

Article

# Non-financial business economy, exporters and importers in Great Britain (Annual Business Survey): 2018

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

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Release date:  
25 November 2019

Next release:  
November 2020

## Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [Number of businesses trading internationally in 2018](#)
4. [Businesses within non-financial services were the largest internationally trading sector in 2018](#)
5. [Regional performance](#)
6. [Links to related statistics](#)
7. [Quality and methodology](#)

# 1 . Main points

- In 2018, an estimated 340,500 registered businesses in Great Britain traded internationally; these represented 14.0% of the total number of businesses in the Great Britain non-financial economy, which was similar to the latest 2017 estimates.
- Of these 340,500 businesses, small- and medium-sized businesses (those businesses with fewer than 250 employees) accounted for 98.6%; however, this number only represented a small proportion (13.9%) of the total number of small- and medium-sized businesses in Great Britain, compared with 14.2% in 2017.
- In comparison, the proportion of large-sized businesses (those with 250 or more employees) was 54.1% of the total number of large-sized businesses registered in Great Britain; in total, an estimated 4,700 large businesses reported that they traded internationally in 2018.
- The non-financial services sector was estimated to represent 50.6% of the total international traders in Great Britain and remained the largest sector trading internationally; this was followed by the distribution sector, representing 32.9% 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 24.6% of the total international traders in Great Britain; the South East contributed 19.7%, with all other regions ranging between 1.8% and 10.9%.

## 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 engaged in the international trade of goods and services. These estimates are experimental official statistics and are taken from the [ABS provisional 2018 release](#). This ABS release covers the non-financial business sectors: non-financial services, distribution, production, construction and parts of agriculture. The non-financial business economy 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 units based on employment; our [information paper \(PDF, 522.8KB\)](#) contains further information on the method used.

International trade is defined as the export and/or import 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.

All commentary on estimates of exporters and importers within this release are based on comparisons with the latest available estimates. This release provides provisional 2018 estimates as well as revised estimates for 2017 and 2016.

## Sample reoptimisation

Users should note that a sample reoptimisation 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 reoptimisation improved the coverage of ABS turnover without increasing the overall sample size but led to a reduction in the number of small-sized businesses sampled (businesses with fewer than 10 employees) and increased numbers of medium- and large-sized businesses (businesses with 10 or more employees) being sampled. This has improved both the quality measures for the ABS official statistical release and minimised respondent burden on small businesses.

As the exporters and importers release is concerned with business counts 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 Pay As You Earn (PAYE) only businesses from the 2015 sample selection onward, increasing the target population, and the reduced sample size of smaller businesses have collectively led to an increase in sampling weights for these smaller businesses.

Caution should be taken with regards to provisional estimates for 2018 while further investigation is undertaken and further response is received, with the magnitude of future revisions unclear at this stage.

## 3 . Number of businesses trading internationally in 2018

In 2018, 340,500 registered businesses in Great Britain traded internationally. This number represents 14.0% of the total businesses in the Great Britain non-financial economy (Figure 1). This is a similar level to the number trading internationally in 2017 of 341,800 (14.3%), according to the latest published estimates.

