

Article

# Non-financial business economy, exporters and importers in Great Britain (Annual Business Survey): 2017

The number and size of enterprises in Great Britain engaged in the international trade of goods and services, drawn from the Annual Business Survey.

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# 1 . Main points

- In 2017, the number of registered businesses in Great Britain trading internationally was estimated at 340,500, which represented 14.3% of the total number of businesses in the Great Britain non-financial economy; an increase from 13.7% according to latest 2016 estimates.
- Of these 340,500 businesses, 98.7% were small- and medium-sized businesses (those businesses with less than 250 employees); however, this number only represented a small proportion (14.2%) of the total number of small- and medium-sized businesses in Great Britain, compared with 13.6% in 2016.
- In comparison, the proportion of large businesses (those with 250 or more employees) was 53.8% of the total number of large businesses registered in Great Britain; in total, 4,500 large businesses reported that they traded internationally in 2017.
- Non-financial services remained the largest sector trading internationally, accounting for 53.1% of the total international traders in Great Britain; this was followed by the distribution sector, with 31.2% of the number of businesses reporting international trade.
- London has continued to be the region with the largest number of businesses reporting international trade, with a contribution of 26.0% of the total in Great Britain; the South East contributed 18.5%, with all other regions each accounting for less than 10.0% of the total.

## 2 . Things you need to know about this release

Annual Business Survey (ABS) estimates of exporters and importers include details of the number and proportion of businesses in Great Britain (that is, the UK excluding Northern Ireland) engaged in the international trade of goods and services. These estimates are experimental official statistics and are taken from the [Annual Business Survey provisional 2017 release](#). This ABS release covers the non-financial business economy, which accounts for just under two-thirds of the economy in terms of gross value added. Regional estimates are provided by apportioning out the trade status of a business to its local unit based on employment; our [information paper \(PDF, 522.8KB\)](#) contains further information on the method used.

International trade is defined as the import and/or export of goods and/or services. Total international trade is calculated as:

- the number of businesses exporting plus
- the number of businesses importing less
- the number of businesses that both export and import

The latter are included in both the exporter and importer counts so need to be subtracted to avoid double counting.

Due to methodological differences between the statistics from HM Revenue and Customs (HMRC) and the ABS statistics published in this release, the “trade in goods” figures within each dataset are not directly comparable and may differ. Methodological differences between the two releases include differences in data sources and coverage, measurement of employee count, disclosure control procedures and the handling of revisions.

## Inclusion of solely Pay As You Earn (PAYE)-based businesses

In 2015, the Office for National Statistics (ONS) businesses population was expanded to include approximately 92,000 solely Pay As You Earn (PAYE)-based businesses. This led to an increase in the number of businesses in the overall population of approximately 4%. Nearly all of these businesses (99.3%) were in employment size-band 1 (0 to 9 employees), with nearly half of them in the non-financial services sector. Within the ABS, the new population was used for the first time in 2016. New estimates for 2015 were previously calculated to assess the impact of the inclusion of these additional businesses. An [impact article](#) and corresponding datasets showing the new 2015 estimates were published for the [2016 ABS national release](#).

All commentary on estimates of exporters and importers within this release are based on comparisons with the latest available estimates. This release provides provisional 2017 estimates, as well as revised estimates for 2016 and 2015. Corresponding data tables are provided for 2015 on both bases (including and excluding solely PAYE businesses), however, special analyses cannot be provided for the new 2015 estimates due to the process used in calculating the data. This is because the methodology underpinning these estimates relies upon adjusting published estimates to account for the additional PAYE businesses, as opposed to collecting respondent data from these businesses.

### Sample re-optimisation

Users should note that a sample re-optimisation exercise was undertaken within the ABS in 2015 and has been included in the estimates since 2016. This is carried out every five years to improve the efficiency of the ABS sample and reduce sample variability as part of the regular process to improve estimates. Users should be aware of this process when making year-on-year comparisons.

This was the first time this process had occurred since the production of experimental exporter and importer estimates. The re-optimisation improved the coverage of ABS turnover without increasing the overall sample size, but led to a reduction in the number of small businesses sampled. This has improved both the quality measures for the ABS official statistical release and minimised respondent burden on small businesses.

However, as the exporters and importers release is concerned with nominal data rather than value (or turnover) estimates, the reduction in sample size for small-sized businesses has impacted on the stability of these experimental estimates. Both the inclusion of the 92,000 PAYE only businesses increasing the target population coupled with the reduced sample size of smaller businesses have collectively led to an increase in sampling weights for these smaller businesses.

