.5m. This is almost entirely due to the drop witnessed in the Oil & Gas services industry. In terms of the proportion taken by SMEs and large companies, this has not changed significantly.

6. Scottish Sales to the UK and Overseas Markets

Each annual survey asks respondents to detail the level of business they carry out in the domestic UK market. Companies are asked to provide details of their sales within Scotland, to the rest of the United Kingdom and to the UK Continental Shelf (Offshore Oil and Gas industry). Figure 13 below has been included to put the dimensions of Scotland's domestic sales into context with export activity.

It should be borne in mind that the data below is based on the results of the survey which, given its exporting constitution, is influenced strongly by responses from current exports. It is therefore likely that the rest of the UK share would realistically take a higher proportion of total sales. In 2000, export sales took an increased share of the total, now representing around 50%, resulting in a lower share taken by the rest of the UK. Scotland retains its share of around 20% and the UKCS share is minimal in comparison. Almost 80% of Scotland's sales are destined for the rest of the UK or export markets.

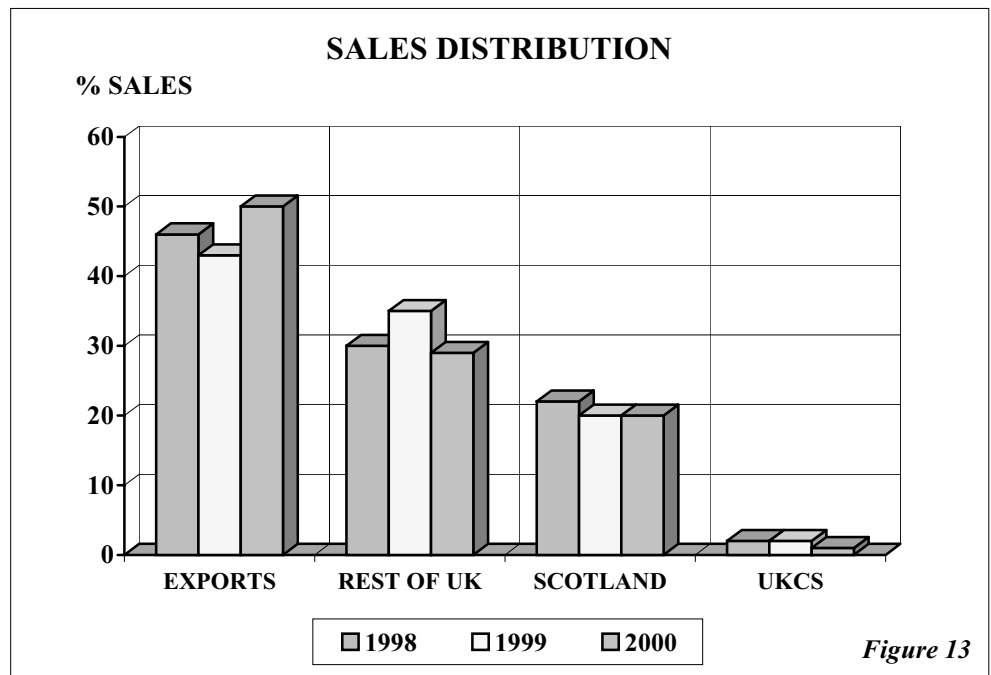


Figure 13

In terms of sector by sector performance in each of these areas, there has been a notable decline in the level of exports and UK sales from the Textiles, Clothing and Radio/TV/Communications Equipment sectors. Each of these sectors has been affected by redundancies and closures over the past couple of years, therefore a drop is not entirely surprising.

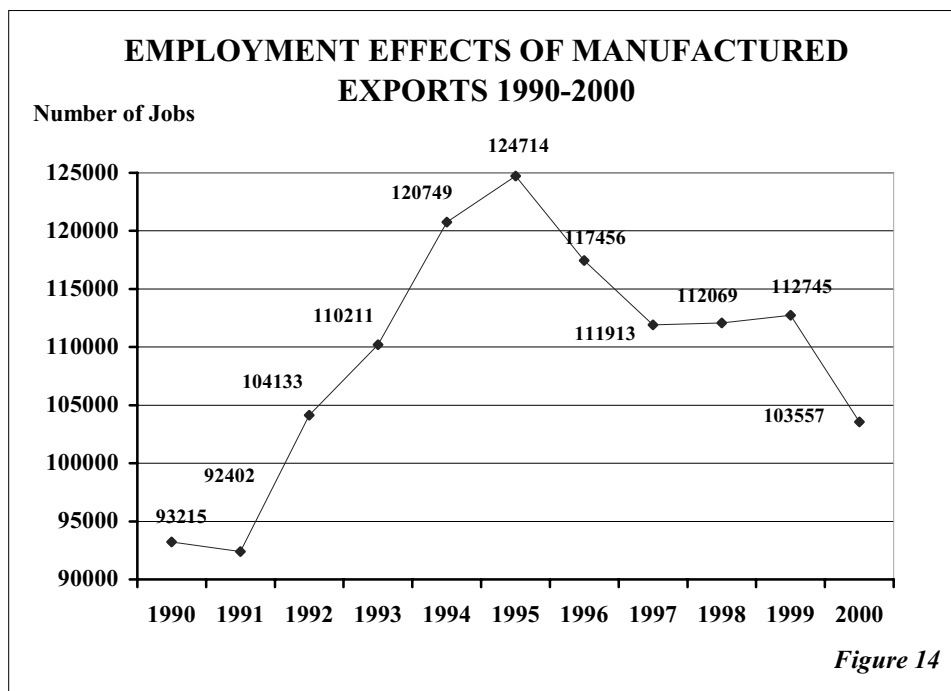
**7.1 The
Employment
Effects of
Exports In
Manufacturing**

Table 16 gives estimates of the number of jobs generated directly by export activity in different manufacturing industries.