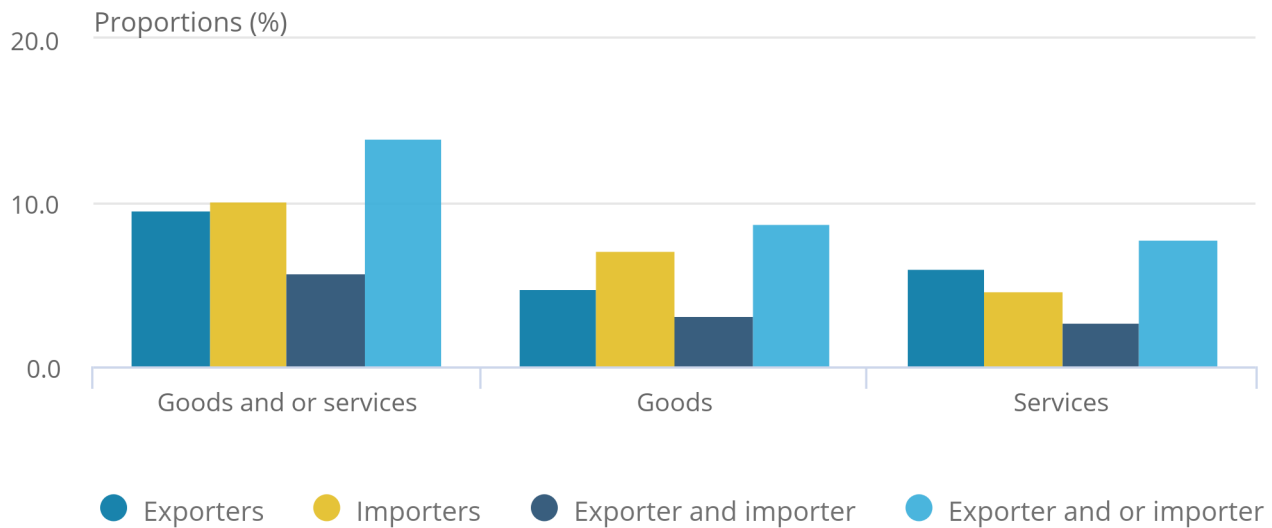
Consistent with what has been seen since 2015, there were fewer exporters than importers, with totals of 233,900 and 245,600 respectively. Of the 245,600 engaging in import activity, 173,000 businesses imported goods compared with 111,900 businesses that imported services. Conversely, for exports, more businesses exported services than goods (145,500 and 116,500 respectively). As a result, more businesses traded internationally in goods (211,100 businesses) than in services (188,400 businesses).

**Figure 1: An estimated 340,500 total businesses in Great Britain traded internationally in 2018, representing 14.0% of the total overall number of businesses**

Great Britain non-financial business economy, proportions of businesses in Great Britain trading internationally by type of trade, 2018

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Source: Office for National Statistics – Annual Business Survey

In 2018, 4,700 large-sized businesses (those with 250 or more employees) reported that they traded internationally in goods and/or services, which represented 54.1% of the total number of large businesses trading in Great Britain. Small-sized businesses (those with fewer than 10 employees) accounted for 76.3% of the total number of internationally trading businesses. The total number of small-sized businesses trading internationally (259,800) represented a proportion of 12.0% of the total number of small-sized businesses trading in Great Britain.

Of the total number of businesses trading internationally in 2018, foreign-owned businesses represented 5.6% (19,100). The proportion of foreign-owned businesses trading internationally in goods and services was an estimated 62.8%. In contrast, 13.4% of their UK-owned business counterparts traded internationally over the same period.