Latest estimates for 2016 have seen a large upward revision compared with provisional 2016 estimates published in November 2017. This has resulted in the overall estimate of total businesses in Great Britain trading internationally for 2016 increasing from 305,200 to 324,600 (a proportion change of 12.9% to 13.7%). Caution should be taken with regards to the provisional 2017 estimates, whilst further investigation is undertaken and further response received, with the magnitude of future revisions unclear at this stage.

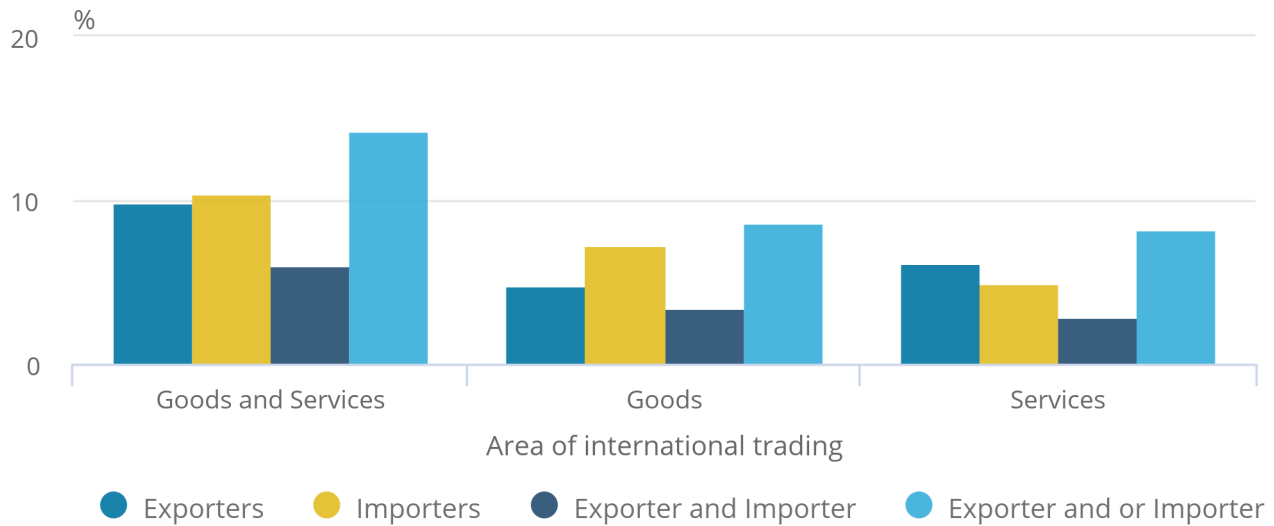
## 3 . Number of businesses trading internationally in 2017

In 2017, the number of registered businesses in Great Britain trading internationally was estimated at 340,500. This number represents 14.3% of the total businesses in the Great Britain non-financial economy, as can be seen in Figure 1. This is an increase from the estimated number of 324,600 (13.7%) in 2016, according to latest published estimates.

As in 2016, there were more importers than exporters, with estimated numbers of 247,500 and 235,800 respectively. Of the 247,500 engaging in import activity, 170,400 businesses imported goods compared with 118,000 businesses that imported services. For exports, more businesses exported services than goods (146,600 and 115,200 respectively). As a result, more businesses traded internationally in goods (203,900 businesses) than in services (194,600 businesses).

**Figure 1: Great Britain non-financial business economy, proportions of businesses in Great Britain trading internationally by type of trade, 2017**

Figure 1: Great Britain non-financial business economy, proportions of businesses in Great Britain trading internationally by type of trade, 2017



Source: Office for National Statistics

Large businesses (250 or more employees) accounted for 4,500 of total businesses trading internationally in goods and/or services, which represented 53.8% of the total number of large businesses trading in Great Britain. Small businesses (fewer than 10 employees) accounted for 76.6% of the total number of internationally trading businesses, which remained unchanged from 2016. The total number of small businesses trading internationally (260,800) represented a proportion of 12.3% of the total number of small businesses trading in Great Britain.

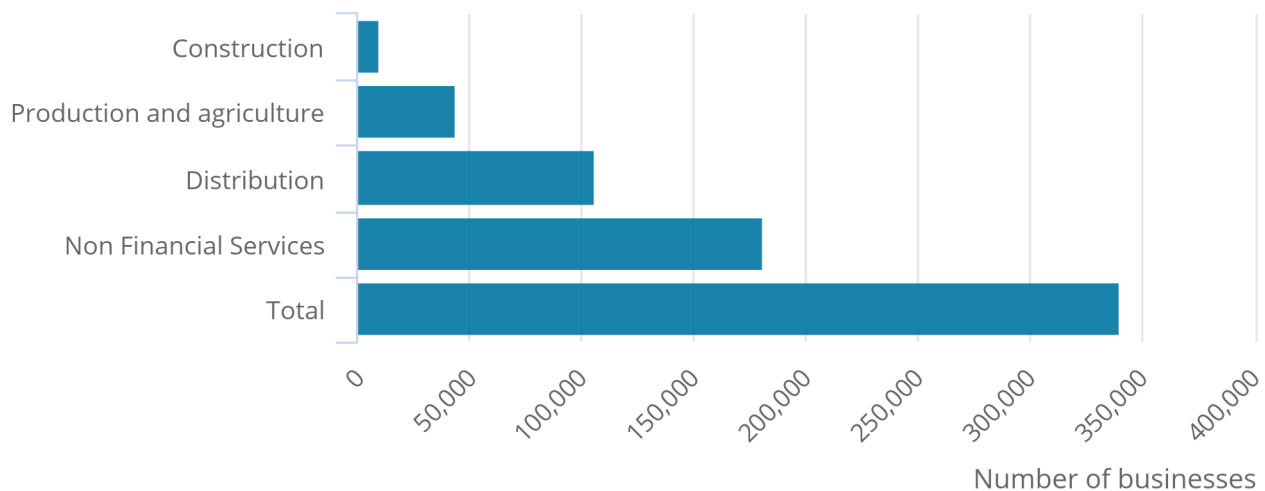
Foreign-owned businesses represented 5.0% (16,900) of the total number of businesses trading internationally in 2017. The proportion of foreign-owned businesses trading internationally (55.7%) is broadly four times larger than their UK-owned business counterparts (13.8%).

## 4 . Non-financial services were the largest internationally trading sector in 2017

Non-financial services continued to be the largest internationally trading sector in 2017. Of the 340,500 estimated businesses trading internationally in Great Britain, businesses providing non-financial services accounted for 53.1%. The contributions from the four main sectors of the non-financial business economy are shown in Figure 2.

**Figure 2: Great Britain non-financial business economy, total businesses in Great Britain trading internationally by sector, 2017**

Figure 2: Great Britain non-financial business economy, total businesses in Great Britain trading internationally by sector, 2017



**Source: Office for National Statistics**

Within non-financial services, the largest contribution to international trade was attributed to professional, scientific and technical services (section M) with 71,200 businesses. This number represented 39.4% of the total number of internationally trading businesses within non-financial services and 20.9% within the non-financial business economy.

The distribution sector contained 106,300 businesses trading internationally, representing 31.2% of the total businesses trading internationally. Distribution incorporates the two highest internationally trading divisions, with retail trade (division 47) and wholesale trade (division 46) contributing 14.9% (50,600) and 13.4% (45,600) respectively.

Construction continued to be the smallest internationally trading sector, with 3.0% of the total businesses trading in this sector trading internationally. In the production and agriculture sector, manufacturing represented the majority of the sector, with 94.7% of the total businesses conducting international trade. Manufacturing was also the third-highest contributing sector overall, behind professional, scientific and technical services and distribution.

## 5 . Regional performance

London was the largest internationally trading region in 2017, with 26.0% (88,500) of the total number of businesses trading internationally. This was followed by the South East with 18.5% (62,900). All other regions each made up less than 10.0% of the national total. The East and the West Midlands were the only two regions in England where the number of businesses trading internationally decreased compared with 2016.

Although London and the South East were the highest international traders of goods, they (along with Scotland) were the only regions where their total number of businesses trading internationally in services was higher than their total number of businesses trading internationally in goods.

Nationally, England continued to be the largest contributor to the number of businesses trading internationally in Great Britain, making up 93.0% of the overall number. Scotland accounted for 4.8% of the overall number, with Wales providing the remaining 2.2%.

## 6 . Links to related statistics

This experimental publication follows the official statistical publication of the Annual Business Survey, UK non-financial business economy: 2017 provisional results. This release provides estimates of the size and growth of the UK non-financial business economy for 2017.

HM Revenue and Customs (HMRC) will publish the [UK trade in goods by business characteristics](#) release on 28 November 2018. The aim of the HMRC release is to add value to the UK trade in goods figures by looking at the characteristics of businesses trading. This may provide answers to questions such as:

- how many people are employed by businesses engaged in international trade in goods?
- what share of exports and imports is carried out by particular industry groups?
- how many new businesses involved in international trade in goods are trading with specific partner countries?

## 7 . Quality and methodology

The [Annual Business Survey \(ABS\) Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

You will also find detailed information on the methods used in the calculation of the ABS in the [ABS Technical Report](#) published on the [ABS methodology page](#).