Table 16 Employment Effects of Exports in Manufacturing in 2000

(1) INDUSTRY (1992 SIC DIVISION)	(2) Estimated employment in exporting companies	(3) % of turnover exported by survey respondents	(4) Number of jobs generated by exports in 1999 (=(2)x(3))
(15) Manufacture of Other Food Products and Beverages	22,871	20	4,574
(16) Manufacture of Tobacco Products	-	-	-
(17) Manufacture of Textiles	12,174	48	5,844
(18) Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	4,394	44	1,933
(19) Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear	855	86	735
(20) Manufacture of Wood and Wood Products	1,539	12	185
(21) Manufacture of Pulp, Paper and Paper Products			
(22) Publishing, Printing and Reproduction of Recorded Media	7,430	44	3,269
(23) Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel	5,604	16	897
(24) Manufacture of Chemicals and Chemical Products	1,077	23	248
(25) Manufacture of Rubber and Plastic Products	19,591	70	13,714
(26) Manufacture of other Non-Metallic Mineral Products	8,914	49	4,368
(27) Manufacture of Basic Metals	4,675	40	1,870
(28) Manufacture of Fabricated Metal Products, except Machinery and Equipment	3,665	44	1,613
(29) Manufacture of Machinery and Equipment nec	12,928	32	4,137
(30) Manufacture of Office Machinery	14,916	58	8,651
(31) Manufacture of Electrical Machinery and Apparatus nec	12,378	83	10,274
(32) Manufacture of Radio, Television, and Communication Equipment and Apparatus	10,432	59	6,155
(33) Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks	25,712	66	16,970
(34) Manufacture of Motor Vehicles, Trailers and Semi-Trailers	3,813	56	2,135
(35) Manufacture of Other Transport Equipment	2,478	31	768
(36) Manufacture of Furniture; Manufacturing nec	7,496	68	5,097
(37) Recycling	3,082	35	1,079
	242	74	179
TOTAL (excl Whisky)			94,694
Whisky & Spirits			8,863
TOTAL			103,557

**7.1 The
Employment
Effects of
Exports In
Manufacturing**



Following two years of modest growth in the level of export dependent jobs in Scottish manufacturing, the latest figure has shown an 8% drop, from 112,745 in 1999 to 103,557 in 2000. The drop comes at the same time as export activity has actually increased at a rate of 3%. Given the number of redundancy announcements over the past year or so, it is possible that businesses are concentrating efforts on cost cutting and at the same time improving productivity. As seen earlier in the report when using constant 1995 prices, companies continue to sell their products and services cheaper now than they were in 1995. This can only be sustained for so long and it is likely that this has also been a contributory factor in the fall in the number of jobs recorded in 2000.

Before applying the formula to calculate the number of jobs generated by exports, it is worth noting that the estimated employment in exporting companies alone had declined for the majority of sectors. This has resulted from the many company closures seen during the past year. Given this position it is perhaps not surprising that the overall total has declined.

On a sector by sector basis, the majority of sectors have seen the level of export dependent jobs decline over the past year. The most notable declines are in the Textiles, Chemicals, Non-Metallic Minerals, and Office Machinery sectors. With the exception of Office Machinery, which saw a rise in export activity, the other sectors above also witnessed a decline in export activity as well as a drop in the number of export related jobs. On a more positive note, there has been an increase recorded from the Food and Drink, Rubber and Plastics, Precision Instruments, and Wood & Wood Products sectors.

It is worth noting that the above figures relate to directly dependent jobs and are indicative only. If the number of indirect jobs secured by export activity were included, the figure would then be significantly higher. However, it is almost impossible to measure the additional activity which could be attributed to exporting.

7.2 *The Employment Effects of Exports in the Service Sector*

Employment data on the service sector remains considerably more difficult to obtain than for the manufacturing sector. The incremental approach undertaken by this survey to gathering more extensive and reliable information on service industries year by year is capturing an increasingly precise amount of the sector's contribution to exports. However, in view of the elusive nature of the employment statistics, it is still difficult to calculate comprehensively the scale of employment generated directly by exports in the services economy. Nevertheless, Table 17 below gives an indication of the employment effects on exports in three key sectors.

Table 17 Employment Effects of Exports in Some Key Service Sectors in 2000

	Estimated Number of Jobs Generated by Exports
Oil & Gas Services	9,702
Computer & Software Services	5,278
Higher Education	6,960

Note: The above is indicative only.

8. *New Overseas Markets of Interest*

In addition to asking companies about current export activity, the survey also requests information about prospective export markets to be targeted. Companies were asked to specify whether they were looking at these new markets within the coming twelve months, between 1-2 years, or between 2-5 years. The majority of responses relate to plans within the next twelve months.

Table 18 provides the top 20 new markets of interest and provides a breakdown of the timescale in which companies intend to target them. Not all companies responding to the survey were considering new markets and, as a result, the figures given in Table 18 are based on responses from 640 companies.

