

Article

# International trade in services by subnational areas of the UK: 2018

Experimental estimated value of exports and imports of services for 2018 for NUTS1, NUTS2, NUTS3 and 15 city regions, including industry and non-EU and EU split.

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# 1 . Main points

- In 2018, London contributed 60% of the UK trade in services surplus, importing £66.4 billion of services and exporting £132.2 billion of services.
- The main contributors to London's trade surplus were financial and insurance services and professional, scientific and technical activities, at £29.1 billion and £17.4 billion respectively.
- The largest proportion of service imports came through travel services, representing 26% of the UK total service imports and contributing at least one-quarter of imports in every region except London.
- Most UK service exports were from the financial and insurance industry, generating 30% of the total service exports and contributing nearly half of Yorkshire and The Humber's exports.
- City regions imported 58% of their non-travel services from outside the EU and exported 63% of their services to non-EU countries.

## 2 . Trade in services by the English regions and three devolved nations

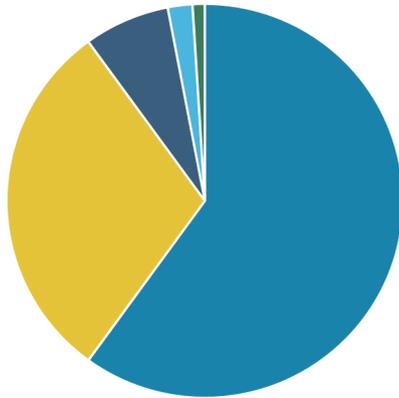
In 2018, the UK was a net exporter of services with a trade surplus of £109.6 billion. All nine English regions and the three devolved nations contributed positively to the trade in services surplus, with London accounting for 60% or £65.8 billion, as seen in Figure 1. This was followed by the South East (with a surplus of £16.5 billion or 15%), Scotland (with a surplus of £7.6 billion or 7%) and the West Midlands (with a surplus of £6.1 billion or 6%). For all other NUTS1 areas, the surplus accounted for 1% to 3% of the total trade surplus.

## Figure 1: London accounts for 60% of the UK's trade in services surplus

Contribution to international trade in services surplus by NUTS1 region, 2018

### Figure 1: London accounts for 60% of the UK's trade in services surplus

Contribution to international trade in services surplus by NUTS1 region, 2018



Source: International Trade in Services; UK trade in services by industry, country and service type

#### Notes:

1. Other English regions consists of North East, North West, Yorkshire and The Humber, East Midlands, West Midlands, East of England, South East and South West.

The largest share of service imports at the regional level came into London, which comprised 34% of the total service imports of £197.3 billion in 2018, followed by the South East (14%) and East of England and North West, which both comprised around 9% of the total service imports into the UK.

The largest share of service exports at the regional level came from London, which contributed 43% of the total service exports of £306.9 billion, followed by the South East (14%) and North West and Scotland, which both comprised around 7% of the total service exports.

The largest proportion of service imports came through travel services, representing 26% (or £51.8 billion) of the UK total service imports of £197.3 billion. Of that portion, £46.1 billion was attributed to personal travel and £5.8 billion was attributed to business travel. Thereafter, the financial and insurance activities (£36.9 billion or 19%); information and communication (£24.3 billion or 12%); and professional, scientific and technical activities (£21.4 billion or 11%) industries made up the largest shares of service imports.

Focussing on London as the largest importer, three industries formed a very large part of London's service imports: financial and insurance activities; information and communications; and travel. When added together, these three industries contributed two-thirds (67%) of London's overall service imports. London was the largest region for service imports in all but two industry groups: primary and utilities and manufacturing. Scotland imported 36% of all service imports in primary and utilities, while the North West had the largest share in manufacturing service imports (16%).<sup>1</sup>

Most UK service exports were from the financial and insurance activities industry, generating 30% (£93.0 billion) of the total service exports. Service exports in the information and communication and professional, scientific and technical industries also formed substantial shares, which each accounted for around 16% of the total service exports.

Focussing on London as the largest exporter, three industries formed a very large part of London's service exports: financial and insurance activities; information and communication; and professional, scientific and technical activities. When added together, these three industries contributed more than three-quarters (76%) of London's overall service exports. London was the largest region for service exports in all but two industry groups: primary and utilities and manufacturing. Scotland exported 44% of all service exports in primary and utilities, while the South East had the largest share in manufacturing service exports at just over a one-sixth (17%).

