

Article

# Early indicators of the impact of EU exit and the coronavirus on UK businesses trading in services: June 2020 to April 2021

Experimental estimates linking samples from the Annual Business Survey (ABS) 2018 and the Annual Survey of International Trade in Services (AITIS) 2019 with the voluntary Business Insights and Conditions Survey (BICS) for businesses that trade in services. The analysis covers topics such as importing and exporting status and importing and exporting effect. Analysis is produced at the service type (Extended Balance of Payments Services Classification 2010) level.

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# 1 . Main points

- There was a fall in service businesses reporting exporting as normal from 57% in mid-December 2020 to a low of 52% in mid-January 2021.
- Businesses exporting insurance and pension services and financial services drove the fall in reporting exporting as normal between mid-December 2020 and mid-January 2021, both decreasing by 19 percentage points.
- Businesses importing transportation services were the least likely to report importing as normal between June 2020 and April 2021.
- The total proportion of service trading businesses reporting that they have exported or imported in the last 12 months has increased slightly from 64% and 69% in June 2020 to 68% and 74% respectively in April 2021.

## 2 . Understanding the early impacts of EU exit and the coronavirus on service businesses

This article presents a faster indicator developed to provide insight into the impact of the end of the EU transition period, and the ongoing coronavirus (COVID-19) pandemic, on businesses that trade in services. The EU transition period ended on 31 December 2020, and although the initial impacts of this on UK trade have been [reported](#), there has been limited focus on trade in services.

This article links the microdata from the [Business Insights and Conditions Survey \(BICS\)](#) with both the [Annual Business Survey](#) and the [Annual Survey of International Trade in Services](#) to identify businesses that are reporting trade in services. The BICS responses of those businesses are analysed for the reference period between 1 June 2020 (BICS Wave 7) and 4 April 2021 (BICS Wave 28).

BICS provides timely insights into businesses' financial performance, workforce, prices, trade, and business resilience over a fortnightly period. Analysis of all UK businesses captured by BICS can be found in the fortnightly [Business insights and impact on the UK economy](#), including how impacts differ by industry and by business size. The analysis presented here maps the [Standard Industrial Classification of Economic Activity 2007 \(SIC\)](#) industry sections presented in the [BICS data](#) to [Extended Balance of Payments Services Classification 2010 \(EBOPS\)](#) allowing BICS results to be investigated at the service type level. As such, the results from this analysis are not directly comparable with the [Business insights and impact on the UK economy](#) publications. Further clarifications and information regarding the methodology can be found in [Section 8](#).

While this article focusses on the months surrounding the end of the EU transition period, it is important to note that businesses were also impacted by the coronavirus pandemic during this time, making it difficult to identify the specific cause of business impacts in our analysis.

Although data relating to financial companies, which include insurance and pension companies, are not present in the BICS sample, analysis referring to trade in financial services and insurance and pension services is still presented in this article. These data were not removed from the sample because doing so would exclude non-financial companies that may import or export these service types. Nevertheless, extra caution should be taken when interpreting results relating to the import or export of financial or insurance and pension services in this article. As financial companies are not included in the sample, a large proportion of trade in financial services is not captured by our data.

## 3 . Exporting compared with normal expectations for this time of year

## Figure 1: The proportion of service exporting businesses reporting exporting as normal decreased by 5 percentage points between mid-December 2020 and mid-January 2021

Percentage of total service businesses currently trading and exported in the last 12 months, 1 June 2020 to 4 April 2021

### Notes:

1. Dashed lines denote missing data.
2. Data for the period 19 October 2020 to 1 November 2020 have been omitted due to a low sample size.
3. For the period 2 November 2020 to 13 December 2020 the data were removed due to an inconsistency in the routing of the question in the Business Insights and Conditions Survey (BICS) at that time.
4. Responses to the question: 'How does your business's exporting in the last two weeks compare with normal expectations for this time of year?'

### Download the data

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The percentage of service exporting businesses that reported exporting as normal, compared with normal expectations, fell by 5 percentage points from 57% in mid-December 2020 to 52% in mid-January 2021. However, by late-February 2021 the percentage of businesses reporting exporting as normal had risen back to 57%. Despite the fall in January, the proportion of businesses reporting exporting as normal remained higher than earlier in the coronavirus (COVID-19) pandemic, as shown in Figure 1.

The proportion of these businesses reporting exporting as normal fell by 19 percentage points between mid-December 2020 and mid-January 2021 (Figure 2). For both service types, this was the lowest proportion of businesses reporting exporting as normal in the time series. However, as the time series begins in June 2020 some of the early effects of the coronavirus pandemic will not be covered.