*Table 18 Top 20 New Markets of Interest
Number of Responses for Each Market by Period*

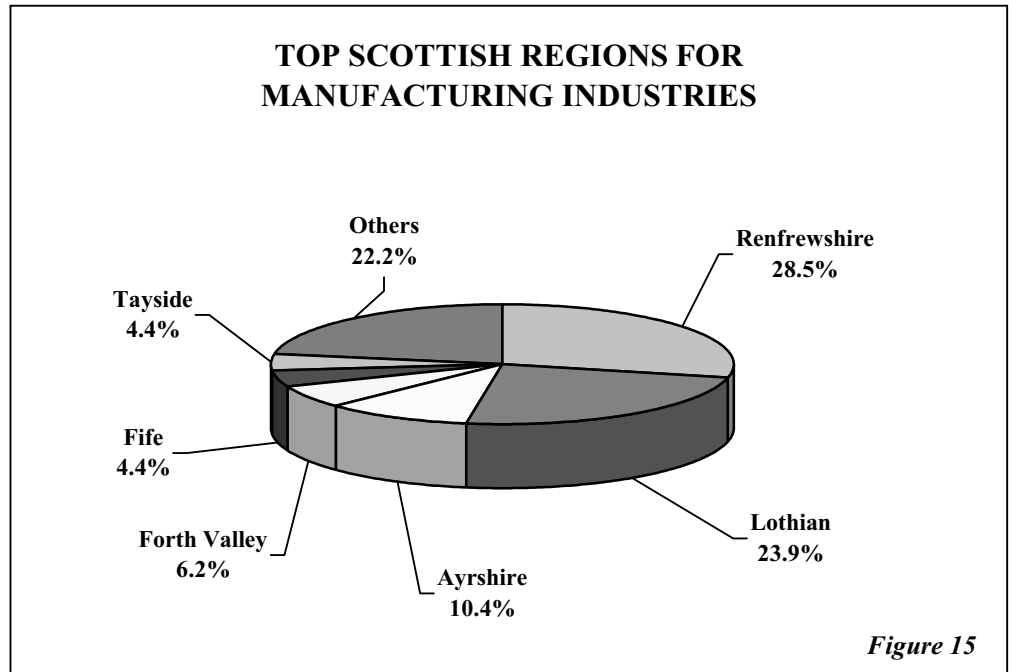
		Within 12 Months	1-2 Years	2-5 years	Total	% Resp
(1)	UNITED STATES	186	42	18	246	38
(2)	GERMANY	68	36	6	110	17
(3)	FRANCE	63	33	8	104	16
(4)	JAPAN	40	26	11	77	12
(5)	CHINA	37	12	22	71	11
(6)	AUSTRALIA	41	18	7	66	10
(7)	CANADA	37	13	5	55	9
(8)	IRELAND	41	7	1	49	8
(9=)	ITALY	23	18	3	44	7
(9=)	SPAIN	32	9	3	44	7
(11)	NETHERLANDS	25	8	2	35	6
(12)	RUSSIAN FEDERATION	19	9	5	33	5
(13)	SOUTH KOREA	19	8	1	28	4
(14)	SWEDEN	21	3	2	26	4
(15)	INDIA	13	5	5	23	4
(16=)	NORWAY	19	0	2	21	3
(16=)	POLAND	14	5	2	21	3
(18=)	BRAZIL	10	7	2	19	3
(18=)	SOUTH AFRICA	10	8	1	19	3
(20)	BELGIUM	9	6	1	16	2

The United States remains the market most frequently cited for developing future business, with 186 respondents specifying an intention to target this market within the next twelve months, 42 within two years and a further 18 within a 2-5 year timescale. The impressive growth of the US economy during the 1990s, the strength of the dollar and of consumer confidence, and the consequent levels of import growth are likely to be factors in the attractiveness of the US market. This is allied to a cultural affinity and common language, which makes doing business a more accessible proposition for many Scottish companies. It is worth noting that survey respondents completed questionnaires prior to the events of 11 September and therefore confidence in the market may have weakened since then. The percentage of respondents citing the US is down marginally from 43% in 1999 to 38% in 2000. The prospective slowdown of the US economy, and in particular the ongoing difficulties of the information technology sector, may result in less positive perceptions of the US market in the near future.

Also notable in the list of target markets is the sustained interest in Japan despite its economic difficulties; the increasing prominence of China, now ranked fifth and cited by 11% of respondents; and the emergence of the Russian Federation, South Korea and Brazil as new markets of interest. While the Western European markets such as Ireland, Benelux and Scandinavia, considered to be amongst the most accessible for Scottish exporters, continue to feature there is also evidence in the top 20 of renewed interest in developing markets.

9. **Regional Breakdown, Manufactured Goods**

Figure 15 shows the top regions for manufactured exports, excluding Whisky.



The top two areas, Renfrewshire and Lothian, account for over half of total manufactured exports from Scotland. Both areas are heavily dependent on exports from electronics based companies, with Office Machinery and Radio/TV/Communications equipment accounting for 91% of the total in each of these regions. In Ayrshire, there is also a great presence in the electronics sector, but also in Chemicals and Transport Equipment. Not surprisingly, Forth Valley's top export sector is Chemicals, accounting for more than half of total exports from the area. Fife's main export industries are Radio/TV/Communications equipment and Chemicals, while Tayside has a high level of exports from the Office Machinery and Rubber and Plastics sectors.

For further information a full breakdown of exports, by SIC code for each region, is given in Appendix A.

Methodology

Manufacturing

All manufacturing companies in Scotland registered as exporters in the SCDI's "Scottish Production Industries Register" (SPIR) were asked to complete a questionnaire about their exports. In addition, several hundred companies known to SCDI, but whose status as exporters was not clear, were also contacted. A number of the Local Enterprise Companies (LECs) and Export Partnerships (EPs) sponsoring the regional surveys also assisted by providing lists of companies in their particular areas. Using the employment information contained in SPIR and in the responses, and from a telephone survey on the exporting status of non-respondents, it was possible to estimate the overall employment in all exporting companies in Scotland. This was done industry by industry (at 2-digit SIC Division level) and separately for large companies and SMEs.

The employment figures of respondents which were active exporters were then used to derive the survey coverage rates. These were in turn used to gross up the export values declared by respondents to estimate exports for all exporters in Scotland. The grossing-up procedure was carried out at 2-digit SIC Division level, separately for large companies and SMEs. The separate estimates were then added together to provide the figures shown in Table 5 on page 9 of this report.

