



Regional Economic Development
Local Economy Briefing 6

The Annual Business Survey

Evidence

As a prelude to the annual release of detailed data about local output (measured by gross value added – GVA and GVA per head) next month, the ONS today released its latest Annual Business Survey (ABS), highlighting its approximated (aGVA) totals.

This data covers the non-financial business economy and represents about two-thirds of the economy as a whole (i.e. excluding financial services and the public sector). For 2014, the ONS calculates total aGVA of £1,104.6bn. This amount was 10.3% higher than in 2013. Given low inflation, the high rate of aGVA increase suggests a strong private sector performance last year: with growing turnover being accompanied by a small decline in overall purchases.

Within the total nominal figure, non-financial services accounted for 55.2% (£609.2bn), distribution services 17.1% (£188.8bn), manufacturing 14.2% (£157.2bn) and other production 5.5% (£60.8bn), 7.8% construction (£86.3bn), and agriculture, fishing and forestry 0.2% (£2.1bn).

When we get the local data next month, it will be interesting to see how Bournemouth and Poole and the rest of Dorset compare with these national, structural totals.

The overall aGVA release was accompanied by a breakdown for exporters and importers. This found that 15.2% of the UK's 310,800 non-financial businesses (a total population that was 4,300 lower than in the previous year) were engaged in international trade (either exporting or importing goods or services, or both, in 2014).

About half of large businesses were engaged in international trade compared with only about 10% of small businesses. Although the latter dominated in terms of numbers, the former were more important in monetary terms. Unsurprisingly, foreign-owned businesses (about 60% of them) were more likely to be internationally active respect than domestically owned ones.



Regional Economic Development Local Economy Briefing 6

Mining and quarrying was the sector with the highest propensity to engage in international trade (43%, but this represents a low absolute number). Sectors with the largest numbers of 'traders' were:

- 1) Professional scientific and technology services (the highest, over 60,000, number of exporters);
- 2) Wholesale and retail distribution (especially motors – the highest, over 80,000, number of importers); and
- 3) Manufacturing (about 30,000 of each).

Regionally, 23.7% of (73,600) trading firms were based in London. Businesses in SW England accounted for 8.5% of total exporters and 8.7% of importers. This represented a mix of 27,000 SW businesses in total, comprising 18,900 exporters, 19,000 importers and 10,900 that do both.

Comment

This data throws interesting light on the pattern of international trade across the private sector. It underlines the established fact that, on average, UK business engagement in trade, especially in terms of exporting, is less than desired. Most of these numbers and ratios need to be higher if the United Kingdom is to achieve sustained and sustainable growth in productivity and living standards.

The breakdown highlights where global engagement is, or is not, good and, thereby, can be useful in helping to frame local development strategies and interventions, even though the policy dilemma of whether to support the 'best' or the 'worst' remains to be resolved.

Nigel F Jump,
Professor of Regional Economic Development (November 2015)