



Scottish Council for
Development and Industry

SURVEY OF SCOTTISH MANUFACTURED EXPORTS 2006/07

In partnership with



Introduction

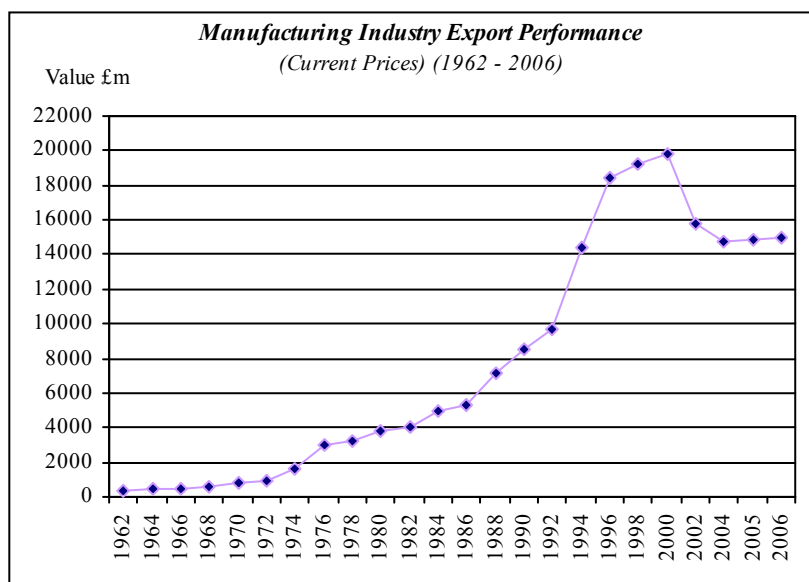
The Scottish Council for Development and Industry has been estimating the value of Scottish exports since the 1960s in its Survey of Scottish Sales and Exports. As an independent organisation, the findings of its annual research in this field have been available to assist in understanding long-term trends 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, designed to assist policy-makers within government and the public sector, academia, media, and exporters themselves.

If you would like any further information, or have any questions please call Yvonne MacArthur on 0141 352 8543.

October 2007

Manufactured Exports Performance



- Manufactured exports continue to show signs of recovery
- Overseas sales up by 1.2% on previous year
- Value of exports stand at £15.0bn

Manufacturing Industry Export Performance

<i>Scottish Manufactured Exports</i> (£m Current Prices) (2004 - 2006)			
INDUSTRY (1992 SIC DIVISION)	2004	2005	2006
(15) Whisky *	2,263.0	2,370.3	2,478.6
Gin/Vodka **	168.0	168.0	168.0
Other Food Products and Beverages	438.6	464.5	498.2
(16) Tobacco Products	-	-	-
(17) Textiles	223.8	231.3	229.2
(18) Wearing Apparel; Dressing and Dyeing of Fur	80.4	47.2	50.0
(19) Tanning and Dressing of Leather; Luggage, Handbags, Saddlery, Harness and Footwear	71.2	68.3	77.5
(20) Wood and Wood Products	35.0	38.1	39.0
(21) Pulp, Paper and Paper Product	337.0	329.2	339.8
(22) Publishing, Printing and Reproduction of Recorded Media	42.3	27.9	26.9
(23) Coke, Refined Petroleum Products and Nuclear Fuel	560.3	473.2	687.5
(24) Chemicals and Chemical Products	1,092.7	1,058.9	1,300.9
(25) Rubber and Plastic Products	346.4	340.5	342.9
(26) Other Non-Metallic Mineral Products	126.3	148.8	174.0
(27) Basic Metals	128.5	138.0	136.5
(28) Fabricated Metal Products, except Machinery and Equipment	307.0	355.7	401.0
(29) Machinery and Equipment nec***	884.7	983.1	948.0
(30) Office Machinery	4,419.8	4,130.8	3,610.6
(31) Electrical Machinery and Apparatus nec***	341.7	400.3	365.3
(32) Radio, Television, and Communication Equipment and Apparatus	1,777.5	1,896.0	1,850.3
(33) Medical, Precision and Optical Instruments, Watches and Clocks	315.1	347.2	365.2
(34) Motor Vehicles, Trailers and Semi-Trailers	41.8	50.5	58.4
(35) Other Transport Equipment	686.0	681.4	767.2
(36) Furniture; Manufacturing nec***	52.4	59.6	54.8
(37) Recycling	35.3	42.6	53.9
ALL MANUFACTURING	14,774.8	14,851.4	15,023.7
<p>* Figures provided by the Scotch Whisky Association ** Provided by the Gin and Vodka Association of Great Britain *** nec = not elsewhere classified</p>			