### **Notes for: Trade in services by the English regions and three devolved nations**

1. Service imports by the manufacturing industry can be directly linked to manufacturing, such as the installation of machinery, as well as other services that may be performed by manufacturers, such as 0% financing or offering extended warranties. It does not refer to the exports of manufactured goods.

## **3 . Trade in services by NUTS1 regions and destination**

For the UK as a whole, the trade in services surplus was significantly higher with countries outside the EU at £82 billion, compared with £27.6 billion within the EU; that is, countries outside the EU accounted for around three-quarters of the trade in services. This discrepancy is largely accounted for by London where the split was very similar.

In the UK, £97.0 billion came from service imports arriving from countries within the EU, whereas £100.3 billion came from service imports arriving from outside the EU; this is an almost even split of 49% versus 51%. However, because travel services were calculated using a different process to that of other industries, as described in [our previous article](#), and because travel is dominated by EU imports (62%) rather than rest of the world imports (38%), it seems appropriate to analyse the remaining industries separately.

When travel-related services are excluded from analysis, £65.1 billion came from service imports arriving from countries within the EU, whereas £80.4 billion came from service imports arriving from outside the EU. This discrepancy is largely accounted for by London but also by the South East, Scotland and the North East, as imports from the rest of the world were estimated as being somewhat higher than imports from the EU. Most other regions showed a more balanced exchange of trade, with Yorkshire and The Humber, the West Midlands and the South West approximately displaying a 50% EU and non-EU split. The only region to receive considerably more imports from the EU than the rest of the world was Northern Ireland (67% compared with 33%).

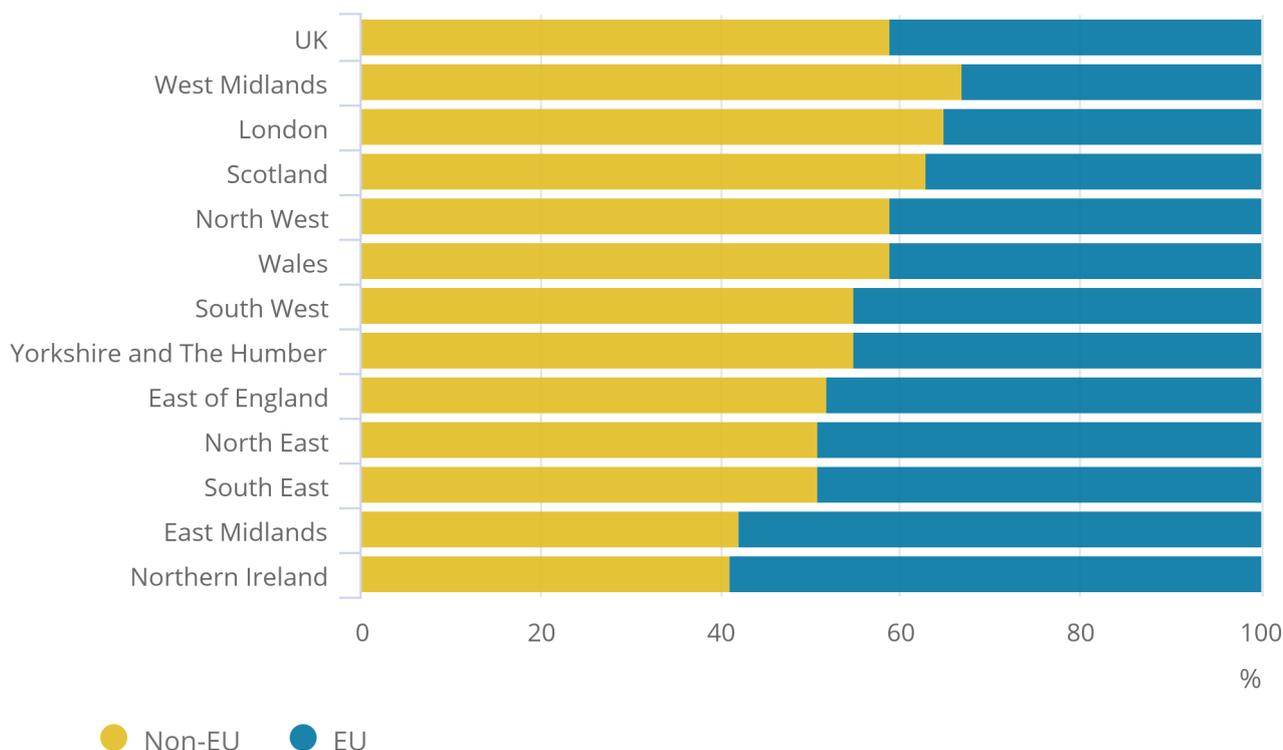
For the UK service exports, £182.3 billion went to outside the EU while £124.6 billion went to the EU. For most regions (except for Northern Ireland and the East Midlands), exports to the rest of the world were estimated to be somewhat higher than exports to the EU. Most of the other regions typically exported between 55% and 65% of their service exports to non-EU countries, as shown in Figure 2. However, for two industry groups (retail and wholesale and motor trades), exports to the EU were higher than to the non-EU overall, which is reflected in most of the regions. The most equal distribution of total service exports was seen in the North East, which according to our estimates exported £3.4 billion to the EU and £3.6 billion to the rest of the world.

