

## NI Trade Data – An Update

1. In August 2017, the UK Government published an ‘Additional Data Paper’ along with its ‘Position Paper on Ireland/Northern Ireland’.<sup>1</sup> As updated data to these papers is now available – most notably the Broad Economy Sales and Exports Statistics (BESES)<sup>2</sup> – the Northern Ireland Civil Service (NICS) has revised the data paper to bring it up to date.
2. This publication follows requests from stakeholders for updated information. This paper does not represent the NICS’s view on matters of policy around EU Exit, it simply sets out the evidence for stakeholders to use. A decision on policy would be for a Minister.
3. Whereas the previous paper focused on both goods and services, this paper focuses solely on goods. This is due to the requests from our stakeholders for data, information and statistics specific to trade in goods.

### Summary

4. The overall data continues to show that Northern Ireland (NI) purchases from and sells more to Great Britain (GB) than to any other destination. In 2017, GB sales amounted to £7.6bn and £10.5bn in purchases.<sup>3</sup>
5. Ireland remains NI’s biggest export destination and an important first market for exporters. In 2017, total exports of goods to Ireland were valued at £3bn. This represented 37% of all exported goods.<sup>4</sup>
6. In using these statistics, it is important to note that while the value of trade to a destination is important, in reality trade is frequently interconnected. We see that north/south supply chains fuel significant production in some sectors, and that those who trade with Ireland are also likely to buy from GB. Similarly, trade in goods depends on services such as transport and logistics. Businesses and jobs within NI depend on the totality of NI’s internal and external trade.

### Data sources

7. There are two main sources of data on trade for NI:
  - HM Revenue & Customs (HMRC) – HMRC is responsible for collecting the UK’s international trade in goods data. Their ‘UK Regional Trade Statistics’

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<sup>1</sup> <https://www.gov.uk/government/publications/northern-ireland-and-ireland-a-position-paper>

<sup>2</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>3</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\): Purchases and Imports Statistics, 2019 – Data Tables 2011 - 2017](#)

<sup>4</sup> [NISRA Broad Economy Sales and Export Statistics \(BESES\): Goods and Services Results, 2019 – Data Tables 2011 - 2017](#)

(RTS) combine UK-wide Intrastat returns and customs declarations with data from Office for National Statistics' (ONS) Inter-Departmental Business Register to apportion trade to each of the constituent parts of the UK, including NI.

- *Northern Ireland Statistics & Research Agency (NISRA)* – NISRA is responsible for collecting the Broad Economy Sales and Export Statistics (BESES). BESES provides an experimental measure of local businesses' domestic, regional and export sales<sup>5</sup> to markets outside NI and has been gathered through the NI Annual Business Inquiry since 2011.
8. In addition, the Department of Agriculture, Environment and Rural Affairs (DAERA) in NI collects and publishes detailed administrative data on the movement of animals, and the Central Statistics Office (CSO) in Ireland also produces its own estimates of trade between Ireland, NI and GB.
  9. Where data is available from multiple sources, NISRA and DAERA sources are used to provide consistent estimates of trade in both goods and services between NI and Ireland, and between NI and GB for local businesses. HMRC sources are used where equivalence is required between UK national trade or for trade at the individual product level.
  10. Further information about the different sources of data used in this paper can be found in Appendix 1.

### **External sales by businesses in NI**

11. NISRA estimates the total value of exports (sales outside the UK) from NI in 2017, including both goods and services, to be £11.2 billion (15% of total sales by farms and businesses in NI). Goods exports, including farming, make up £8.4 billion of this.
12. Total exports are comprised of 3% from the farming sector<sup>6</sup>, 10% processed agri-food and drink<sup>7</sup>, 62% other manufactured goods<sup>8</sup>, 22% of services<sup>9</sup> and 3% from non-UK tourism<sup>10</sup> (Table 1).<sup>11</sup>

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<sup>5</sup> Only NI sales to, or purchases from, outside the UK (i.e. not those with GB) are considered exports or imports.

<sup>6</sup> [Statistical Review of Northern Ireland Agriculture, DAERA, 2018](#)

<sup>7</sup> [Statistical Review of Northern Ireland Agriculture, DAERA, 2018](#)

<sup>8</sup> [NISRA Broad Economy Sales and Export Statistics \(BESES\), 2019 – Goods and Services Results](#)

<sup>9</sup> [Estimating the value of service exports abroad from different parts of the UK, ONS, 2016 & NISRA Broad Economy Sales and Export Statistics \(BESES\): Goods and Services Results, 2019 – Data Tables 2011 - 2017](#)

<sup>10</sup> [NISRA Northern Ireland Tourism Statistics 2019](#)

<sup>11</sup> Figures may not add up to 100% due to rounding.

13. The data also shows that in 2017 total sales to GB of £11.7 billion were higher than total NI exports, and represented 16% of total sales by businesses in NI.

**Table 1: Total value of NI sales and exports by broad industry sector and destination, 2017 (£ million)<sup>12</sup>**

	Northern Ireland	Great Britain	Ireland	Rest of Europe	Rest of World	Total Exports	Total Sales
<b>Farming<sup>a</sup></b>	<b>1,287</b>	<b>40</b>	<b>290</b>	<b>16</b>	<b>0</b>	<b>306</b>	<b>1,633</b>
Live Animals	859	40	55	16	-	71	970
Unprocessed Milk	428	-	235	-	-	235	663
<b>Manufactured Goods<sup>b</sup></b>	<b>30,121</b>	<b>7,581</b>	<b>2,987</b>	<b>1,612</b>	<b>3,480</b>	<b>8,078</b>	<b>45,780</b>
Production & Other Agricultural Industries	6,149	5,311	1,568	1,407	3,029	6,004	17,465
<i>(of which agri-food)<sup>c</sup></i>	<i>1,060</i>	<i>2,193</i>	<i>646</i>	<i>342</i>	<i>120</i>	<i>1,108</i>	<i>4,362</i>
Construction Industries	1,663	344	63	2	4	69	2,076
Distribution Industries	20,010	1,696	1,206	182	351	1,738	23,444
Service Industries	2,298	231	150	21	96	267	2,796
<b>Services</b>	<b>18,278</b>	<b>3,731</b>	<b>1,040</b>	<b>360</b>	<b>1,085</b>	<b>2,485</b>	<b>24,493</b>
Non-Financial Services <sup>d</sup>	15,072	3,723	895	346	787	2,028	20,822
Pens, Ins & Financial Services <sup>e</sup>	3,206	8	145	14	298	457	3,671
<b>Tourism<sup>f</sup></b>	<b>270</b>	<b>319</b>	<b>90</b>	<b>102</b>	<b>145</b>	<b>338</b>	<b>926</b>
<b>Total Sales and Exports of Goods</b>	<b>31,408</b>	<b>7,621</b>	<b>3,277</b>	<b>1,628</b>	<b>3,480</b>	<b>8,384</b>	<b>47,413</b>
<b>Total Sales and Exports</b>	<b>49,956</b>	<b>11,671</b>	<b>4,407</b>	<b>2,090</b>	<b>4,710</b>	<b>11,207</b>	<b>72,832</b>

14. NISRA estimates the total value of goods (excluding farming)<sup>13</sup> sold externally to GB at £7.6 billion in 2017 (17% of total sales of goods by NI businesses), down from £10.7 billion in 2016. Figure 1 shows the consistent upward trend in external sales of goods to GB from 2011 – 2016, followed by a fall in sales of £3.1 billion in 2017.<sup>14</sup> The fall in sales to GB in 2017 was mainly driven by a substantial fall in the manufacturing subsector of food, beverages and tobacco.

<sup>12</sup> (a.) [DAERA Statistical Review of Northern Ireland Agriculture: DAERA, 2018](#)

(b.) [NISRA Broad Economy Sales and Export Statistics \(BESES\), 2019 – Goods and Services Results](#)

(c.) [DAERA Statistical Review of Northern Ireland Agriculture: DAERA, 2018](#) - estimates of agri-food. Note figures are not directly comparable with BESES published totals. Data for 2016, 2017 will be available at the end of July 2019.

(d.) [NISRA Broad Economy Sales and Export Statistics \(BESES\), 2019 – Goods and Services Results](#)

(e.) [NISRA Supply and Use Tables 2014 & 2015](#)

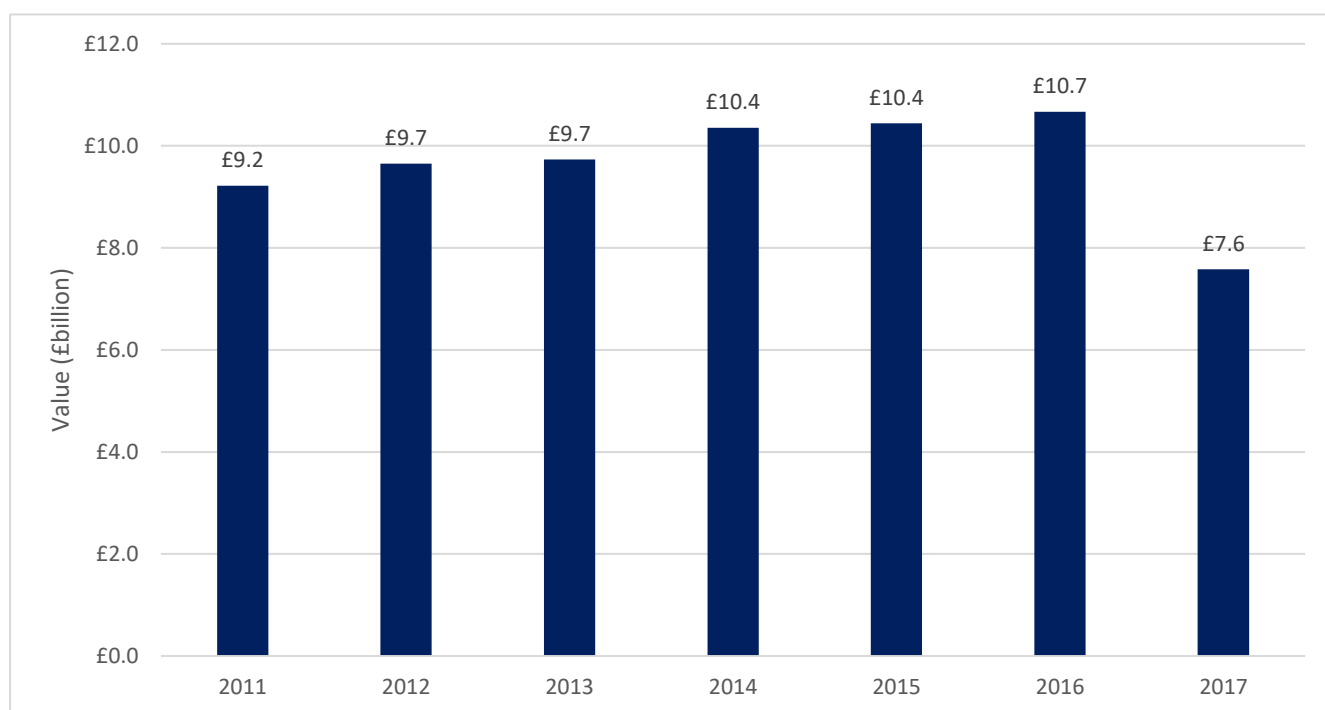
[NISRA NI Economic Accounts Project - 2013 Experimental Results](#) Northern Ireland & Total Sales figures are based on NISRA Supply & Use Tables (SUTS) for reference year 2013.

(f.) [NISRA Northern Ireland Tourism Statistics 2019](#): Rest of Europe expenditure is based on 'mainland Europe' and not solely EU Countries.

<sup>13</sup> £40m direct farming sales to GB ([Statistical Review of Northern Ireland Agriculture, DAERA, 2018](#)).

<sup>14</sup> [NISRA Broad Economy Sales and Export Statistics \(BESES\): Goods and Services Results – Data Tables 2011 - 2017](#)

**Figure 1: Value of external sales of goods from NI to GB, 2011-2017**



15. NISRA estimates that of the £7.6 billion of goods sold externally to GB (excluding farming), 29% were in manufactured agri-food products and the majority (71%) were in other manufactured products.<sup>15</sup>
16. A large proportion of NI sales (39% or £3 billion) to GB can be attributed to a small number (4% or 135 businesses) of large businesses (250+ employees).<sup>16</sup>
17. NISRA also estimates the total value of goods purchased in NI from GB (excluding farming) at £10.5 billion in 2017.<sup>17</sup>

### **NI-Ireland trade**

18. NISRA estimates the total value of goods (excluding the farming sectors) sold by businesses in NI to Ireland at £3 billion in 2017 (7% total sales of goods by NI businesses and 37% of all exported goods),<sup>18</sup> and the total value of goods imported from Ireland at £2.3 billion over the same period.<sup>19</sup> The value of exports to Ireland

<sup>15</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>16</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>17</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\): Purchases and Imports Statistics 2019 – Data Tables 2011 - 2017](#)

<sup>18</sup> [NISRA Broad Economy Sales & Export Statistics \(BESES\): Goods and Services Results, 2019 – Data Tables 2011 - 2017.](#)

<sup>19</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\): Purchases and Imports Statistics, 2019 – Data Tables 2011 - 2017](#)

has remained fairly stable over the period between 2011 and 2017, fluctuating between a peak of £3 billion in 2013 and a low of £2.6 billion in 2016.<sup>20</sup>

19. HMRC data enables us to break down trade between NI and Ireland by product sector.<sup>21</sup> The largest export product sector to Ireland was Food and Live Animals, which was worth 32% of total NI exports in 2018.<sup>22</sup> In turn, the largest import product sector from Ireland was Food and Live Animals, which was worth 41% of total imports to NI.<sup>23</sup>

*Table 2: NI exports and imports to and from Ireland by sector, 2018 (£ million)*

<b>Product Sector</b>	<b>Exports from NI to Ireland</b>	<b>Imports into NI from Ireland</b>
Food and live animals	1,031	898
Beverages and tobacco	154	71
Crude materials, inedible, except fuels	134	111
Mineral fuels, lubricants and related materials	255	67
Animal and vegetable oils, fats and waxes	20	27
Chemicals and related products	244	220
Manufactured goods classified chiefly by material	470	327
Machinery and transport equipment	530	236
Miscellaneous manufactured articles	361	247
Commodities and transactions not elsewhere classified	13	3
<b>Total</b>	<b>3,213</b>	<b>2,206</b>

20. At a product level, Dairy Products and Birds' Eggs (£367 million) and Road Vehicles (including Air Cushion Vehicles) (£225 million) together accounted for 18% of total exports of goods to Ireland in 2018. This was followed by Meat and Meat Preparations at 5% (£173 million) and Petroleum, Petroleum Products and Related Materials at 5% (£166 million).<sup>24</sup>

<sup>20</sup> [NISRA Broad Economy Sales & Export Statistics \(BESES\): Goods and Services Results, 2019 – Data Tables 2011 - 2017](#)

<sup>21</sup> As a result of differing methodologies, the total volume of trade between Northern Ireland and Ireland will differ between the HMRC estimates and the NISRA estimates in Table 1. See Appendix 1 for more information

<sup>22</sup> DAERA statistics suggest HMRC figures underestimate 'food and live animals' exports

<sup>23</sup> [Regional Trade Statistics, HMRC, 2018](#)

<sup>24</sup> [Regional Trade Statistics, HMRC, 2018](#)

21. Meat and Meat Preparations (£308 million), Dairy Products and Birds' Eggs (£173 million) and Cereals and Cereal Preparations (£158 million) made up almost 30% of goods imported to NI from Ireland over the same period.<sup>25</sup>
22. The data on supply chain activity shows that business processes are heavily integrated across the land border. It is estimated that 66% of NI's trade with Ireland (i.e. NI-to-Ireland exports plus imports above the respective HMRC Intrastat reporting thresholds) relates to potential supply chain activity.<sup>26</sup> In addition, research<sup>27</sup> by ESRI estimated the overall level of trade integration between Ireland and NI, and this work found that NI goods trade with Ireland was 1.5 times higher than would be expected. Further research<sup>28</sup> showed that the share of intermediate products in imports from NI to Ireland is higher in almost all sectors than trade in the same sectors from the rest of the UK.
23. Over 5,500 businesses in NI sold goods to Ireland in 2017,<sup>29</sup> of which all but 75 were Small and Medium Enterprises (SMEs).<sup>30</sup> Micro-businesses (0-9 employees) accounted for 63% of businesses exporting to Ireland.<sup>31</sup>
24. In value terms, 79% of exports of goods from NI to Ireland were accounted for by businesses with fewer than 250 employees in 2017, with 18% of the value accounted for by micro-businesses.<sup>32</sup>
25. For over 70% of small firms and over 80% of micro firms in NI, Ireland is their only export market, with cross-border trade having features closer to local trade than to international export activity, and almost all exporting firms in NI include Ireland as one of their destination markets. This shows that the neighbouring market is considerably more accessible than entering exporting more generally.<sup>33</sup>
26. InterTradeIreland research<sup>34</sup> on the potential impact of EU Exit on firms highlights that small firms trading across the border have high exposure to an adverse Brexit outcome in terms of their ability to withstand a trade shock. Some 51% of NI goods firms involved in external trade are estimated to be in an 'at risk' group (as characterised by low profit margins and/or low sales growth). In addition these risks are much more concentrated in small firms, and in NI firms that trade with Ireland

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<sup>25</sup> [Regional Trade Statistics, HMRC, 2018](#)

<sup>26</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Cross-Border-Trade-Survey-results-June-2018%20VERSION%20FOR%20WEB.PDF>

<sup>27</sup> <https://intertradeireland.com/insights/publications/export-participation-and-performance-of-firms-across-the-island-of-ireland/>

<sup>28</sup> <https://intertradeireland.com/news/cross-border-trade-supply-chain-linkages/>

<sup>29</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>30</sup> SMEs comprise businesses with fewer than 250 employees

<sup>31</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>32</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

<sup>33</sup> <https://intertradeireland.com/news/export-participation-and-performance-of-firms-on-the-island-of-ireland/>

<sup>34</sup> <https://intertradeireland.com/insights/publications/shock-absorption-capacity-of-firms-in-ireland-and-northern-ireland/008906-iti-capacity-report-web-ready/>

compared to NI firms that trade with GB. These businesses have a limited capacity to absorb market access shocks

27. NI trade with Ireland or with GB is not one dimensional as, for instance, many businesses who purchase goods from GB also export to other markets including Ireland.

## **Agriculture and food cross-border supply chains**

28. Farming and processing industries contribute almost £1.5 billion per annum of value added to the NI economy in 2018, which represents around 3.9% of total annual GVA<sup>35</sup> in NI.<sup>36</sup>
29. The cross-border integration of the agri-food industry means it is a key focus of NI trade flows to and from Ireland. InterTradeIreland estimates that food, beverages and tobacco account for 49% of cross-border manufacturing trade.<sup>37</sup> Exports account for 25% of NI food and drink processing sales, and Ireland is the destination for 58% of export sales from the sector.<sup>38</sup>
30. For a number of food processing sectors, the reliance on exports is above average. For example, dairy processing (36% of sales are exports), fish processing (39%) and drinks manufacturing (49%).<sup>39</sup> For the farming sector 44% of live sheep and lambs are processed in Ireland.<sup>40</sup>
31. The product journey of milk illustrates the integration of cross-border supply chains. Over 35% the milk produced on NI's farms (over 800 million litres) goes to Ireland for processing<sup>41</sup> with an estimated value of £235m.
32. The NI Food and Drinks Processing sector is composed of 24% of micro firms, 70% small or medium businesses (between 10 and 250 employees) and 6% large firms. In 2016, 67% of firms in the sector exported to Ireland, this amounted to just under 200 firms. Of these firms, the majority were small and medium (74%) or micro (17%), with only 9% large firms. By value, export trade to Ireland is made up of 54% SME and 45% large firms. This trade is dominated by the drinks, milk & milk products, beef & sheepmeat, poultrymeat, and bakeries subsectors, which make up 79% of Ireland export trade by value.<sup>42</sup>

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<sup>35</sup> Where value added is defined as "the sum of all output, less costs of intermediate inputs, or, in national accounts terms, intermediate consumption"

<sup>36</sup> [Northern Ireland Agri-Food Sector, Key Statistics, DAERA, 2018](#)

<sup>37</sup> [Sectoral Cross Border Trade, InterTradeIreland, 2015.](#)

<sup>38</sup> [Size and Performance of the Northern Ireland Food and Drinks Processing Sector, DAERA, 2016](#)

<sup>39</sup> [Size and Performance of the Northern Ireland Food and Drinks Processing Sector, DAERA, 2016](#)

<sup>40</sup> [Statistical Review of Northern Ireland Agriculture, DAERA, 2018](#)

<sup>41</sup> [Statistical Review of Northern Ireland Agriculture, DAERA, 2018](#)

<sup>42</sup> [Size and Performance of the Northern Ireland Food and Drinks Processing Sector, DAERA, 2016](#)

## Delivery of goods to Ireland

33. Transport of goods is an essential part of trade in goods. The transport and storage sector is classified as a service and, as such, does not appear in statistics around trade in goods. Furthermore the cross-border delivery of goods may not appear as a services export depending on who pays for the service.
34. In 2017, the transport and storage sector provided 4% of NI GVA at £1.62bn.<sup>43</sup> It also accounted for 4% of employee jobs, this equates to approximately 28,000 jobs.<sup>44</sup> This figure excludes those working in this sector who are self-employed and relates to transport of goods within NI as well as transport of goods to other areas.
35. We know that there consistently high numbers of HGVs and LGVs crossing the border. In the year up to May 2019 there were 3.9 million HGV cross border traffic movements alone at the 15 border locations monitored by the Transport Infrastructure Ireland traffic counters. HGVs make up just over 8% of total traffic movements back and forth across the border at these locations with LGVs adding a further 11%.<sup>45</sup>
36. In terms of volume of goods that cross the border, the HMRC Regional Trade Statistics show that there was 6.3 million tonnes of goods exported from NI to Ireland in 2018 and the equivalent figure for export of goods from Ireland to NI was 4.5 million tonnes.<sup>46</sup>
37. The Cross Border Supply Chain Survey<sup>47</sup> estimates that in 2016 there were 758,000 goods export deliveries from NI businesses to customers in Ireland. Those businesses made on average almost 100 deliveries valued at £4,500 each, although these are heavily skewed at the lower end with 50% of businesses indicating that transactions were less than £1,700 per trip. The majority of cross border deliveries were made by micro and small businesses (74%) and in terms of number of businesses they represent 93% of exporters to Ireland. The most common form of transport used to make their export deliveries were HGVs (72% in 2016), followed by LGVs (23%).
38. The actual movement of exports and imports (including purchases and sales with GB) often sees products from different companies, and for different customers, grouped together for the purposes of transit. For example, the most common single category of commodity exported (17%) by UK-registered HGVs in 2017 was 'Groupage' (i.e. mixed goods).<sup>48</sup> The same feature can also be observed in the

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<sup>43</sup> ONS (2018) [Regional gross value added \(balanced\) local authorities by NUTS1 region](#)

<sup>44</sup> NISRA (2018) [Business Register and Employment Survey 2017](#)

<sup>45</sup> [Traffic Counts of Vehicles at the 15 Main Northern Ireland-Ireland Border Crossing Locations, 2019](#)

<sup>46</sup> [Regional Trade Statistics, HMRC, 2018](#)

<sup>47</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Cross-Border-Trade-Survey-results-June-2018%20VERSION%20FOR%20WEB.PDF>

<sup>48</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728976/international-road-freight-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728976/international-road-freight-2017.pdf)



data on goods moved between NI and GB. In relation to NI-Ireland trade, the data available to us would also indicate widespread use of groupage, with Agents and HGVs being the predominant means of moving high frequency low value exports to Ireland.

### **Trade between NI, the rest of the European Union and rest of the world**

39. HMRC's Regional Trade Statistics estimates that in 2018, NI exported £2.2 billion of goods to the rest of the European Union (EU), excluding Ireland (25% of total goods exports) and £3.5 billion to the rest of the world (39% of total goods exports).<sup>49</sup>

### **Conclusion**

40. Trade in goods continues to be the most significant part of exports and external sales from NI. GB is the major destination for both goods and services, and Ireland the most important export and import destination. The most significant change in these statistics is the decrease of 29% in sales of goods to GB in 2017, compared to 2016.<sup>50</sup>

41. NI remains an SME economy in external trade as well as local trade. 79% of the value of goods exported to Ireland and 61% of the value of goods sold to GB were accounted for by businesses with fewer than 250 employees.<sup>51</sup>

42. Overall, the data and statistics continue to underline the importance of both the GB and Irish markets, the interconnectedness between these for NI firms, and the dominance of SMEs in the NI economy.

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<sup>49</sup> [Regional Trade Statistics, HMRC, 2018](#). A significant portion of trade (~10%) is classified as "unknown" and is not assigned to a particular region. BESES data allocate trade to Europe as opposed to the EU so HRMC data is used here.