Services

In the case of the Service sector, figures are grossed up based on Scottish input-output estimates of exports, and year-on-year growth rates are applied. In addition, the data is supplemented by additional information from professional bodies.

Primary

The primary sector remains distinct from the other sectors surveyed, in that it is a combination of direct survey and desk research. In some sub-sectors it brings together source data and evidence from various organisations including government departments, agencies and trade organisations whilst in others the data is the result of direct survey work.

Survey Responses

A total of 1,372 completed questionnaires were received, of which 941 were active exporters. In addition, extensive telephone surveys were conducted with further known exporters and, as a result, summary export totals were provided by a further 252 companies.

Recognising Export Achievement

The data generated by the survey also provides the basis for a series of prestigious annual export awards presented by SCDI, which most recently were sponsored by Scottish Development International in association with British Airways and DLA.

Congratulations are extended to the following companies which responded to the survey and were presented with Awards by Wendy Alexander MSP, Minister for Enterprise, Transport and Lifelong Learning, at SCDI's Annual Gala Dinner and Awards, staged at the Thistle Hotel in Glasgow on 30 November 2001.

E-Business Export Award	M & A Thomson Litho Ltd, East Kilbride
Knowledge Business Export Award	Bioreliance Ltd, Stirling
Niche Market Export Award	Loch Fyne Oysters Ltd, Argyll
SDI Award	Wolfson Microelectronics Ltd, Edinburgh
DLA Award For Corporate Social Responsibility	Tesco Plc
HSBC Award for Global Strategy	Clyde Blowers Ltd , East Kilbride
WS Atkins Award For Innovation In Technology	Aortech International Plc, Bellshill

Acknowledgements

The Scottish Council is pleased to acknowledge the financial assistance of Scottish Development International towards the 2000/01 survey. In addition, the support of the Local Enterprise Companies in Ayrshire, Borders, Dumfries & Galloway, Dunbartonshire, Grampian, Lanarkshire, Lothian, Renfrewshire and Tayside is appreciated in enabling regional surveys to be undertaken. The support of Highlands and Islands Enterprise is also acknowledged.

Grateful thanks are also due to the following organisations for their continued support in providing essential statistics for the survey:

Association of Scottish Life Offices
Association of British Insurers
Committee of Scottish Clearing Bankers
Universities Scotland
Scotch Whisky Association
Scottish Funding Councils
Scottish Screen
Scottish Software Federation
The Gin & Vodka Association of Great Britain
VisitScotland

In addition, information from the following sources proved vital in compiling the Primary sector information:

Aberdeen City and Aberdeenshire Councils
British Geological Survey
British Potato Council
British Wool Marketing Board
Department of Environment, Transport and the Regions
Forestry Commission
Forestry Industry Council for Great Britain
Home Grown Timber Advisory Council
Meat and Livestock Commission
National Farmers Union Scotland
Ports of Scotland
Scottish Agricultural College
Scottish Agricultural Organisations Society
Scottish Executive Rural Affairs Department
Scottish Hardwood Timber Market Group
Scottish Quality Beef and Lamb Association
Scottish Salmon Board
Seafish Industry Authority
Timber Growers Association

Finally, thanks also go to the companies which responded to the survey. Without this level of support, the survey would not achieve its authoritative position in Scottish economic statistics.

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Jane Gotts/Roland Diggins
December 2001

Regional Breakdown for Manufacturing Sector 2000/2001

SIC/Product Description	Ayrshire	Borders	Dumfries & Galloway	Dunbartonshire	Fife	Forth Valley	Glasgow
15: Other Food Products and Beverages	27.8	12.1	19.5	0.0	1.2	13.3	8.2
17: Textiles	14.1	86.1	11.6	0.2	9.3	6.6	2.3
18: Wearing Apparel	1.3	1.5	0.5	0.1	1.3	5.7	4.2
19: Leather	0.3	2.2	3.2	0.0	0.0	0.0	1.1
20: Wood and Wood Products	0.1	0.0	0.0	0.0	0.0	4.6	11.1
21: Pulp, Paper and Paper Products	65.1	40.5	0.0	0.1	76.5	24.8	2.3
22: Publishing & Printing	0.6	25.3	0.0	0.7	0.0	0.3	3.2
23: Coke, Refined Petroleum Products	0.0	0.0	0.0	0.0	0.0	241.0	0.0
24: Chemicals	252.9	4.7	0.7	163.2	237.5	645.7	5.4
25: Rubber and Plastic Products	6.3	3.7	98.8	28.6	19.4	3.7	2.4
26: Non-Metallic Mineral Products	45.9	0.3	0.5	14.1	5.9	17.6	0.0
27: Basic Metals	0.5	0.0	0.8	0.0	22.4	39.4	31.0
28: Fabricated Metal Products	29.7	15.1	5.3	6.1	56.6	24.5	22.9
29: Machinery and Equipment	163.1	0.7	0.4	41.3	27.1	1.1	129.3
30: Office Machinery	807.8	0.0	0.0	0.0	10.1	28.0	0.2
31: Electrical Machinery and Apparatus	1.9	0.1	0.0	50.2	30.8	5.1	2.1
32: Radio/TV/Comms Equipment	115.1	7.7	0.1	5.6	292.8	27.5	2.3
33: Medical, Precision and Optical Instruments	0.1	0.0	0.0	0.0	0.0	10.0	22.5
34: Motor Vehicles	0.1	0.5	1.1	0.0	5.2	40.7	18.6
35: Other Transport Equipment	386.0	0.0	0.0	0.0	26.0	0.0	231.2
36: Furniture; Other Manufacturing	26.0	0.6	0.2	0.0	8.1	17.6	0.9
37: Recycling	0.0	0.0	6.4	0.0	0.0	0.0	8.4
Total	1,944.7	201.1	149.1	310.2	830.2	1,157.2	509.6
Whisky/Gin/Vodka							
Total (incl Whisky/Gin/Vodka)							