**Figure 2: Most regions exported between 55% and 65% of their service exports to non-EU countries**

Subnational service exports by NUTS1 region and destination, 2018

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Subnational service exports by NUTS1 region and destination, 2018



Source: International Trade in Services (ITIS); UK trade in services by industry, country and service type

## 4 . Trade in services by city regions

Together, the 15 city regions<sup>1</sup> (the seven English Combined Authorities, the Sheffield City Region, Inner and Outer London, and three Scottish and two Welsh City Deals) contributed £103.6 billion to the UK’s trade in services surplus. Inner London accounted for two-thirds of this surplus at £69.2 billion, with a large gap to the next largest region of Outer London at 8% or £8.6 billion.

The 15 city regions received three-fifths (£85.4 billion) of the UK’s non-travel service imports. We cannot analyse travel-related trade at this level; therefore, this analysis focuses on trade allocated to specific industries, with the numbers presented much lower than the expected total if travel was included.

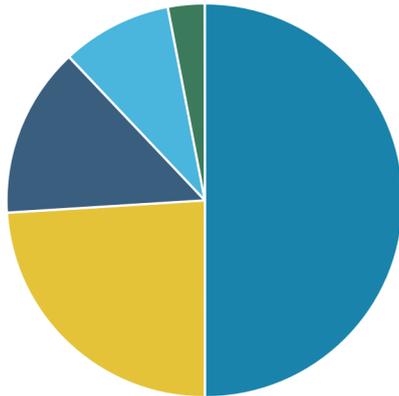
Figure 3 shows that Inner London imported the highest value of non-travel services by a considerable amount, contributing £42.6 billion (just under half of the £85.4 billion). This was followed by Outer London, which spent £11.8 billion on non-travel service imports, with a large gap between this and the next largest region of Greater Manchester with £5.1 billion.

**Figure 3: Inner London imported the highest value of non-travel services, accounting for 50%**

**Subnational non-travel service imports by city region, 2018**

Figure 3: Inner London imported the highest value of non-travel services, accounting for 50%

Subnational non-travel service imports by city region, 2018



**Source: International Trade in Services (ITIS); UK trade in services by industry, country and service type**

**Notes:**

1. Other English Regions (excluding London) consists of Cambridgeshire and Peterborough Combined Authority, Greater Manchester Combined Authority, Liverpool City Region Combined Authority, North of Tyne Combined Authority, Sheffield City Region, Tees Valley Combined Authority, West of England Combined Authority and West Midlands Combined Authority.
2. Scottish City Deals consists of Aberdeen City Region, Edinburgh and South East Scotland City Region and Glasgow City Region.
3. Welsh City Deals consists of Cardiff Capital Region and Swansea Bay City Region.

Together, the 15 city regions contributed more than 62% (£189 billion) of the UK's service exports. Inner London exported the highest value of services in 2018 at £111.8 billion, followed by Outer London (£20.4 billion) and Greater Manchester (£8.7 billion).

