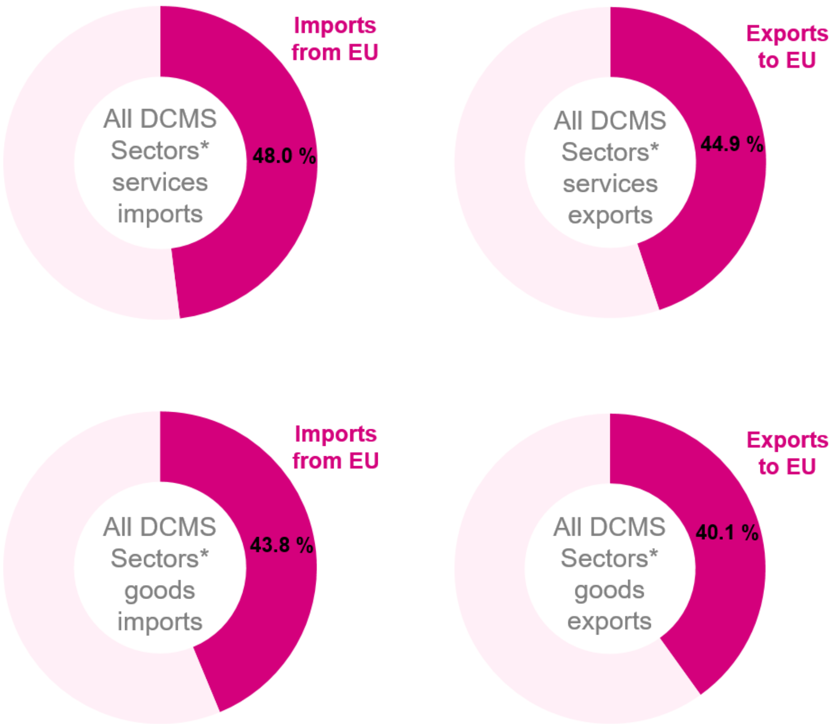
Department for Digital, Culture, Media & Sport

Correction Note: This publication was revised on 6 August to correct for an error in 2010 and 2011 figures for Creative Industries, Cultural Sector and All DCMS Sectors figures.

DCMS Sectors Economic Estimates 2016: Trade



*DCMS Sectors excluding Tourism and Civil Society

This release provides estimates of exports and imports of services and exports and imports of goods by DCMS Sectors (excluding Tourism and Civil Society). Other economic measures, such as GVA, employment, and business demographics are available in separate publications. These releases enable stakeholders to evaluate the economic contribution of DCMS sectors, which are not traditional National Account sectors, and to understand how current and future policy interventions can be most effective. The DCMS sectors covered in this report are:

- Creative Industries
- Cultural Sector
- Digital Sector
- Gambling
- Sport
- Telecoms

Estimates of exports and imports for the Tourism sector will be published in a supplementary release once the data have been made available later this year. Estimates are not available for Civil Society due to there being no formally recognised imports or exports from the data sources available.

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Contents

Chapter 1: Introduction

Code of Practice for Statistics
DCMS Sector Economic Estimates is an Official Statistic and has been produced to the standards set out in the Code of Practice for Statistics.

Background

Released: 6 June 2018

Geographic Coverage: United Kingdom

This release provides estimates of **exports and imports of services** and **exports and imports of goods** by DCMS Sectors[1] (excluding Tourism[2] and Civil Society[3]) in current prices (i.e. not adjusted for inflation). These numbers are further broken down by:

- EU and rest of the world (including figures for all EU member states)
- Selected countries

The latest year for which these estimates are available is 2016. Estimates of trade in services have been constructed from ONS Official Statistics using international classifications; Standard Industrial Classification (SIC) codes. Estimates of trade in goods have been constructed from HMRC Official Statistics which also use international classification codes; Commodity (or CN) codes. As estimates of trade in services and trade in goods are based on different data sources, they are presented as two separate figures and caution is advised when adding the two sources together. For further information see Annex A.

Data are available for each DCMS Sector (excluding Tourism and Civil Society); and sub-sectors within the Creative Industries, Digital Sector, and Cultural Sector. There is significant overlap between DCMS Sectors so users should be aware that the estimate for **"DCMS Sectors Total" is lower than the sum of the individual sectors**.

In summary, the data presented in this report on trade:

- Are based on official statistics data sources
- Are based on internationally-harmonised codes, meaning the estimates are:
  - Comparable at both a national and international level.
  - Comparable over time, allowing trends to be measured and monitored.
  - Subject to limitations of the underlying classifications around reflecting the current balance and make-up of the UK economy. For example, the SIC codes were developed in 2007 and have not been revised since. Emerging sectors, such as digital trades, are therefore hard-to-capture and may be excluded.
- Represent best estimates of trade by DCMS Sectors. This means:

[1] A definition for each sector is available in the associated methodology note, along with details of methods and data limitations.
[2] Tourism is excluded from the main estimates because it is based on a different methodology to other DCMS Sectors (see further information in Annex A).
[3] Civil Society is excluded from the main estimates (and from this release as a whole) due to there being no formally recognised imports or exports from the data sources available.

- Other estimates of trade by DCMS Sectors do exist, but the statistics in this report are best estimates based on the principles of international and year-on-year comparability as described above.
- The statistics in this report are based on survey data and, as with all data from surveys, there will be an associated error margin surrounding these estimates[4].
- This means we cannot say an estimate of, for example, 20% is totally accurate. Our best estimates suggest that the figure is 20%, but due to the degree of error the true figure could perhaps be 18% or 23%.
- This is not an issue with the quality of the data or analysis, rather it is an inherent principle when using survey data to inform estimates.

Tourism
Due to a delay in the publication of final International Passenger Survey (IPS) data on which figures for Tourism are based, **estimates of exports and imports for Tourism will be published as a supplementary release** once the data are available later this year.

Focus on both exports and imports
Although the focus of much trade policy tends to be on exports, both exports and imports are considered here. The reasoning behind including imports is because:

- Supply chains increasingly operate across borders (over 70% of global trade is now in intermediate products or capital goods[5]) so in some cases we may import products, add value and then export finished or unfinished products
- There is a connection between imports and well-being (imports affect the variety and prices of products available to consumers and thereby their living standards).

This release therefore relates to DCMS's objectives to drive growth and enrich lives

Terminology
Throughout the report, symbols have been used to indicate whether the analysis refers to:

Trade in services 

Trade in goods 

Trade in services and trade in goods  

Feedback
DCMS aims to continuously improve the quality of estimates and better meet user needs. Feedback on this report should be sent to DCMS via email at evidence@culture.gov.uk by **Friday 28 September 2018**.

[4] Sampling error is the error caused by observing a sample (as in a survey) instead of the whole population (as in a census). While each sample is designed to produce the "best" estimate of the true population value, a number of equal-sized samples covering the population would generally produce varying population estimates.
[5] Global Value Chains: Challenges, Opportunities, and Implications for Policy; OECD, WTO and World Bank Group

Chapter 2: Trade in DCMS Sectors

This chapter presents estimates of the absolute value of trade in services and trade in goods in the DCMS Sectors (excluding Tourism and Civil Society), as well as the proportion of the UK total that is accounted for by DCMS. All estimates are shown in current prices (i.e. are not adjusted for inflation). Estimates of trade in services are consistent with ONS International Trade in Services (ITIS) and Balance of Payments (BOP) figures. Estimates of trade in goods are consistent with HMRC Overseas Trade Statistics (OTS) figures.

Please note that this chapter focuses on the total trade for DCMS Sectors (excluding Tourism and Civil Society). Further analysis on trade in the individual sectors and trends over time is available in chapter 3.

DCMS Sectors Total (excluding Civil Society and Tourism)

It is estimated that in 2016, DCMS Sectors exported £46.4 billion worth of services, accounting for 18.9% of all UK services exports.

In the same year, the value of services imported by DCMS Sectors was estimated at £26.0 billion, which represented 17.0% of all UK services imports in 2016.

These figures are the highest recorded over the time period from 2010 to 2016 (see Figure 2.1), in terms of both the absolute values and the proportion of the UK total contributed by DCMS Sectors.

Exports of goods by DCMS Sectors amounted to £27.1 billion in 2016, contributing 8.9% of the value of all UK goods exports. This figure was similar to the previous year (2015) when DCMS Sectors contributed 9.0% of the UK total.

Meanwhile, DCMS Sectors imported £44.5 billion worth of goods. This figure amounted to 9.4% of all UK goods imports, down from 10.7% in 2015.

Of all the DCMS Sectors, values of trade for the Digital Sector were the largest, followed by the Creative Industries and the Cultural Sector. This was true across all four measures of trade (i.e. exports of services, exports of goods, imports of services and imports of goods). However it should be taken into account that there is significant overlap between DCMS sectors (as represented in Figures 2.2 and 2.3), so it is difficult to make comparisons between them.

Figure 2.1: Contribution of DCMS Sectors (excluding Tourism and Civil Society) to UK total trade estimates (%): 2010 to 2016

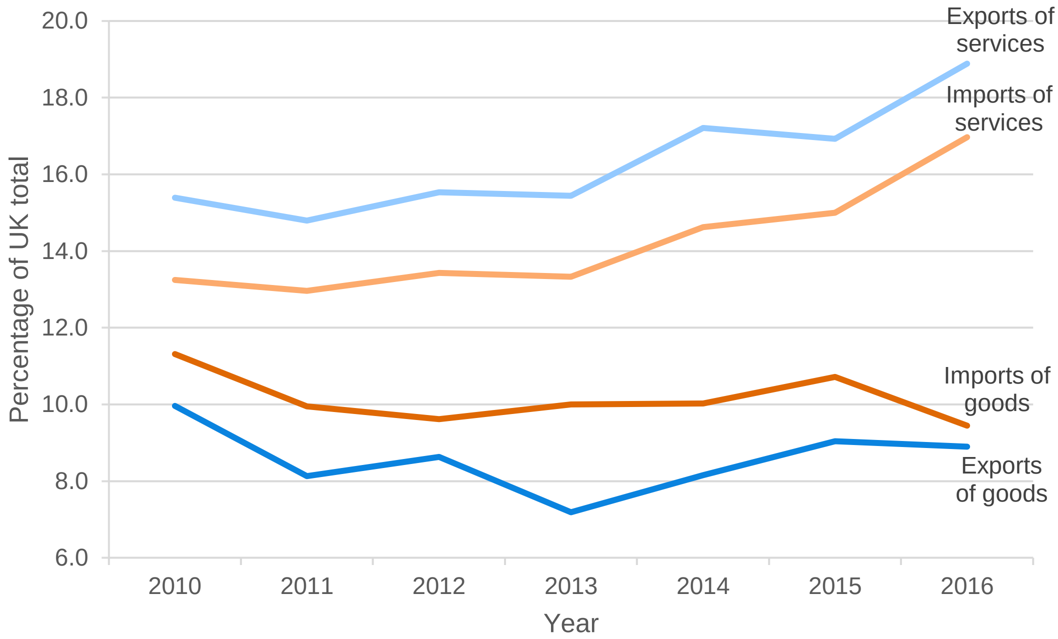
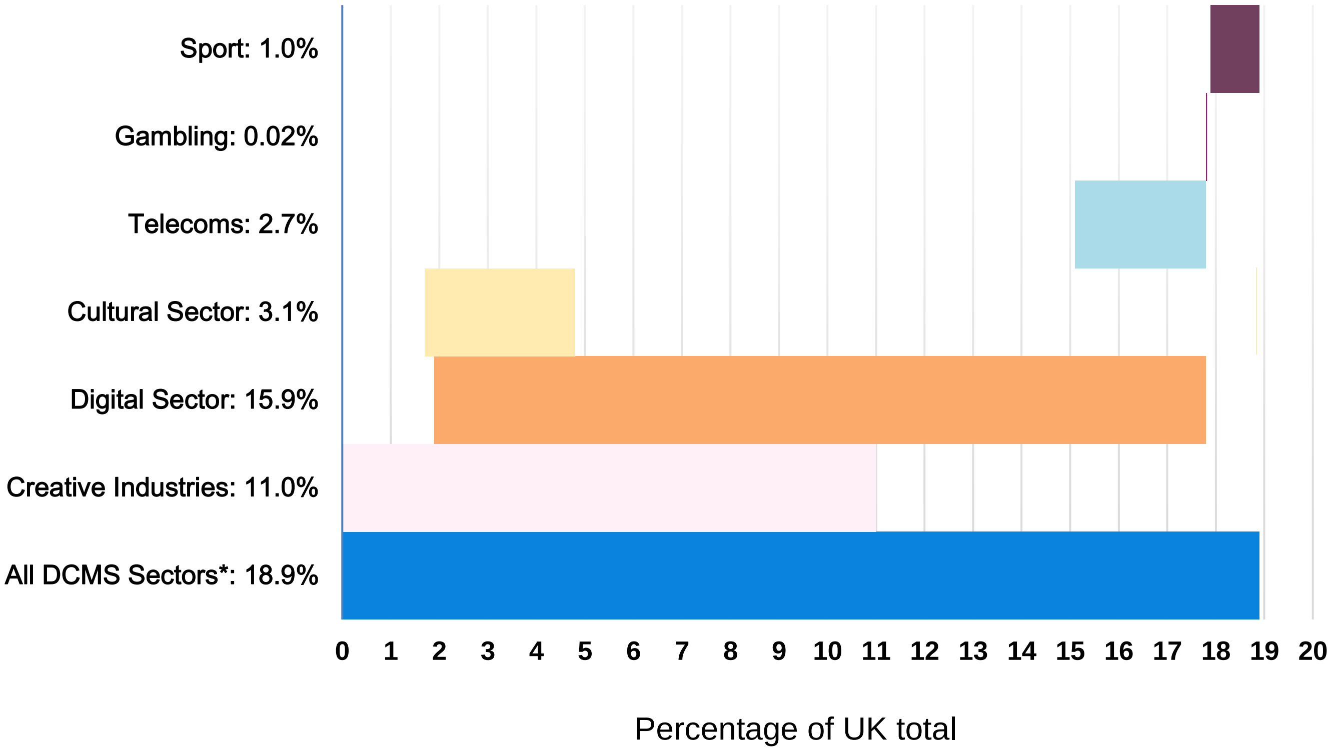
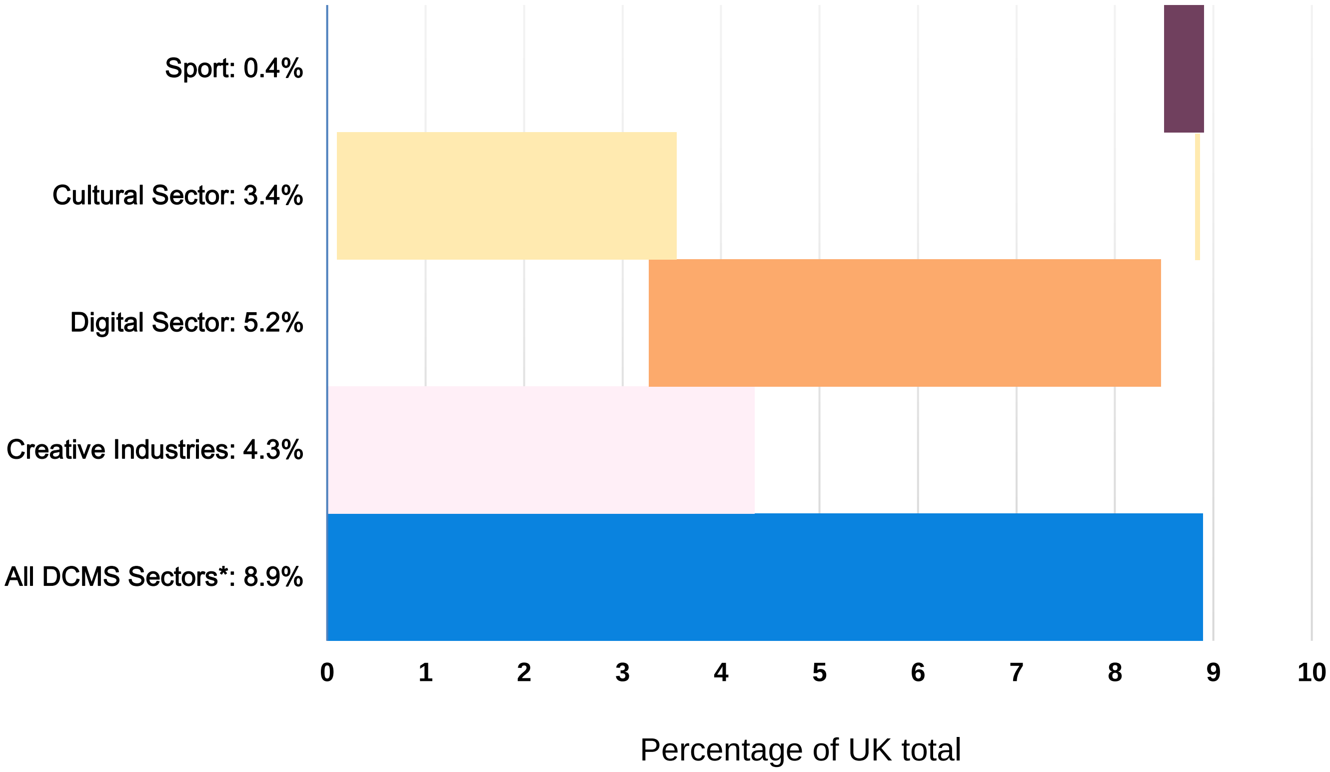


Figure 2.2: Exports of services by DCMS Sectors (excluding Tourism and Civil Society) as a percentage of total UK services exports (%): 2016



*DCMS Sectors excluding Tourism and Civil Society

Figure 2.3: Exports of goods by DCMS Sectors (excluding Tourism and Civil Society)[6] as a percentage of total UK goods exports (%): 2016



[6] According to DCMS sector definitions, there are no goods associated with the Telecoms and Gambling sectors. These are considered to be predominantly service-based industries.
* DCMS Sectors excluding Tourism and Civil Society

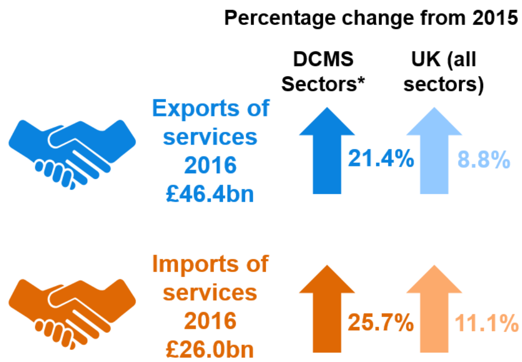
Chapter 3: Trends in DCMS Sectors

This chapter builds on the analysis in chapter 2, providing more context and looking at the estimates for each individual sector. There is significant overlap between DCMS sectors so users should be aware that the estimate for “DCMS Sectors Total” is lower than the sum of the individual sectors. It is also worth noting that those larger SIC codes within multiple sectors, for example in Creative Industries and Cultural Sector, are likely to drive the trends in the same way for both sectors.

Please note that this section does not cover in detail the sub-sectors within Creative Industries; Digital Sector; and Cultural Sector. Tables detailing trends in the value of trade for individual sub-sectors have been made available online alongside this report.

DCMS Sectors Total (excluding Civil Society and Tourism)

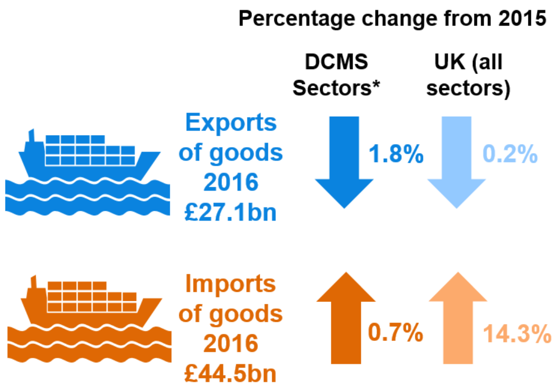
In 2016, the value of exports of services from DCMS Sectors, increased by 21.4% from 2015, up to £46.4 billion. In comparison, the value of total UK services exports grew by 8.8%.



The value of imports of services increased by a similar proportion – up by 25.7% from 2015, to £26.0 billion. This compared to a growth of 11.1% in the value of services imports for the UK as a whole.

In both cases, the growth in the value of services trade by DCMS Sectors was higher than the usual[7] level of year-on-year change for these measures, as observed between 2010 and 2015.

Meanwhile, there was a 1.8% decline from 2015 in the value of goods exports from DCMS Sectors, down to £27.1 billion. This compared to a 0.2% decline in the value of goods exported by the UK (all sectors) as a whole.



The value of goods imports by DCMS Sectors increased slightly (up 0.7% from 2015 to £44.5 billion). This increase was not as great as for the value of goods imported to the UK as a whole, which increased by 14.3%. As mentioned in chapter 2, DCMS Sectors accounted for 9.4% of all UK goods imports in 2016, down from a contribution of 10.7% in 2015. The UK total increased at a greater rate than did the DCMS Sector total, which

[7] To assess whether the percentage change between 2015 and 2016 was of particular note the absolute percentage change for each year from the previous year was calculated. These figures were then used to calculate an average yearly percentage change, and the standard deviation was calculated to describe upper and lower bounds within which the true average could be expected to lie. This was used to determine whether each change was in line with what could be expected for that figure i.e. whether the magnitude of the change was within the upper bound and lower bounds surrounding the average
*DCMS Sectors excluding Tourism and Civil Society.

explains why the **contribution** of DCMS Sectors to the UK total fell between 2015 and 2016, despite the **value** of DCMS goods imports having increased.

Creative Industries

Summary

- In 2016, the value of trade in services by the Creative Industries reached the highest levels for the time period covered (2010-16) and this applied to both exports of services and imports of services.
- The value of exports of services and imports of services by Creative Industries grew at a greater rate between 2015 and 2016 than the UK total (all sectors) did. These increases were both higher than the usual level of fluctuation observed for the sector in the previous five years.
- In comparison, the value of exports of goods and imports of goods associated with the Creative Industries decreased between 2015 and 2016. These changes were in line with the usual level of change (as compared to the years 2010-15).

How are the Creative Industries defined?

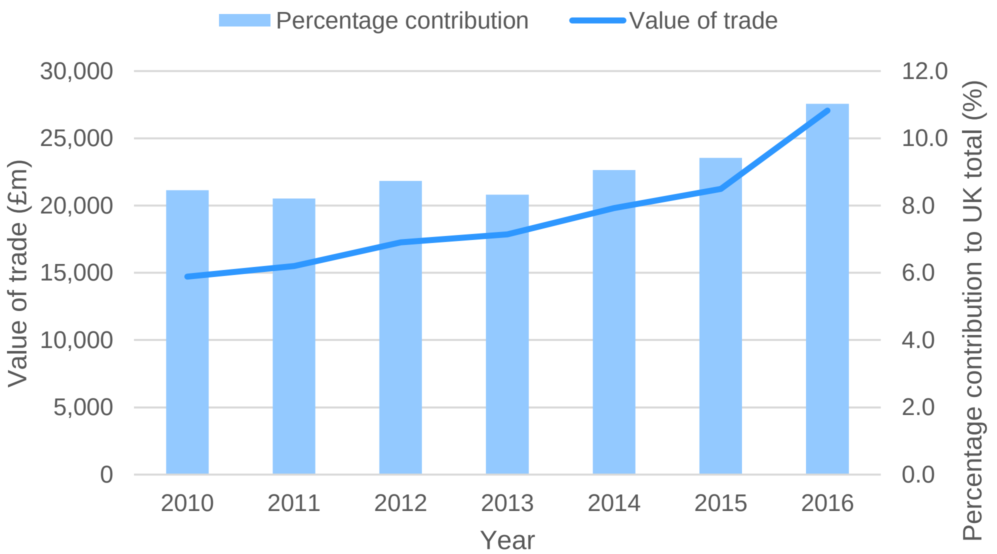
The Creative Industries were defined in the Government's 2001 Creative Industries Mapping Document as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".

The DCMS definition is a UK definition based on international industrial codes. It includes the following sub-sectors: Advertising and marketing; Architecture; