



Scottish Council for
Development and Industry

SURVEY OF SCOTTISH MANUFACTURED EXPORTS 2005/06

Introduction

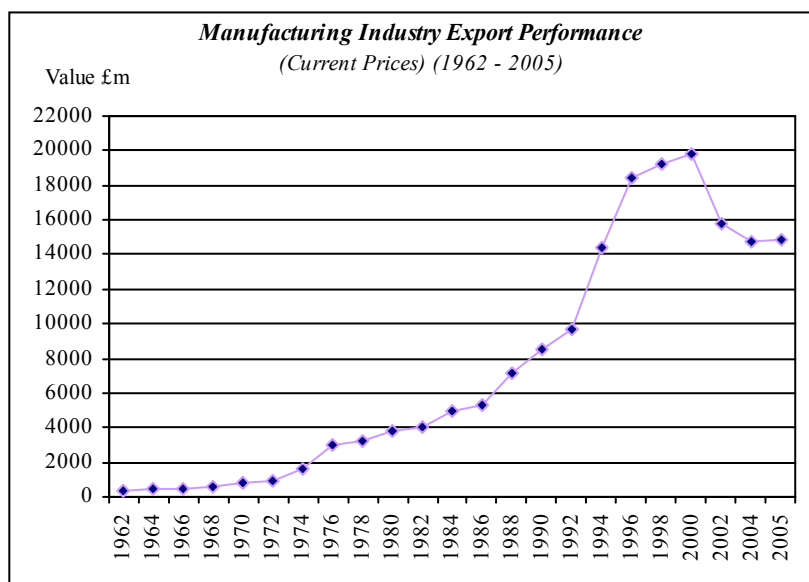
The Scottish Council for Development and Industry has been estimating the value of Scottish exports since the 1960s in its Survey of Scottish Sales and Exports. As an independent organisation, the findings of its annual research in this field have been available to assist in understanding long-term trends in Scotland's international trading performance. It is the only independent organisation producing such comprehensive statistics on this aspect of Scottish economic activity.

The study 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.

If you have any questions please call Yvonne MacArthur on 0141 352 8543.

December 2006

Manufactured Exports Performance



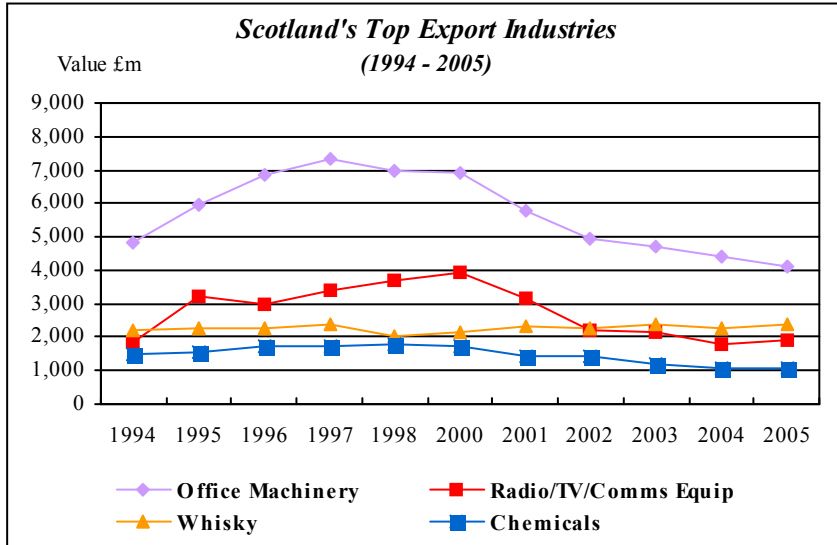
- Exports beginning to level off after years of decline
- Rise in exports recorded for first time since 1999
- Overseas sales of manufactured goods up by a modest 0.5%