<sup>50</sup> [NISRA Broad Economy Sales and Export Statistics \(BESES\): Goods and Services Results, 2019 – Data Tables 2011 - 2017](#)

<sup>51</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\)](#), 2019

## Appendix 1: Further detail on available data sources

1. There are two main sources of NI, UK and Ireland trade data: HMRC's Regional Trade Statistics (RTS)<sup>52</sup>, based on Intrastat, and customs declarations relating to products, and NISRA's Broad Economy Sales and Exports Survey (BESES)<sup>53</sup> covering trade in goods and services, including with GB.
2. In addition, DAERA produces estimates of trade in farming and agri-food, and the Irish CSO produces trade statistics relating to products based on Intrastat and customs declarations to the Irish Revenue Commissioners.
3. Each of these series is derived from systems originally designed to serve different purposes, use a range of different methodologies and as a result provide different estimates of the value of trade.
4. This Appendix provides further background on the sources and the rationale for their use in this paper, reflecting their respective strengths and limitations.

### Differences between sources

5. Table A1 below illustrates the differences between the sources for exports and imports (of goods only) to and from Ireland in 2017:
  - NISRA/DAERA's estimate of NI exports to Ireland is higher than HMRC's by £0.4bn and imports higher by £0.3bn.
  - Both NISRA and HRMC consider NI to be a net exporter of goods from Ireland, whereas CSO considers NI a net importer.
  - HMRC estimates of NI exports to Ireland are 2.6 times greater than CSO's estimates of imports from NI (£2,882m to £1,106m) while NISRA data is 3.0 times greater (£3,277m to £1,106m).

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<sup>52</sup> [Regional Trade Statistics, HMRC, 2018](#)

<sup>53</sup> [NISRA Broad Economy Sales & Exports Statistics \(BESES\), 2019](#)

**Table A1: NI Sales to and Purchases of Goods from Ireland, 2017 (£ million)**

<b>Data Source</b>	<b>NI Exports to Ireland</b>	<b>NI Imports from Ireland</b>	<b>NI / Ireland Trade Balance</b>
NISRA/DAERA (Of which farming)	3,277 (290)	2,355 (96)	+ 922 (+194)
HMRC	2,882	2,052	+829
CSO <sup>54</sup>	1,106	1,711	- 605

Source: NISRA Broad Economy Sales and Export, 2017; HMRC Regional Trade Statistics, 2017; & CSO Goods Exports and Imports, 2017

6. These differences arise because:

- HMRC RTS data is derived from the Oversea Trade Statistics, which is designed to provide estimates of UK national trade with other countries. RTS, however, is a National Statistics dataset to show trade by individual constituent parts of the UK (including NI). The estimates for NI therefore include both direct reports of trade by NI businesses and some trade allocated to NI, which is reported by GB-based businesses that have employees based in NI.
- HMRC also models the type of product traded by the smallest businesses that are not required to describe product type below the reporting threshold (£250,000 for exports).
- It is not possible to allocate around 8% of UK exports or 8% of imports to any of the constituent parts of the UK.
- BESES covers all large NI businesses (20 or more employees) and a stratified sample of the remainder. It covers both goods and services and sales to GB, which are not available from HMRC. BESES estimates are grossed to population levels but are subject to sampling error.
- BESES does not cover the farming, fishing, financial, insurance and pension sectors, but is consistent with turnover and GVA estimates from NISRA's main financial survey (Annual Business Inquiry). NISRA also shares data with DAERA on the agri-food sector to optimise coherence.
- CSO estimates are based on administrative returns to the Irish Revenue Commissioners. While they also estimate trade in products below the reporting threshold this is quite high for businesses selling into Ireland (€500,000).

<sup>54</sup> HMRC average annual Sterling to Euro exchange rate in 2017 of €1=£0.8725 applied to CSO data.

## **Discussion**

7. Recent improvements to the HMRC regional allocation methodology have narrowed the gap between NISRA and HMRC estimates of goods exports, but widened the difference regarding imports. Prior to the change BESES and HMRC estimates of NI imports were historically very close, and trended similarly. However, the new methodology introduced by HMRC has resulted in their estimate of NI imports increasing from a historical norm of just under £6 billion to around £8.6 billion in 2013. HMRC estimates show that NI total imports were worth £9.3bn in 2015 and £10.1 billion in 2016. These differences are very marked for imports from the rest of the EU and the rest of the world and least marked for trade with Ireland.

## **Conclusion**

8. HMRC sources have therefore been used where equivalence is required between UK national trade or for trade at the individual product level. NISRA and DAERA sources have been used to provide consistent estimates of trade in both goods and services between NI and Ireland and NI and GB for local businesses.