For service exports, financial and insurance activities were the largest industry in 11 city regions and in the top three industries for 13 of the 15 city regions, with the exceptions of Aberdeen City Region and Outer London. Professional, scientific and technical activities were also prominent and formed one of the top three industries in 11 city regions. It formed the largest industry group in Cambridgeshire and Peterborough and in Aberdeen.

For most industries, either Inner or Outer London were the largest city regions for exports, except for manufacturing, for which Cardiff Capital Region had the largest value, and non-manufacturing production services, which was dominated by Aberdeen City Region.

### **Notes for: Trade in services by city regions**

1. For the city regions, two changes have been made to the industry groups used at the NUTS1 level: primary and utilities and construction have been combined to form “non-manufacturing production” services, and real estate has been added to “other services”.

## **5 . Trade in services by city regions and destination**

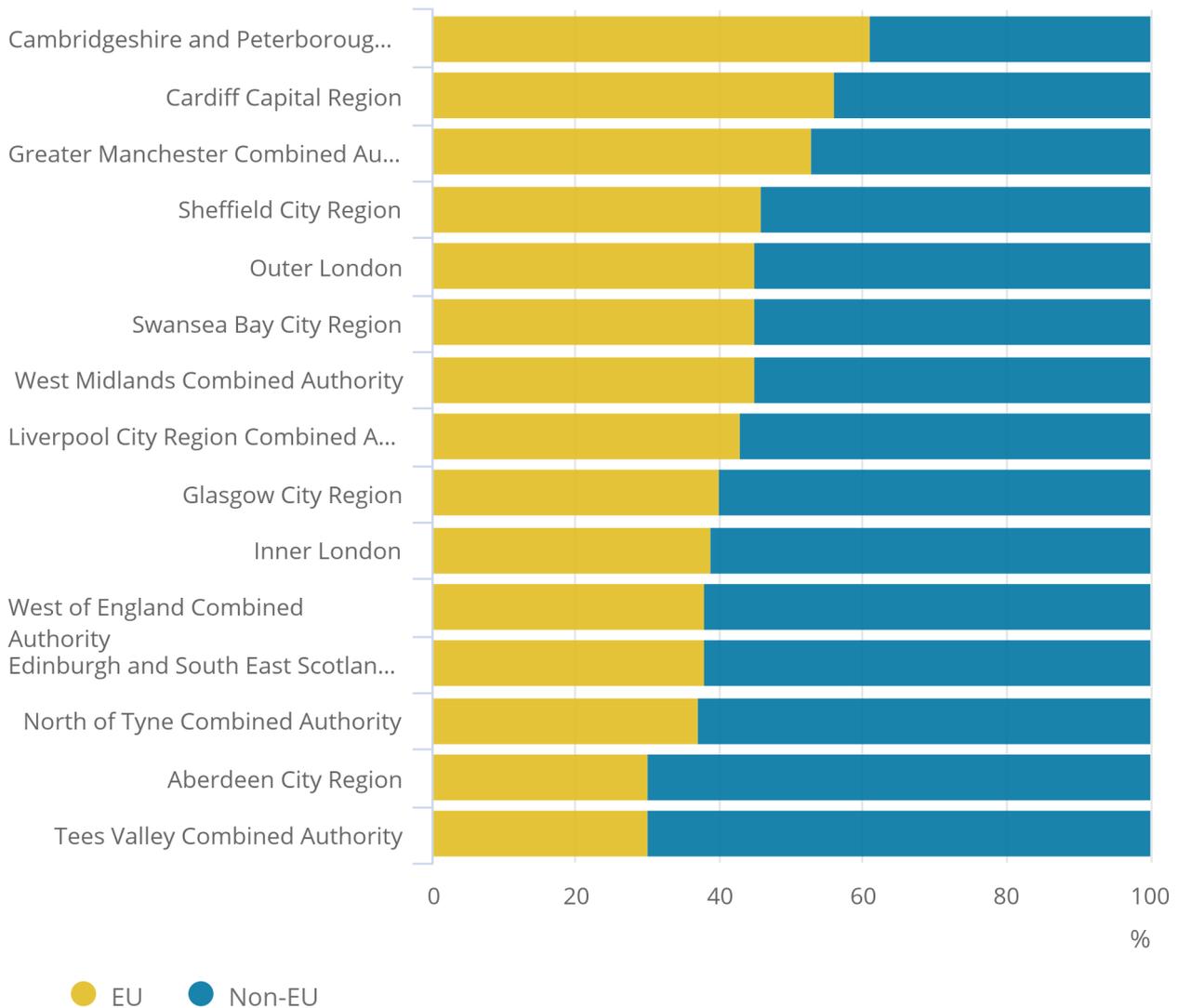
City regions imported most of their non-travel services from outside the EU as, of the £85.4 billion spent by city regions on non-travel imports, 58% (£49.2 billion) came from the rest of the world. As shown in Figure 4, the Cambridgeshire and Peterborough Combined Authority was the only city region that imported the majority of their non-travel services from within the EU at 61%. The biggest absolute difference lies within Inner London, which imported £25.8 billion of non-travel services from the rest of the world and £16.7 billion from the EU.