Manufacturing Industry Export Performance

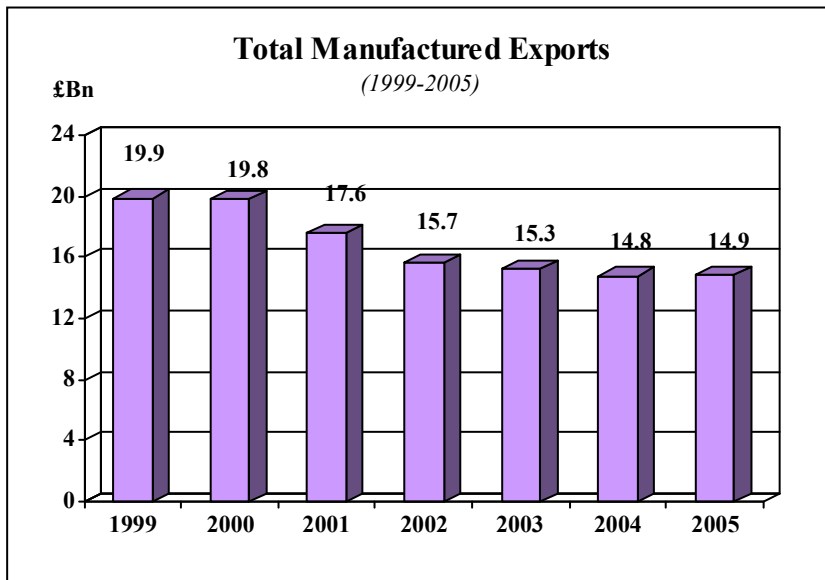
<i>Scottish Manufactured Exports</i> (£m Current Prices) (2003 - 2005)			
INDUSTRY (1992 SIC DIVISION)	2003	2004	2005
(15) Whisky *	2,375.4	2,263.0	2,370.3
Gin/Vodka **	154.0	168.0	168.0
Other Food Products and Beverages	455.5	438.6	464.5
(16) Tobacco Products	-	-	-
(17) Textiles	217.3	223.8	231.3
(18) Wearing Apparel; Dressing and Dyeing of Fur	60.6	80.4	47.2
(19) Tanning and Dressing of Leather; Luggage, Handbags, Saddlery, Harness and Footwear	63.5	71.2	68.3
(20) Wood and Wood Products	33.8	35.0	38.1
(21) Pulp, Paper and Paper Product	354.4	337.0	329.2
(22) Publishing, Printing and Reproduction of Recorded Media	57.6	42.3	27.9
(23) Coke, Refined Petroleum Products and Nuclear Fuel	480.1	560.3	473.2
(24) Chemicals and Chemical Products	1,219.9	1,092.7	1,058.9
(25) Rubber and Plastic Products	332.4	346.4	340.5
(26) Other Non-Metallic Mineral Products	101.4	126.3	148.8
(27) Basic Metals	117.9	128.5	138.0
(28) Fabricated Metal Products, except Machinery and Equipment	320.2	307.0	355.7
(29) Machinery and Equipment nec***	792.7	884.7	983.1
(30) Office Machinery	4,737.6	4,419.8	4,130.8
(31) Electrical Machinery and Apparatus nec***	286.8	341.7	400.3
(32) Radio, Television, and Communication Equipment and Apparatus	2,138.4	1,777.5	1,896.0
(33) Medical, Precision and Optical Instruments, Watches and Clocks	275.9	315.1	347.2
(34) Motor Vehicles, Trailers and Semi-Trailers	49.1	41.8	50.5
(35) Other Transport Equipment	610.9	686.0	681.4
(36) Furniture; Manufacturing nec***	61.0	52.4	59.6
(37) Recycling	28.2	35.3	42.6
ALL MANUFACTURING	15,324.6	14,774.8	14,851.4
<p>* Figures provided by the Scotch Whisky Association ** Provided by the Gin and Vodka Association of Great Britain *** nec = not elsewhere classified</p>			

- Fourteen sectors showed increased exports during 2005, nine fell below previous levels, and sales from the Gin & Vodka sector remained the same
- Top four exporting sectors in Scotland - Office Machinery (30), Radio/TV/Communications Equipment (32), Whisky (15) and Chemicals (24) - account for 63% of total manufactured exports
- Overseas sales of Electronics (30/32) fell again, but only by a modest 2.8%
- The Radio/TV/Communications Equipment (32), which consists of mainly mobile phones, printed circuit boards, and televisions, showed increased exports for the first time since 1999
- Office Machinery exports fell again, this time by 6.5%. This sector consists of computers and peripherals, and has seen the loss of a major manufacturer in the past year
- Impressive growth was recorded in several sectors, including Non-metallic Minerals (26) (+18%), Electrical Machinery (31) (+17%), Fabricated Metals (28) (+16%) and the Biotech industry (33) (+10%). Food and Drink exports also increased following a period of decline
- Chemicals showed further decline but still contributes over £1bn to Scotland's export activity