## 4 . Businesses within non-financial services were the largest internationally trading sector in 2018

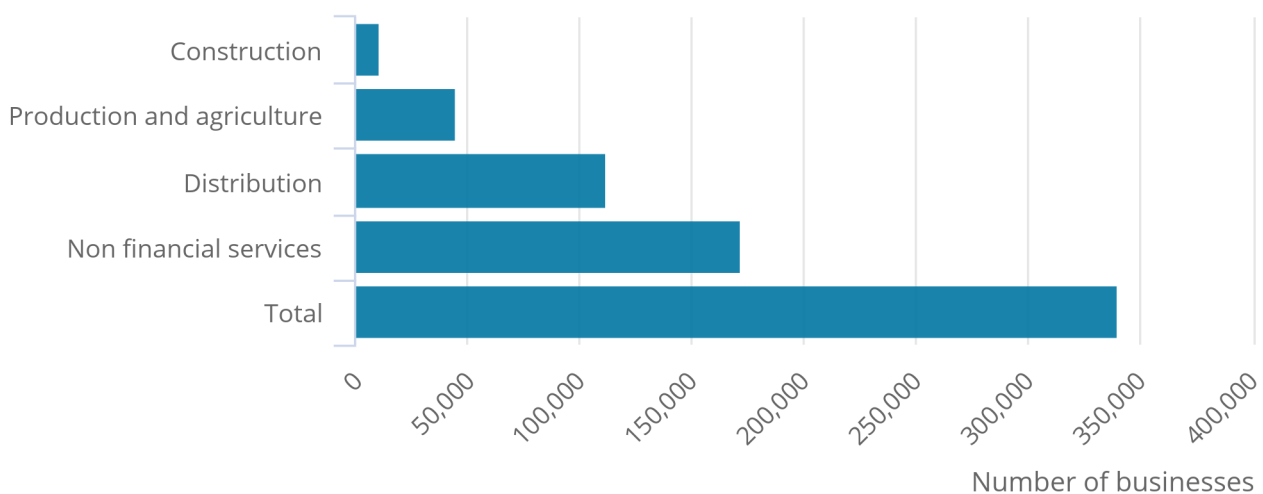
Non-financial services represented 50.6% of the total 340,500 businesses trading internationally in Great Britain and remained the largest sector trading internationally. The production and agriculture sector, construction sector, and distribution sector have seen their proportion of internationally trading businesses increase from the latest 2017 figures, whereas the non-financial services' proportion decreased. The contributions from the four main sectors of the non-financial business economy are shown in Figure 2.

**Figure 2: Over half of the internationally trading businesses were within the non-financial services sector in 2018**

Great Britain non-financial business economy, total businesses in Great Britain trading internationally by sector, 2018

### Figure 2: Over half of the internationally trading businesses were within the non-financial services sector in 2018

Great Britain non-financial business economy, total businesses in Great Britain trading internationally by sector, 2018



Source: Office for National Statistics – Annual Business Survey

Within non-financial services, the greatest contributors to international trade were businesses attributed to professional, scientific and technical services (section M) with 66,900 businesses. This number represented 38.8% of the total number of internationally trading businesses within non-financial services and 19.6% within the non-financial business economy. Professional, scientific and technical services was the second largest internationally trading section across all sections.

The distribution section (section G) was the largest internationally trading section overall and contained 112,000 businesses trading internationally, representing 32.9% 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 15.3% (52,000) and 15.0% (51,000) respectively. These divisions were followed by computer programming, consultancy and related activities (division 62) and activities of head offices (division 70), outside distribution, both contributing 7.3%.

Construction was again the smallest internationally trading sector, with 3.3% of the total businesses trading in this sector trading internationally. In the production and agriculture sector, manufacturing continued to represent the majority of the sector, with 93.2% 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 2018, with 24.6% (83,900) of the total number of Great Britain's internationally trading businesses. The largest increase in businesses internationally trading was in the South East, which was the second-largest internationally trading region in England, accounting for 19.7% of Great Britain's international trade (67,100). All other regions ranged between 1.8% and 10.9%.

Although London and the South East were the highest international traders of goods, they 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, the picture remained consistent as England continued to be the largest contributor to the number of businesses trading internationally in Great Britain, making up 92.6% of the overall number. Scotland accounted for 5.5% of the overall number, with Wales providing the remaining 1.9%.

## 6 . Links to related statistics

This experimental publication follows the official statistical publication of the [Non-financial business economy, UK \(Annual Business Survey\): 2018 provisional results](#). This release provides estimates of the size and growth within the UK's non-financial business sectors: non-financial services distribution, production, construction and parts of agriculture for 2018.

HM Revenue and Customs (HMRC) will publish the [UK trade in goods by business characteristics](#) release on 27 November 2019. The aim of the HMRC release is to add value to the UK trade in goods data 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?

Owing to methodological differences between the Annual Business Survey (ABS) statistics in this release and the HMRC statistics, the trade in goods data 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.

## 7 . Quality and methodology

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

- the strengths and limitations of the data and how it compares with related data
- the uses and users of the data
- the methods used to create the data
- 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](#).