Regional Breakdown for Manufacturing Sector 2000/2001

SIC/Product Description	Grampian	Highlands & Islands	Lanarkshire	Lothian	Renfrewshire	Tayside	Total
15: Other Food Products and Beverages	119.1	116.2	25.2	35.3	14.3	12.2	404.4
17: Textiles	20.0	8.4	9.4	11.8	14.3	47.1	241.2
18: Wearing Apparel	0.3	1.3	13.8	0.8	21.1	35.5	87.4
19: Leather	0.0	0.0	0.0	0.5	74.7	0.0	82.0
20: Wood and Wood Products	0.2	15.6	0.0	0.3	0.0	0.0	31.9
21: Pulp, Paper and Paper Products	174.3	34.8	3.3	17.1	8.3	0.0	447.1
22: Publishing & Printing	0.0	1.0	33.9	8.2	1.8	2.3	77.3
23: Coke, Refined Petroleum Products	0.0	111.3	0.0	0.0	0.0	5.9	358.2
24: Chemicals	1.4	1.7	44.7	85.2	209.9	68.8	1,721.8
25: Rubber and Plastic Products	32.0	0.2	4.4	14.7	2.9	96.6	313.7
26: Non-Metallic Mineral Products	0.1	14.3	10.3	20.4	0.0	0.8	130.2
27: Basic Metals	0.0	0.3	14.3	27.5	0.2	1.2	137.6
28: Fabricated Metal Products	6.8	5.0	16.6	53.8	27.4	42.1	311.9
29: Machinery and Equipment	215.8	7.9	86.8	71.8	34.2	80.6	860.1
30: Office Machinery	0.0	0.0	281.3	1,877.9	4,781.5	305.7	8,092.5
31: Electrical Machinery and Apparatus	22.4	1.5	157.8	21.5	21.4	89.4	404.2
32: Radio/TV/Comms Equipment	27.1	1.2	1,112.0	2,224.4	107.2	28.8	3,951.8
33: Medical, Precision and Optical Instruments	44.0	0.9	13.6	12.2	20.3	12.3	135.9
34: Motor Vehicles	0.0	0.1	2.6	0.6	0.0	0.0	69.5
35: Other Transport Equipment	20.9	4.1	135.0	0.0	0.0	0.3	803.5
36: Furniture; Other Manufacturing	13.6	0.6	7.5	2.4	0.6	0.2	78.3
37: Recycling	0.0	0.0	0.5	0.0	3.5	0.0	18.8
Total	698.0	326.4	1,973.0	4,486.4	5,343.6	829.8	18,759.3
Whisky/Gin/Vodka							2,296.3
Total (incl Whisky/Gin/Vodka)							21,055.6

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	France	Netherlands	United States	Germany
15: Other Food Products and Beverages	404.4	93.8	14.6	21.3	50.5
17: Textiles	241.2	22.5	11.4	48.3	28.1
18: Wearing Apparel	87.4	14.9	2.0	3.1	16.8
19: Leather	82.0	6.7	1.1	0.9	1.3
20: Wood and Wood Products	31.9	1.4	6.9	0.1	10.7
21: Pulp, Paper and Paper Products	447.1	43.3	24.5	59.2	68.1
22: Publishing & Printing	77.3	8.5	10.3	19.4	9.3
23: Coke, Refined Petroleum Products	358.2	28.8	50.6	152.5	30.0
24: Chemicals	1,721.8	159.4	373.6	192.8	141.5
25: Rubber and Plastic Products	313.7	60.2	13.0	36.0	63.9
26: Non-Metallic Mineral Products	130.2	11.2	3.9	17.4	12.1
27: Basic Metals	137.6	20.3	8.0	18.0	24.1
28: Fabricated Metal Products	311.9	22.4	9.5	44.6	31.5
29: Machinery and Equipment	860.1	44.5	31.9	110.6	46.2
30: Office Machinery	8,092.5	1,700.3	1,785.1	498.2	804.2
31: Electrical Machinery and Apparatus	404.2	56.2	29.4	78.4	52.3
32: Radio/TV/Comms Equipment	3,951.8	506.5	83.3	434.2	944.4
33: Medical, Precision and Optical Instruments	135.9	5.7	1.3	23.0	8.6
34: Motor Vehicles	69.5	15.7	4.1	7.3	0.1
35: Other Transport Equipment	803.5	8.8	3.6	373.4	9.4
36: Furniture; Other Manufacturing	78.3	7.6	12.5	10.5	6.6
37: Recycling	18.8	2.0	0.0	1.8	0.1
15: Whisky/Gin/Vodka	2,296.4	215.9	25.5	347.9	71.5
Grand Total	21,055.7	3,056.5	2,506.0	2,498.7	2,431.1
Rank		1	2	3	4