- Fifteen sectors showed increased exports during 2006, eight fell below previous levels

- Top four exporting sectors in Scotland - Office Machinery (30), Whisky (15), Radio/TV/ Communications Equipment (32), and Chemicals (24) - account for 62% of total manufactured exports

- Food & Drink (15) has shown further growth with Whisky exports rising by 4.6% and other Food & Drink products increasing by over 7%

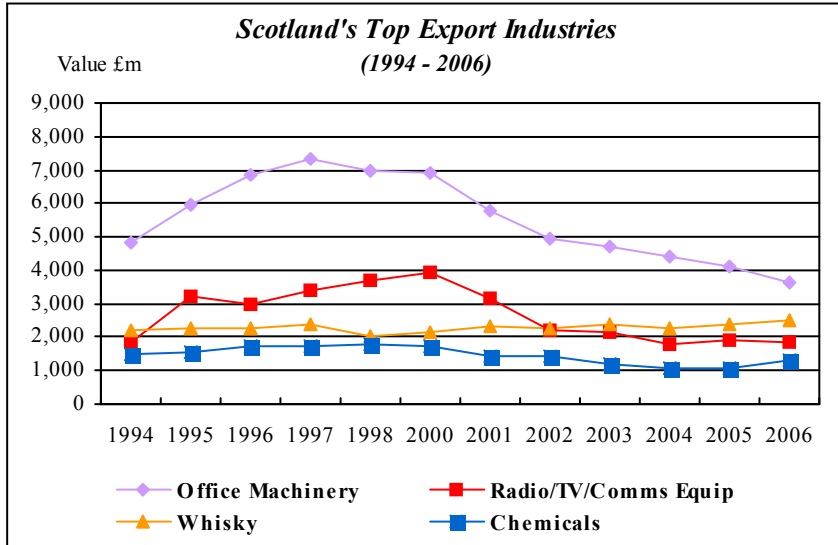
- Good export performance also shown in Coke & Refined Petroleum (23), Chemicals (24), Recycling (37), Non-Metallic Minerals (26), Transport Equipment (35) and Medical & Precision Instruments (33)

- Electronics (30/32) fell by 9.3% but contributes a substantial 40% to Scotland's manufactured exports. Electronics includes computers and peripherals, mobile telephones, printed circuit boards, and televisions

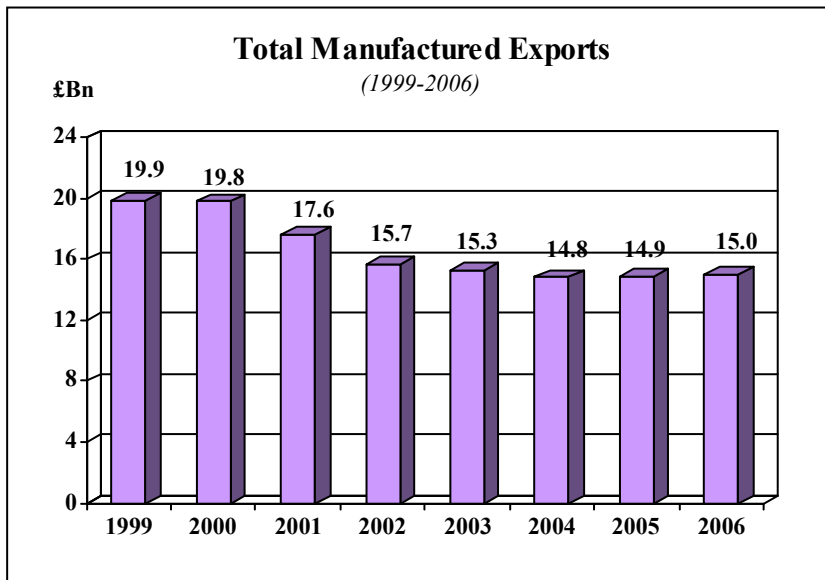
- Exports of Machinery & Equipment (29) fell by 3.6% following a substantial rise in 2005. Payment terms of large long-term contracts in this sector can show varying results year on year