**Figure 4: Cambridgeshire and Peterborough Combined Authority was the only city region that imported the majority of their non-travel services from within the EU at 61%**

Subnational non-travel service imports by city region and origin, 2018

Figure 4: Cambridgeshire and Peterborough Combined Authority was the only city region that imported the majority of their non-travel services from within the EU at 61%

Subnational non-travel service imports by city region and origin, 2018



Source: International Trade in Services (ITIS); UK trade in services by industry, country and service type

City regions exported most of their services to non-EU countries as, of the £189 billion spent by city regions on exports, 63% (£118.3 billion) went to the rest of the world. Most city regions exported more to non-EU countries, with the exceptions of Swansea Bay City Region, North of Tyne Combined Authority and Tees Valley where exports were evenly split between EU and non-EU countries. Inner London saw the biggest absolute difference between EU and non-EU exports, exporting £39.2 billion to the EU and £72.5 billion to non-EU countries.

## 6 . Trade in services by NUTS3 areas

For the 168 NUTS3 areas in Great Britain – because of a lack of coverage in survey data, we are unable to break down Northern Ireland to this level – we only provide an EU versus non-EU split in terms of a services country of origin and do not provide industry information. This is largely because of concerns around reliability and confidentiality at such a detailed breakdown. Much like with the [most recent exports of services publication](#) and [most recent imports of services publication](#), please note that these figures are [experimental](#) and should be treated with caution. The more granular they become, the more susceptible they are to variation, and as such they are not as reliable as the NUTS1 figures.

The average value of non-travel service imports was much higher in London at £2.6 billion compared with £0.6 billion for all other areas. Within London, the largest importer was Camden and the City, which received £17.5 billion. The NUTS3 area outside of London with the largest amount of non-travel service import value was Cambridgeshire with £3.8 billion.

The average value of service exports was much higher in London at £6.3 billion compared with £1.2 billion for all other areas. The two largest exporters are both found in London, with Camden and the City exporting £39.6 billion, followed by Westminster at £31.6 billion.

## 7 . International trade in services by subnational areas of the UK data

[International trade in services by subnational areas of the UK](#)

Dataset | Released 10 September 2020

Experimental estimated value of exports and imports of services for 2018 for NUTS1, NUTS2, NUTS3 and 15 city regions, including industry and non-EU and EU split.

## 8 . Glossary

### NUTS

The Nomenclature of Territorial Units for Statistics (NUTS) is a hierarchical classification of administrative areas, used across the EU for statistical purposes.

A full [Glossary of economic terms](#) is available.

## 9 . Data sources and quality

This article presents estimates of the value of imports and exports of services in 2018 to and from subnational areas of the UK. This article is the first of its kind following the first outputs from a project on subnational exports of services in 2016. The estimates generated as a result of bringing imports and exports of services together improve the coherence of outputs and allow for comparison of net trade flows. In combination with estimated trade in goods by HM Revenue and Customs (HMRC) through their [Regional Trade Statistics](#), this article completes the full set of trade statistics for subnational areas.

This article implements the previously used methodological approach for calculating imports and exports of services as outlined in the preceding articles [International imports of services from subnational areas of the UK](#) and [International exports of services from subnational areas of the UK](#).

This article is a new output. All figures presented in this article are [experimental](#), derived from a methodology that is subject to change based on feedback and that should be used with caution.