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Italy	Spain	Sweden	Japan
15: Other Food Products and Beverages	404.4	27.5	29.6	6.8	13.2
17: Textiles	241.2	35.0	4.6	2.9	12.9
18: Wearing Apparel	87.4	16.4	6.1	0.4	5.6
19: Leather	82.0	13.0	5.6	0.7	0.4
20: Wood and Wood Products	31.9	1.0	0.2	0.6	0.0
21: Pulp, Paper and Paper Products	447.1	11.6	15.8	7.0	6.3
22: Publishing & Printing	77.3	2.2	0.6	0.1	0.4
23: Coke, Refined Petroleum Products	358.2	3.0	20.0	11.6	0.0
24: Chemicals	1,721.8	59.0	35.3	24.5	23.2
25: Rubber and Plastic Products	313.7	12.1	5.7	9.3	2.1
26: Non-Metallic Mineral Products	130.2	15.3	9.9	10.1	2.6
27: Basic Metals	137.6	6.2	8.0	2.4	0.0
28: Fabricated Metal Products	311.9	17.3	9.1	7.1	8.9
29: Machinery and Equipment	860.1	37.6	65.3	14.0	13.2
30: Office Machinery	8,092.5	575.6	215.0	376.6	405.1
31: Electrical Machinery and Apparatus	404.2	27.8	13.5	22.4	3.7
32: Radio/TV/Comms Equipment	3,951.8	555.8	167.1	364.4	63.9
33: Medical, Precision and Optical Instruments	135.9	5.1	3.6	6.0	3.8
34: Motor Vehicles	69.5	0.1	0.0	0.0	0.0
35: Other Transport Equipment	803.5	2.7	0.1	2.2	2.5
36: Furniture; Other Manufacturing	78.3	2.4	3.6	0.5	0.5
37: Recycling	18.8	0.0	8.5	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	48.0	324.6	27.9	129.7
Grand Total	21,055.7	1,474.6	951.8	897.3	698.1
Rank		5	6	7	8

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Belgium	Switzerland	Norway	Denmark
15: Other Food Products and Beverages	404.4	21.4	6.7	5.1	7.4
17: Textiles	241.2	12.7	7.5	1.2	3.0
18: Wearing Apparel	87.4	1.0	0.8	1.6	0.5
19: Leather	82.0	10.1	0.0	0.1	0.0
20: Wood and Wood Products	31.9	2.5	0.0	1.5	0.6
21: Pulp, Paper and Paper Products	447.1	50.7	5.1	3.7	7.8
22: Publishing & Printing	77.3	3.8	0.1	0.1	0.1
23: Coke, Refined Petroleum Products	358.2	48.2	0.0	0.0	5.0
24: Chemicals	1,721.8	276.4	59.9	3.9	24.8
25: Rubber and Plastic Products	313.7	41.5	1.3	1.0	1.2
26: Non-Metallic Mineral Products	130.2	12.9	0.0	0.3	1.4
27: Basic Metals	137.6	7.5	1.8	0.3	3.7
28: Fabricated Metal Products	311.9	1.7	1.9	42.8	2.7
29: Machinery and Equipment	860.1	9.5	5.5	71.3	17.7
30: Office Machinery	8,092.5	122.0	479.4	168.9	219.4
31: Electrical Machinery and Apparatus	404.2	1.7	3.5	14.1	9.7
32: Radio/TV/Comms Equipment	3,951.8	21.9	5.6	11.4	11.8
33: Medical, Precision and Optical Instruments	135.9	0.1	0.7	35.4	7.1
34: Motor Vehicles	69.5	0.6	0.0	0.0	0.0
35: Other Transport Equipment	803.5	0.2	0.2	11.8	0.1
36: Furniture; Other Manufacturing	78.3	3.1	1.7	2.7	1.0
37: Recycling	18.8	0.0	0.0	0.0	0.3
15: Whisky/Gin/Vodka	2,296.4	29.3	16.9	9.2	9.2
Grand Total	21,055.7	678.7	598.9	386.5	334.6
Rank		9	10	11	12

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Ireland	Singapore	Brunei	Hong Kong
15: Other Food Products and Beverages	404.4	23.6	0.2	0.0	1.4
17: Textiles	241.2	10.6	0.0	0.0	2.2
18: Wearing Apparel	87.4	8.6	0.0	0.0	0.7
19: Leather	82.0	0.0	0.0	0.0	5.6
20: Wood and Wood Products	31.9	1.4	0.6	0.0	0.9
21: Pulp, Paper and Paper Products	447.1	27.5	4.2	0.0	7.2
22: Publishing & Printing	77.3	11.0	0.1	0.0	0.1
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	0.0	0.0
24: Chemicals	1,721.8	20.5	45.9	0.0	5.7
25: Rubber and Plastic Products	313.7	28.7	13.7	0.0	1.6
26: Non-Metallic Mineral Products	130.2	4.8	4.6	0.0	0.1
27: Basic Metals	137.6	8.1	2.5	0.0	1.0
28: Fabricated Metal Products	311.9	12.0	3.5	0.0	1.4
29: Machinery and Equipment	860.1	14.4	9.6	0.2	9.0
30: Office Machinery	8,092.5	34.9	10.7	0.0	1.5
31: Electrical Machinery and Apparatus	404.2	9.3	4.2	0.0	3.0
32: Radio/TV/Comms Equipment	3,951.8	97.5	128.1	0.0	118.4
33: Medical, Precision and Optical Instruments	135.9	0.5	0.4	0.0	1.4
34: Motor Vehicles	69.5	0.2	0.0	0.0	40.1
35: Other Transport Equipment	803.5	0.1	0.0	230.7	0.0
36: Furniture; Other Manufacturing	78.3	8.4	0.0	0.0	1.5
37: Recycling	18.8	2.2	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	3.4	20.3	0.0	12.9
Grand Total	21,055.7	327.6	248.7	230.9	215.8
Rank		13	14	15	16