- The decline recorded in other sectors is modest

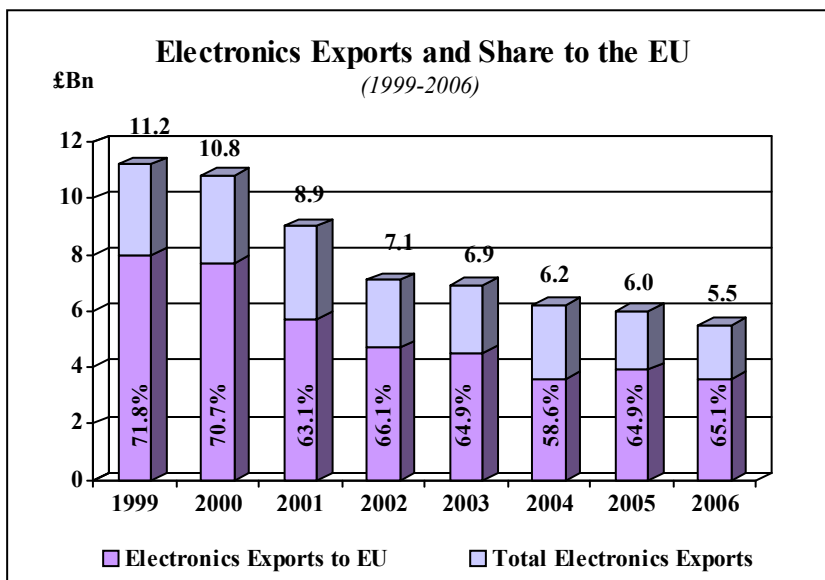
Manufacturing Industry Export Performance



- Both Office Machinery (30) and Radio/TV/Communications Equipment (32) recorded reduced exports in 2006
- Whisky (15) and Chemicals (24) on the other hand showed impressive growth, by 4.6% and 22.8% respectively

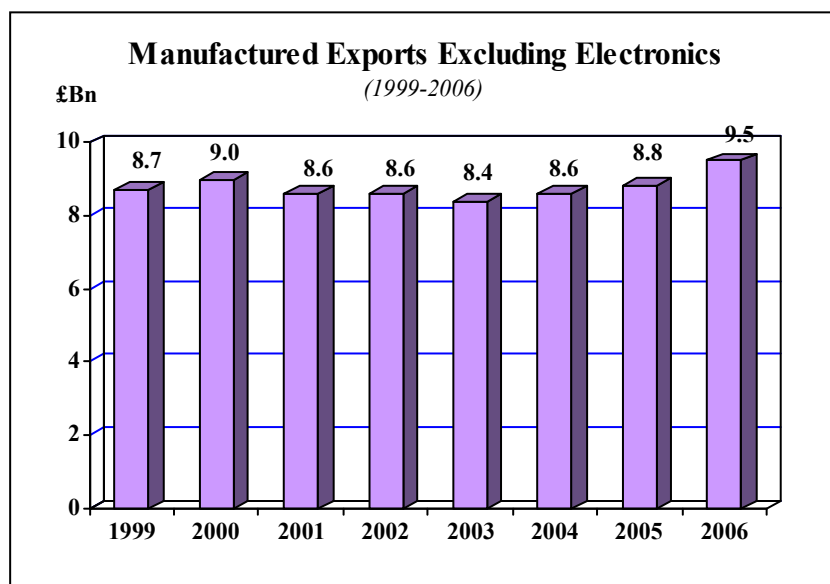


- Chart shows the recovery of Scotland's manufactured exports over the last two years
- Exports up by 1.7% since 2004, although down 25% over seven years