Aside from this change, the International Trade in Services (ITIS) Survey, which is used for subnational service exports and imports not related to travel, transport and banking industries, went through some improvements. From 2018, product- and industry-level data have been improved by directly surveying companies operating in some industries, where previously data collected from the Annual Business Survey (ABS) had been used. This has enhanced the accuracy and granularity of ITIS Survey data. More about the quality and methodology information for ITIS Survey data detailing recent improvements can be found in the ITIS QMI, published 31 January 2020.

## 10 . Future developments

These estimates remain [experimental](#) as development work continues. While we have met an important milestone by providing estimates of both imports and exports in one publication, we intend to review our current processes and methodology in the coming months.

Our longer-term aim is to create an annual output of subnational trade, ideally incorporating information on goods from HM Revenue and Customs (HMRC) to build the entire picture of subnational trade.

We welcome feedback from users through [emailing the statistical contact for this release](#), particularly with suggestions for improving the methodology and comments on whether this approach meets user needs.

## 11 . Related links

### [International exports of services from subnational areas of the UK: 2017](#)

Article | Released 11 September 2019

Experimental estimated value of exports of services for 2017 for NUTS1, NUTS2, NUTS3 and 15 joint authorities, including industry and non-EU and EU split.

### [International imports of services to subnational areas of the UK: 2017](#)

Article | Released 28 April 2020

Experimental estimated values of imports of services for 2017 for NUTS1, NUTS2, NUTS3 and 15 city regions, including by industry and non-EU and EU split.

### [HM Revenue and Customs \(HMRC\) Regional Trade Statistics](#)

Web page | Released 11 June 2020

Breakdown of the flows of imports and exports between regions of the UK and other countries.

## 12 . Appendix A: industry groups

Table 1: Industry groups used in analysis of NUTS1 trade in services

<b>Industry group</b>	<b>SIC07 section</b>
Primary and utilities	A, B, D, E
Manufacturing	C
Construction	F
Wholesale and motor trade	45, 46
Retail (excluding motor trades)	47
Transportation and storage	H
Accommodation and food service activities	I
Information and communication	J
Financial and insurance activities	K
Real estate activities	L
Professional, scientific and technical activities	M
Administrative and support service activities	N
Other service industries	O, P, Q, R, S and unknown/unallocated
Travel-related trade	n/a

Source: UK trade in services; UK Standard Industrial Classification

### Notes

1. The categories shown above are based upon UK Standard Industrial Classification 2007 (SIC07) sections.

## 13 . Appendix B: city region geographies

Table 2: Geographic definitions of city regions based upon local authorities

<b>City region</b>	<b>Constituent local authorities</b>
Aberdeen City Region	Aberdeen, Aberdeenshire
Cambridgeshire and Peterborough Combined Authority	Peterborough, Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire
Cardiff Capital Region	Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen, Vale of Glamorgan
Edinburgh and South East Scotland City Region	Edinburgh, East Lothian, Mid Lothian, West Lothian, Fife, Scottish Borders
Glasgow City Region	Glasgow City, North Lanarkshire, South Lanarkshire, East Dunbartonshire, West Dunbartonshire, Renfrewshire, East Renfrewshire, Inverclyde
Greater Manchester Combined Authority	Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan
Liverpool City Region Combined Authority	Knowsley, Liverpool, St. Helens, Sefton, Wirral, Halton
North of Tyne Combined Authority	Newcastle-upon-Tyne, North Tyneside, Northumberland
Sheffield City Region <sup>1</sup>	Barnsley, Doncaster, Rotherham, Sheffield
Swansea Bay City Region	Carmarthenshire, Neath Port Talbot, Pembrokeshire, Swansea
Tees Valley Combined Authority	Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton-on-Tees, Darlington
West of England Combined Authority	Bath and North East Somerset, City of Bristol, South Gloucestershire
West Midlands Combined Authority	Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, Wolverhampton
Inner London <sup>1</sup>	Camden, City of London, Hammersmith and Fulham, Kensington and Chelsea, Wandsworth, Westminster, Hackney, Haringey, Islington, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets
Outer London <sup>1</sup>	Bromley, Croydon, Kingston upon Thames, Merton, Sutton, Barnet, Brent, Ealing, Harrow, Hillingdon, Hounslow, Richmond upon Thames, Barking and Dagenham, Bexley, Enfield, Greenwich, Havering, Redbridge, Waltham Forest

Source: Office for National Statistics – International trade in services by subnational areas of the UK

Notes

1. Sheffield City Region, Inner London, Outer London and the Greater London Authority are not legally classified as Combined Authorities. However, they have been included as they are defined geographic boundaries headed by a Mayor for the purposes of this analysis.