This decrease in reporting exporting as normal by insurance and pension service exporting businesses may be associated with EU-exit related uncertainty. Following the end of the EU transition period on 31 December 2020, [UK insurers no longer had passporting rights](#) to access European markets. In some cases, this limited their abilities to underwrite European risk. Although insurance and pensions, and financial services were granted equivalencies for continued market access under existing legislation, these provide only [limited access to EU markets](#).

## Figure 2: The proportion of businesses exporting services of all types reporting exporting as normal increased in February 2021

Percentage of businesses currently trading and exported in the last 12 months, broken down by service type, reporting exporting as normal to the question, 1 June 2020 to 4 April 2021

### Notes:

1. Data for the period 19 October 2020 to 1 November 2020 have been omitted due to a low sample size.
2. Data for the period 2 November 2020 to 13 December 2020 the data were removed due to an inconsistency in the routing of the question at that time.
3. Responses to the question: 'How does your business's exporting in the last two weeks compare with normal expectations for this time of year?'
4. Data are plotted in the middle of the dates referenced.

## Download the data

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The impact of the COVID-19 pandemic is also likely to have contributed to the decrease in the proportion of businesses reporting exporting as normal between late-December 2020 and early February 2021 despite the correlation with EU-exit. England went into a [third national lockdown on 6 January 2021](#) and many [European nations extended their lockdowns throughout January](#). Moreover, specific restrictions at borders enacted to contain variants of the COVID-19 virus, such as the [travel ban between the UK and France from 20 December 2020](#), may account for the decrease in transportation and travel service exporting businesses reporting exporting as normal during this period (Figure 2). From mid-December 2020 the proportion of travel service exporting businesses reporting exporting as normal was lower than any other service type at 38% and has remained low through to early April 2021 (31%). During this same period the proportion of travel service exporting businesses reporting exporting but less than normal increased by 20 percentage points.

## 4 . Importing compared with normal expectations for this time of year

Businesses that import services were more likely to report importing as normal from late December 2020 than services exporting businesses were to report exporting as normal. This may be linked to [stricter pandemic related restrictions across the UK's largest EU trading partners at this time](#). It may also be due to the [Temporary Permissions Regime \(TPR\)](#) that came into effect from 1 January 2021. The TPR grants European Economic Area (EEA) firms the right to continue carrying out regulated activities, for a maximum of three years, if they were formally authorised do so under the previous passporting rules.

### Figure 3: The proportion of businesses importing services of all types reporting importing as normal increased in February 2021

Percentage of businesses currently trading and imported in the last 12 months, broken down by service type, reporting importing as normal, 1 June 2020 to 4 April 2021

Notes:

1. Data for the period 19 October 2020 to 1 November 2020 have been omitted due to a low sample size.
2. Due to low sample count, businesses that import travel services are not represented in the data.
3. Responses to the question: 'How does your business's importing in the last two weeks compare with normal expectations for this time of year?'
4. Data are plotted in the middle of the dates referenced. 5. Due to low sample count, businesses that import travel services are not represented in the data.

## Download the data

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Telecommunications, computer and information services importing businesses were most likely to report importing as normal; an average of 64% of these businesses reported importing as normal between June 2020 and April 2021. The relative resilience of telecommunications, computer and information service importing businesses may be linked to the demand for technical ICT services and software resulting from [remote working during the coronavirus pandemic](#).

Transportation services importing businesses were the least likely to report importing as normal between June 2020 and April 2021. The series low of 42% of transportation services importing businesses reporting importing as normal was seen at the end of January 2021, decreasing by 15 percentage points from mid-November 2020. Much of the decrease from November is likely a consequence of the coronavirus-related UK [restrictions imposed from 5 November 2020](#), in addition to the national lockdown and the border closures mentioned in [Section 3](#).

The introduction of the requirement of financial guarantees and other additional paper work for EU hauliers coming into the UK is reportedly limiting their willingness to transport goods into the UK. Restrictions on EU hauliers cabotage rights imposed by the [UK-EU Trade and Cooperation Agreement](#), also means that the number of journeys EU hauliers can make within the UK by are [limited to two following a journey from the EU](#). As the [majority of goods imported to and exported from the UK by road are handled by overseas hauliers](#), this may have also led to a lower proportion of transportation service importing businesses reporting importing as normal in this period.

## 5 . Businesses reporting they have traded in services in the last 12 months

**Figure 4: Manufacturing services exporting and importing businesses were most likely to report exporting or importing in the last 12 months**

Percentage of total service businesses currently trading and have exported in the last 12 months reporting to have imported or exported between 15 June 2020 and 18 April 2021, featuring total services and the service types with the highest and lowest average

**Notes:**

1. Missing data due to low sample size for the period 2 November 2020 to 15 November 2020 is represented by dashed lines.
2. Responses to the questions: 'Has your business exported goods or services in the last 12 months?' and 'Has your business imported goods or services in the last 12 months?'
3. Due to low sample count, businesses that import travel services are not represented in the data.