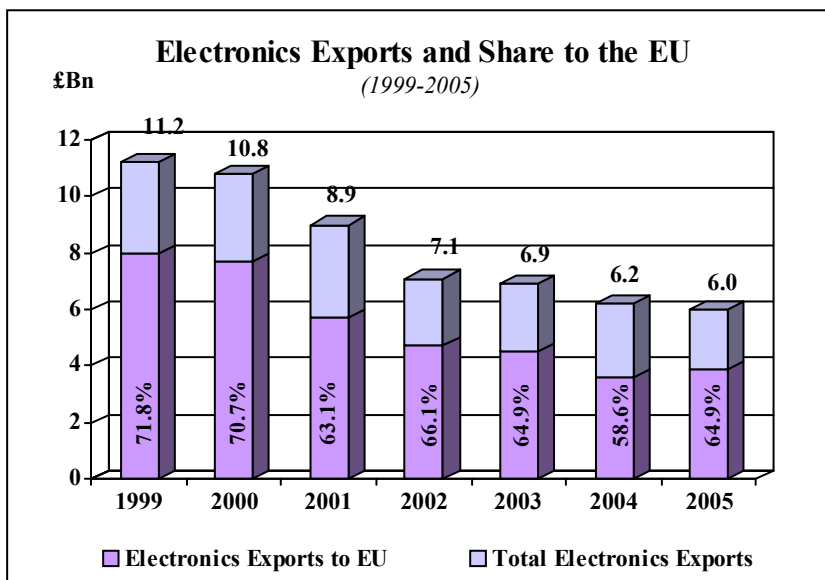
Manufacturing Industry Export Performance



- Mixed results shown in Electronics - Office Machinery (30) continues to fall, whereas Radio/TV/Communications Equipment exports rose by 7%
- Whisky (15) exports recovered to 2003 level
- Exports from the Chemicals sector (24) fell, but only by a modest 3%. The sector still contributes over £1bn to Scotland's export activity

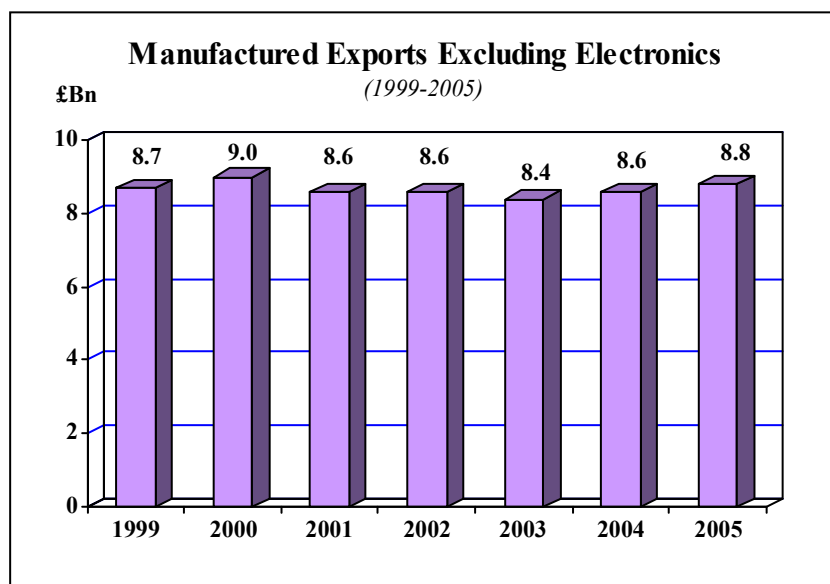


- A levelling in exports is shown in the chart, following the peak period around 1999/2000
- A quarter of Scotland's manufactured exports lost over six year period