- Chart shows combined exports from Office Machinery (30) and Radio/TV/Communications Equipment (32) over seven years and highlights share going to EU
- Electronics exports continue to fall, now valued at £5.5bn, compared to £11.2bn in 1999

Manufacturing Industry Export Performance



- The increase in manufactured exports when Electronics (30/32) is striped out is evident from the chart
- 8% rise takes it to highest level, reaching £9.5bn in 2006
- These sectors now account for two thirds of total manufactured exports compared to 44% seven years ago when total exports peaked at almost £20bn

Destination of Manufactured Exports

Destination of Scottish Manufactured Exports by Geographic Region
(£m Current Prices) (2004 – 2006)

	2004	2005	2006	% Share of 2006 Total
European Union	7,738	7,958	7,992	53%
North America	2,636	2,486	2,392	16%
Asia Pacific (excl. Japan)	1,642	1,613	1,521	10%
Japan	795	702	697	5%
Middle East	423	485	571	4%
Western Europe (excl. EU)	486	460	486	3%
Latin America	334	420	515	3%
Africa	316	324	505	3%
Eastern Europe	283	235	201	1%
Australasia	122	168	143	1%

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

- Exports to the EU remain stable, still accounting for 53% of total manufactured exports
- Dip in exports recorded to North America, Asia Pacific, Eastern Europe and Australasia
- Increase in exports of Machinery & Equipment (29) contributes to rise in sales to Latin America and Africa

Destination of Manufactured Exports

Top 20 Markets for Scottish Manufactured Exports (£m Current Prices) (2004 - 2006)

COUNTRY	2004		2005		2006	
USA	2,501	(1)	2,313	(1)	2,250	(1)
GERMANY	1,415	(2)	1,492	(2)	1,457	(2)
FRANCE	1,406	(3)	1,446	(3)	1,433	(3)
NETHERLANDS	1,228	(4)	1,220	(4)	1,322	(4)
SPAIN	818	(6)	851	(5)	771	(5)
ITALY	872	(5)	770	(6)	748	(6)
JAPAN	795	(7)	702	(7)	697	(7)
BELGIUM	542	(8)	482	(8)	598	(8)
SWEDEN	382	(9)	392	(9)	393	(9)
SINGAPORE	341	(10)	350	(10)	366	(10)
MALAYSIA	297	(12)	308	(11)	247	(11)
SOUTH KOREA	247	(13)	251	(13)	255	(12)
SWITZERLAND	317	(11)	283	(12)	251	(13)
CHINA	230	(14)	218	(15)	235	(14)
IRELAND	187	(17)	227	(14)	212	(15)
UNITED ARAB EMIRATES	136	(19)	193	(17)	229	(16)
NORWAY	*		165	(19)	222	(17)
FINLAND	*		196	(16)	199	(18)
DENMARK	*		*		189	(19)
SOUTH AFRICA	*		151	(20)	181	(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 eleven markets retain their positions from last year
- USA shows further decline, although fairly modest at just 2.7%. It represents 15% of total manufactured exports from Scotland
- Key sectors selling into US market are Transport Equipment (35), Whisky (15) and Electronics (30/32)
- European Union markets show mixed results. Germany, France, Spain, Italy, Ireland all declined, and Netherlands and Belgium increased
- Exports to Japan and South Korea remain stable, China and Singapore have increased and there's a drop in exports to Malaysia
- Increased exports of Medical, Precision & Optical Instruments (33) and Fabricated Metals (28) to Norway contribute to substantial rise in exports to the market

Future Prospects and New Markets

Future Prospects - Top Sectors

Average Predicted Rise for 2007/08

Food & Drink (excl whisky)	+9%
Fabricated Metals	+9%
Machinery & Equipment	+7%

- Average rise predicted by respondents for 2007/08 is 4.4%
- Confident predictions of growth from Food & Drink (15), Fabricated Metals (28) and Machinery & Equipment (29)

Top New Markets of Interest

	<i>% Responses</i>
China	9%
India	8%
Russia	7%

- China, India and Russia continue to be key markets of interest for new export business

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