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Canada	South Korea	Finland	Israel
15: Other Food Products and Beverages	404.4	14.4	2.2	1.1	2.9
17: Textiles	241.2	5.4	3.5	3.2	0.6
18: Wearing Apparel	87.4	0.4	0.9	0.7	0.3
19: Leather	82.0	0.0	2.2	0.0	0.0
20: Wood and Wood Products	31.9	0.0	0.0	0.3	0.0
21: Pulp, Paper and Paper Products	447.1	14.4	4.5	6.5	1.1
22: Publishing & Printing	77.3	1.5	0.0	0.4	0.0
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	8.0	0.0
24: Chemicals	1,721.8	37.3	5.5	4.4	3.2
25: Rubber and Plastic Products	313.7	0.4	0.7	3.3	0.3
26: Non-Metallic Mineral Products	130.2	1.3	0.9	0.2	0.0
27: Basic Metals	137.6	0.3	0.0	3.2	0.3
28: Fabricated Metal Products	311.9	4.6	0.6	0.7	0.3
29: Machinery and Equipment	860.1	39.3	12.0	1.9	3.1
30: Office Machinery	8,092.5	19.7	2.9	90.5	87.6
31: Electrical Machinery and Apparatus	404.2	16.7	2.3	1.1	0.3
32: Radio/TV/Comms Equipment	3,951.8	2.5	9.1	55.6	64.1
33: Medical, Precision and Optical Instruments	135.9	4.8	2.5	0.1	0.1
34: Motor Vehicles	69.5	0.0	0.0	0.0	0.0
35: Other Transport Equipment	803.5	8.2	7.9	0.0	0.1
36: Furniture; Other Manufacturing	78.3	0.1	0.1	2.6	0.0
37: Recycling	18.8	0.0	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	36.0	140.8	6.5	7.0
Grand Total	21,055.7	207.4	198.8	190.3	171.3
Rank		17	18	19	20

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Turkey	Portugal	South Africa	Republic
15: Other Food Products and Beverages	404.4	0.1	2.0	2.6	0.8
17: Textiles	241.2	0.9	3.0	0.3	0.2
18: Wearing Apparel	87.4	0.5	0.3	0.0	0.0
19: Leather	82.0	1.2	3.3	0.0	0.0
20: Wood and Wood Products	31.9	0.0	0.0	0.0	0.0
21: Pulp, Paper and Paper Products	447.1	3.5	6.9	7.8	5.5
22: Publishing & Printing	77.3	0.0	0.3	0.3	0.4
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	0.0	0.0
24: Chemicals	1,721.8	6.9	3.6	3.9	21.0
25: Rubber and Plastic Products	313.7	1.2	1.6	0.9	0.2
26: Non-Metallic Mineral Products	130.2	0.5	1.0	4.1	0.7
27: Basic Metals	137.6	0.0	0.5	0.5	5.0
28: Fabricated Metal Products	311.9	8.3	1.1	11.3	10.1
29: Machinery and Equipment	860.1	1.0	9.6	2.5	24.3
30: Office Machinery	8,092.5	48.8	18.9	26.3	11.7
31: Electrical Machinery and Apparatus	404.2	0.5	3.6	0.5	0.3
32: Radio/TV/Comms Equipment	3,951.8	51.9	6.3	34.5	40.2
33: Medical, Precision and Optical Instruments	135.9	0.0	0.8	1.5	2.0
34: Motor Vehicles	69.5	0.1	0.0	0.0	0.0
35: Other Transport Equipment	803.5	5.1	5.1	0.0	0.0
36: Furniture; Other Manufacturing	78.3	3.7	0.3	0.9	0.8
37: Recycling	18.8	0.0	0.2	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	21.1	70.4	31.0	1.7
Grand Total	21,055.7	155.4	139.0	128.9	124.9
Rank		21	22	23	24

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Austria	Greece	Malaysia	Taiwan
15: Other Food Products and Beverages	404.4	0.9	0.3	0.3	0.5
17: Textiles	241.2	1.7	0.7	0.4	0.5
18: Wearing Apparel	87.4	2.0	0.3	0.0	0.8
19: Leather	82.0	3.8	0.3	0.1	1.9
20: Wood and Wood Products	31.9	0.3	0.0	0.0	0.0
21: Pulp, Paper and Paper Products	447.1	5.9	1.2	4.5	3.4
22: Publishing & Printing	77.3	2.8	0.1	0.2	0.0
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	0.0	0.0
24: Chemicals	1,721.8	7.7	3.8	2.9	5.0
25: Rubber and Plastic Products	313.7	2.0	0.3	0.1	0.0
26: Non-Metallic Mineral Products	130.2	0.4	0.1	0.0	1.3
27: Basic Metals	137.6	0.7	0.7	0.0	0.0
28: Fabricated Metal Products	311.9	0.2	3.8	1.8	2.2
29: Machinery and Equipment	860.1	3.5	2.3	18.2	4.6
30: Office Machinery	8,092.5	70.9	15.6	0.1	8.8
31: Electrical Machinery and Apparatus	404.2	3.0	0.3	0.1	0.9
32: Radio/TV/Comms Equipment	3,951.8	3.0	0.9	69.9	26.5
33: Medical, Precision and Optical Instruments	135.9	0.2	0.0	0.0	0.0
34: Motor Vehicles	69.5	0.0	0.0	0.0	0.0
35: Other Transport Equipment	803.5	0.0	0.0	1.2	0.0
36: Furniture; Other Manufacturing	78.3	0.8	0.4	0.0	0.0
37: Recycling	18.8	0.0	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	4.8	82.7	11.9	54.1
Grand Total	21,055.7	114.5	114.0	111.8	110.5
Rank		25	26	27	28

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Poland	Australia	Czech Republic	Venezuela
15: Other Food Products and Beverages	404.4	1.4	8.7	0.8	0.0
17: Textiles	241.2	0.4	6.1	0.1	0.0
18: Wearing Apparel	87.4	0.3	0.6	0.0	0.0
19: Leather	82.0	0.8	0.0	3.4	0.0
20: Wood and Wood Products	31.9	0.0	0.0	0.3	0.0
21: Pulp, Paper and Paper Products	447.1	4.9	8.6	1.7	0.1
22: Publishing & Printing	77.3	0.0	1.6	0.0	0.0
23: Coke, Refined Petroleum Products	358.2	0.5	0.0	0.0	0.0
24: Chemicals	1,721.8	15.6	6.1	7.6	0.7
25: Rubber and Plastic Products	313.7	0.2	2.4	0.0	0.0
26: Non-Metallic Mineral Products	130.2	2.4	1.0	4.4	0.0
27: Basic Metals	137.6	0.0	2.2	0.0	0.0
28: Fabricated Metal Products	311.9	2.9	2.9	0.6	0.1
29: Machinery and Equipment	860.1	1.4	11.3	0.8	11.0
30: Office Machinery	8,092.5	47.7	5.2	62.8	0.0
31: Electrical Machinery and Apparatus	404.2	3.1	1.4	0.2	0.0
32: Radio/TV/Comms Equipment	3,951.8	23.9	3.4	3.0	0.0
33: Medical, Precision and Optical Instruments	135.9	0.1	5.2	0.1	0.2
34: Motor Vehicles	69.5	0.0	0.1	0.0	0.0
35: Other Transport Equipment	803.5	0.0	0.2	0.0	0.7
36: Furniture; Other Manufacturing	78.3	0.5	0.3	0.0	0.0
37: Recycling	18.8	0.0	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	2.2	40.3	5.5	74.1
Grand Total	21,055.7	108.1	107.4	91.4	87.1
Rank		29	30	31	32

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Arab Emirates	Thailand	Russian Federation	Mexico
15: Other Food Products and Beverages	404.4	0.9	0.4	2.3	0.1
17: Textiles	241.2	0.3	0.3	0.1	0.1
18: Wearing Apparel	87.4	0.3	0.0	0.0	0.0
19: Leather	82.0	0.0	17.3	0.0	0.0
20: Wood and Wood Products	31.9	0.0	0.0	0.0	0.0
21: Pulp, Paper and Paper Products	447.1	1.4	2.5	0.4	0.3
22: Publishing & Printing	77.3	0.2	0.0	0.0	0.7
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	0.0	0.0
24: Chemicals	1,721.8	0.9	0.2	5.2	3.2
25: Rubber and Plastic Products	313.7	0.1	0.0	0.7	1.1
26: Non-Metallic Mineral Products	130.2	0.0	0.0	0.1	2.5
27: Basic Metals	137.6	0.4	0.0	5.9	0.1
28: Fabricated Metal Products	311.9	2.5	0.1	0.2	2.0
29: Machinery and Equipment	860.1	28.8	5.9	1.8	0.8
30: Office Machinery	8,092.5	0.0	0.1	40.6	20.6
31: Electrical Machinery and Apparatus	404.2	24.5	0.1	0.6	0.1
32: Radio/TV/Comms Equipment	3,951.8	0.8	1.1	0.3	5.8
33: Medical, Precision and Optical Instruments	135.9	0.0	0.0	0.0	0.0
34: Motor Vehicles	69.5	0.0	0.0	0.0	0.2
35: Other Transport Equipment	803.5	0.1	0.0	0.0	7.0
36: Furniture; Other Manufacturing	78.3	0.8	0.0	0.0	0.0
37: Recycling	18.8	0.0	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	21.4	44.2	6.0	14.9
Grand Total	21,055.7	83.4	72.2	64.2	59.6
Rank		33	34	35	36

Sectoral Breakdown for Top 40 Markets for Manufacturing Sector 2000/2001

SIC/Product Description	Grand Total	Brazil	Egypt	India	Hungary
15: Other Food Products and Beverages	404.4	0.5	6.9	0.0	0.2
17: Textiles	241.2	0.4	1.1	0.0	0.1
18: Wearing Apparel	87.4	0.0	0.0	0.1	0.1
19: Leather	82.0	0.0	0.0	0.1	0.0
20: Wood and Wood Products	31.9	0.0	0.0	0.4	0.0
21: Pulp, Paper and Paper Products	447.1	2.2	2.2	2.2	0.3
22: Publishing & Printing	77.3	0.0	0.0	0.0	0.0
23: Coke, Refined Petroleum Products	358.2	0.0	0.0	0.0	0.0
24: Chemicals	1,721.8	4.1	0.3	9.3	16.9
25: Rubber and Plastic Products	313.7	1.8	0.6	0.6	0.1
26: Non-Metallic Mineral Products	130.2	0.3	0.0	1.7	0.0
27: Basic Metals	137.6	0.9	0.0	0.6	0.8
28: Fabricated Metal Products	311.9	2.0	2.4	4.2	0.2
29: Machinery and Equipment	860.1	2.3	4.0	19.5	0.5
30: Office Machinery	8,092.5	3.2	0.2	0.7	24.3
31: Electrical Machinery and Apparatus	404.2	2.2	0.9	0.3	2.1
32: Radio/TV/Comms Equipment	3,951.8	1.2	17.6	0.4	0.2
33: Medical, Precision and Optical Instruments	135.9	3.6	0.1	0.2	0.0
34: Motor Vehicles	69.5	0.0	0.0	0.0	0.0
35: Other Transport Equipment	803.5	7.9	10.1	1.1	0.0
36: Furniture; Other Manufacturing	78.3	0.0	0.0	0.5	0.0
37: Recycling	18.8	0.0	0.0	0.0	0.0
15: Whisky/Gin/Vodka	2,296.4	25.1	4.8	7.6	1.9
Grand Total	21,055.7	57.6	51.2	49.4	47.8
Rank		37	38	39	40