- Chart shows combined exports from Office Machinery (30) and Radio/TV/Comms Equipment (32) over six years and highlights share going to EU
- Drop in Electronics exports is continuing but reducing
- Electronics exports destined for EU is almost two thirds of total

Manufacturing Industry Export Performance



- Excluding Electronics shows that other sectors are continuing to grow and have reached the highest level since peaking in 2000
- Exports from other sectors rose by a further £200m, almost half a billion pounds in two years

Destination of Manufactured Exports

**Destination of Scottish Manufactured Exports
by Geographic Region
(£m Current Prices) (2003 – 2005)**

	2003	2004	2005	% Share of 2005 Total
European Union	8,635	7,738	7,958	53%
North America	2,430	2,636	2,486	17%
Asia Pacific (excl. Japan)	1,428	1,642	1,613	11%
Japan	664	795	702	5%
Middle East	404	423	485	3%
Western Europe (excl. EU)	477	486	460	3%
Latin America	368	334	420	3%
Africa	320	316	324	2%
Eastern Europe	480	283	235	2%
Australasia	118	122	168	1%

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

- Recovery shown in exports to EU. Rise of 3% recorded with the area now taking 53% of manufactured goods from Scotland
- Good growth shown in Middle East, Africa and Latin American markets
- Drop in exports to Asia Pacific and Japan. Significant drop also recorded to North America

Destination of Manufactured Exports

**Top 20 Markets for Scottish Manufactured Exports
(£m Current Prices)
(2002 - 2005)**

COUNTRY	2003		2004		2005	
USA	2,278	(1)	2,501	(1)	2,313	(1)
GERMANY	2,093	(2)	1,415	(2)	1,492	(2)
FRANCE	1,898	(3)	1,406	(3)	1,446	(3)
NETHERLANDS	1,122	(4)	1,228	(4)	1,220	(4)
SPAIN	724	(6)	818	(6)	851	(5)
ITALY	922	(5)	872	(5)	770	(6)
JAPAN	664	(7)	795	(7)	702	(7)
BELGIUM	600	(8)	542	(8)	482	(8)
SWEDEN	422	(9)	382	(9)	392	(9)
SINGAPORE	235	(13)	341	(10)	350	(10)
MALAYSIA	205	(14)	297	(12)	308	(11)
SWITZERLAND	327	(10)	317	(11)	283	(12)
SOUTH KOREA	313	(11)	247	(13)	251	(13)
IRELAND	163	(17)	187	(17)	227	(14)
CHINA	200	(15)	230	(14)	218	(15)
FINLAND	*		*		196	(16)
UNITED ARAB EMIRATES	*		136	(19)	193	(17)
TAIWAN	165	(16)	158	(18)	180	(18)
NORWAY	*		*		165	(19)
SOUTH AFRICA	*		*		151	(20)

* Not a Top 20 market for the specified year

Note: The above table is produced primarily to show trends. Respondents are not always able to provide a full breakdown of final destination of product where they make use of intermediate distribution centres, e.g. Netherlands and Belgium.

- Top four countries remain unchanged and Spain overtakes Italy to take 5th place

- Despite a notable decline, USA retains its top position as Scotland's largest export market

- Key sectors selling into US market are Transport Equipment (35), Whisky (15) and Electronics (30/32)

- Increased exports from the Office Machinery (30) sector places Finland, Norway and South Africa onto the top 20 table

- UAE continues an upward trend, with exports rising by over 40%. Key sectors selling to the market are Office Machinery (30) and Electrical Machinery (31)

- Asian markets show mixed results, Japan and China show a decline, whereas good growth is recorded to Singapore, Malaysia, South Korea and Taiwan

Future Prospects and New Markets

Future Prospects - Top Sectors

Average Predicted Rise for 2006/07

Chemicals	+6%
Fabricated Metals	+6%
Machinery & Equipment	+5%

- Average rise predicted for 2006/07 from respondents is 3%. Only three sectors are predicting a decline

- Largest increases predicted in Chemicals, Fabricated Metals and Machinery & Equipment

Top New Markets of Interest

	% Responses
China	10%
Russia	9%
India	6%

- There continues to be a great interest in developing activity in China, Russia and India