Table 3: Geographic definitions of city regions based upon NUTS3 geographies

<b>City region</b>	<b>Constituent NUTS3 areas</b>
Aberdeen City Region	UKM50 (Aberdeen City and Aberdeenshire)
Cambridgeshire and Peterborough Combined Authority	UKH11 (East Derbyshire), UKH12 (Cambridgeshire CC)
Cardiff Capital Region	UKL15 (Central Valleys), UKL16 (Gwent Valleys), part of UKL17 (local authority Bridgend), UKL21 (Monmouthshire and Newport), UKL22 (Cardiff and Vale of Glamorgan)
Edinburgh and South East Scotland City Region	Part of UKM72 (local authority Fife), UKM73 (East Lothian and Mid Lothian), UKM75 (City of Edinburgh), UKM78 (West Lothian), UKM91 (Scottish Borders)
Glasgow City Region	Parts of UKM81 (local authorities West Dunbartonshire and East Dunbartonshire), UKM82 (Glasgow City), UKM83 (Inverclyde, East Renfrewshire, Renfrewshire), UKM84 (North Lanarkshire), UKM95 (South Lanarkshire)
Greater Manchester Combined Authority	UKD33 (Manchester), UKD34 (Greater Manchester South West), UKD35 (Greater Manchester South East), UKD36 (Greater Manchester North West), UKD37 (Greater Manchester North East)
Liverpool City Region Combined Authority	UKD71 (East Merseyside), UKD72 (Liverpool), UKD73 (Sefton), UKD74 (Wirral)
North of Tyne Combined Authority	UKC21 (Northumberland), part of UKC22 (local authorities Newcastle upon Tyne and North Tyneside)
Sheffield City Region <sup>1</sup>	UKE31 (Barnsley, Doncaster, Rotherham), UKE32 (Sheffield)
Swansea Bay City Region	Parts of UKL14 (local authorities Carmarthenshire and Pembrokeshire), part of UKL17 (local authority Neath Port Talbot), UKL18 (Swansea)
Tees Valley Combined Authority	UKC11 (Hartlepool and Stockton-on-Tees), UKC12 (South Teesside), UKC13 (Darlington)
West Midlands Combined Authority	UKG31 (Birmingham), UKG32 (Solihull), UKG33 (Coventry), UKG36 (Dudley), UKG37 (Sandwell), UKG38 (Walsall), UKG39 (Wolverhampton)
West of England Combined Authority	UKK11 (Bristol), part of UKK12 (local authorities Bath and North East Somerset and South Gloucestershire)
Inner London <sup>1</sup>	UKI31 (Camden and City of London), UKI32 (Westminster), UKI33 (Kensington & Chelsea and Hammersmith & Fulham), UKI34 (Wandsworth), UKI41 (Hackney and Newham), UKI42 (Tower Hamlets), UKI43 (Haringey and Islington), UKI44 (Lewisham and Southwark), UKI45 (Lambeth)
Outer London <sup>1</sup>	UKI51 (Bexley and Greenwich), UKI52 (Barking & Dagenham and Havering), UKI53 (Redbridge and Waltham Forest), UKI54 (Enfield), UKI61 (Bromley), UKI62 (Croydon), UKI63 (Merton, Kingston upon Thames and Sutton), UKI71 (Barnet), UKI72 (Brent), UKI73 (Ealing), UKI74 (Harrow and Hillingdon), UKI75 (Hounslow and Richmond upon Thames)

Source: Office for National Statistics – International trade in services by subnational areas of the UK

## Notes

1. Sheffield City Region, Inner London, Outer London and the Greater London Authority are not legally classified as Combined Authorities. However, they have been included as they are defined geographic boundaries headed by a Mayor for the purposes of this analysis.