## Download the data

[.xlsx](#)

The total proportion of service trading businesses reporting that they have exported or imported in the last 12 months has increased slightly from 64% and 69% in June 2020 to 68% and 74% respectively in April 2021.

Businesses listed as exporters or importers of manufacturing services were most likely to have reported importing or exporting in the last 12 months. An average of 90% of manufacturing exporting businesses, and 88% of manufacturing importing businesses, reported that they had exported, or imported, in the past 12 months.

Travel service exporting businesses were least likely to report exporting in the last 12 months. The percentage of these businesses reporting that they had exported in the last 12 months was 31% on average, peaking at 40% between late December 2020 and early January 2021.

On average, between June 2020 and April 2021, 62% of personal, cultural and recreational services reported importing in the last 12 months. This response decreased to 55% in early February 2021 before a slight recovery to 66% by the end of February.

The remaining service type breakdowns at the [Extended Balance of Payments Services Classification 2010 \(EBOPS\)](#) section level are available in the [accompanying dataset](#).

## 6 . Data

[Early indicators of the impact of EU exit and the coronavirus on UK businesses trading in services](#)

Dataset | Released 6 May 2021

Experimental estimates linking the Annual Business Survey and the Annual Survey of International Trade in Services with the Business Insights and Conditions Survey for businesses that trade in services.

## 7 . Glossary

### Cabotage

Cabotage is loading and unloading goods within one country, with a vehicle registered in another country.

## COVID-19

COVID-19 is the name used to refer to the disease caused by the SARS CoV-2 virus, which is a type of coronavirus.

## EEA

Abbreviation of the European Economic Area, consisting of the Member States of the European Union (EU) and three countries of the European Free Trade Association (EFTA).

## Exports

Goods or services sold to other countries – the opposite of imports.

## Imports

Purchases of foreign goods and services – the opposite of exports.

## Un-weighted

BICS data that have not been adjusted to become more representative of the total population.

## 8 . Data sources and quality

The results in this article are based on responses from the voluntary, fortnightly, [Business Insights and Conditions Survey \(BICS\)](#), which captures businesses' views on financial performance, workforce, prices, trade, and business resilience. For questions regarding the last two weeks, businesses were asked for their experience for the reference period. For all other questions, businesses may respond from the point of completion of the questionnaire.

Weighted estimates for BICS have been developed for all variables that are collected at a UK level. A detailed description of the weighting methodology and its differences to unweighted estimates is available in [Business Impact of Coronavirus \(COVID-19\) Survey \(BICS\): preliminary weighted results](#).

The data presented in this article are a unique variation from the regular published BICS data and are based on a subset of the BICS sample. The estimates presented in this article are unweighted and as such, the data presented are not comparable with the data presented in the regular BICS output. Additionally, the sample is not representative of all service trading companies: inferences are only relevant to the businesses in the sample.

Dates of the reference and survey live period of each Wave of the Business Insights and Conditions Survey (BICS), are as follows:

- for Wave 7 the reference period is 1 June 2020 to 14 June 2020 and the survey live period is 15 June 2020 to 28 June 2020
- for Wave 8 the reference period is 15 June 2020 to 28 June 2020 and the survey live period is 29 June 2020 to 12 July 2020

- for Wave 9 the reference period is 29 June 2020 to 12 July 2020 and the survey live period is 13 July 2020 to 26 July 2020
- for Wave 10 the reference period is 13 July 2020 to 26 July 2020 and the survey live period is 27 July 2020 to 9 August 2020
- for Wave 11 the reference period is 27 July 2020 to 9 August 2020 and the survey live period is 10 August 2020 to 23 August 2020
- for Wave 12 the reference period is 10 August 2020 to 23 August 2020 and the survey live period is 24 August 2020 to 6 September 2020
- for Wave 13 the reference period is 24 August 2020 to 6 September 2020 and the survey live period is 7 September 2020 to 20 September 2020
- for Wave 14 the reference period is 7 September 2020 to 20 September 2020 and the survey live period is 21 September 2020 to 4 October 2020
- for Wave 15 the reference period is 21 September 2020 to 4 October 2020 and the survey live period is 5 October 2020 to 18 October 2020
- for Wave 16 the reference period is 5 October 2020 to 18 October 2020 and the survey live period is 19 October 2020 to 1 November 2020
- for Wave 17 the reference period is 19 October 2020 to 1 November 2020 and the survey live period is 2 November 2020 to 15 November 2020
- for Wave 18 the reference period is 2 November 2020 to 15 November 2020 and the survey live period is 16 November 2020 to 29 November 2020
- for Wave 19 the reference period is 16 November 2020 to 29 November 2020 and the survey live period is 30 November 2020 to 13 December 2020
- for Wave 20 the reference period is 30 November 2020 to 13 December 2020 and the survey live period is 14 December 2020 to 23 December 2020
- for Wave 21 the reference period is 14 December 2020 to 27 December 2020 and the survey live period is 29 December 2020 to 10 January 2021
- for Wave 22 the reference period is 28 December 2020 to 10 January 2021 and the survey live period is 11 January 2021 to 24 January 2021
- for Wave 23 the reference period is 11 January 2021 to 24 January 2021 and the survey live period is 25 January 2021 to 7 February 2021
- for Wave 24 the reference period is 25 January 2021 to 7 February 2021 and the survey live period is 8 February 2021 to 21 February 2021
- for Wave 25 the reference period is 8 February 2021 to 21 February 2021 and the survey live period is 22 February 2021 to 7 March 2021
- for Wave 26 the reference period is 22 February 2021 to 7 March 2021 and the survey live period is 8 March 2021 to 21 March 2021
- for Wave 27 the reference period is 8 March 2021 to 21 March 2021 and the survey live period is 22 March 2021 to 4 April 2021
- for Wave 28 the reference period is 22 March 2021 to 4 April 2021 and the survey live period is 6 April 2021 to 18 April 2021



The source of this data is the Office for National Statistics, Business Insights and Conditions Survey. Data for Wave 17 have been omitted due to a low sample size.

Data for Waves 18 to 20 have been omitted for the question: "How does your business's exporting in the last two weeks compare with normal expectations for this time of year?" due to inconsistencies in the routing of the questions during this period.

## Business Insight and Conditions Survey (BICS) estimates by service type

### Data linking

To identify BICS respondents that have traded in services in the past, businesses in the BICS microdata are linked with the 2018 [Annual Business Survey \(ABS\)](#) sample and the 2019 [Annual Survey of International Trade in Services \(AITIS\)](#). The AITIS and ABS surveys indicate businesses that have traded in services as well as the direction of the trade (exports or imports). The linking across the surveys is conducted using the unique reference unit numbers that are assigned to each business unit. As can be seen in the example in Table 1, the sample of businesses used in this analysis are the overlap between businesses who have responded to a given Wave in BICS and that appeared as exporting or importing businesses in ABS or AITIS.

Table 1: Wave 27 all service types sample, broken down by importing and exporting

Dataset	Exporting company counts	Importing company counts
Annual Business Survey 2019	9502	9978
Annual Survey of International Trade in Services 2019	7443	6307
Combined sample	14583	14084
BICS total response		10066
Wave 27 services response rate	1260	1279
Percentage coverage	13%	13%

Source: Office for National Statistics - Business Insights and Conditions Survey; Annual Business Survey (ABS); Annual Survey of International Trade in Services

### Notes

1. Importing related questions in Wave 27 of the Business Insights and Conditions Survey changed from including only currently trading businesses to including all businesses services.
2. Response rate reported in the table represents businesses that are currently trading.

### Service type mapping

Published BICS data are organised by [Standard Industrial Classification of Economic Activity 2007 \(SIC\)](#) section. The analysis in this article required data to be structured in a way that was most reflective of commonly used classifications of trade in services. As such, the industries were converted to [Extended Balance of Payments Services Classification 2010 \(EBOPS\)](#) service types, using the [UK trade in services and goods, industry and products, weighted mappers, 2018](#).

## 9 . Related links

### [Business insights and impact on the UK economy: 22 April 2021](#)

Bulletin | Released 22 April 2021

The impact of the coronavirus pandemic and EU transition period on UK businesses and the economy. Based on responses from the voluntary fortnightly business survey (Business Insight and Conditions Survey (BICS)) about financial performance, workforce, prices, trade, and business resilience.

### [Understanding the business impacts of local and national restrictions, UK: March 2021](#)

Article | Released 30 March 2021

Experimental estimates from the voluntary fortnightly business survey (BICS), for single site businesses only, on topics such as trading status, financial performance, workforce and business resilience. Geographical breakdowns include country, regional and local authority levels.

### [UK trade: January 2021](#)

Bulletin | Released 12 March 2021

Total value of UK exports and imports of goods and services in current prices, chained volume measures and implied deflators.

### [Impacts of the coronavirus on UK trade: December 2020](#)

Article | Released 2 December 2020

The impacts of the coronavirus (COVID-19) on UK trade, with a focus on trade in services for Quarter 2 (Apr to June) 2020 and trade in goods for Quarter 3 (July to Sept) 2020.

### [Business Impact of Coronavirus \(COVID-19\) Survey: preliminary weighted results](#)

Article | Released 14 September 2020

Early estimates of weighted responses from the voluntary fortnightly business survey, focusing on business' responses on how turnover, workforce and trading status have been affected in two-week reference periods, from Wave 7 (1 to 14 June 2020) to Wave 12 (10 to 23 August 2020).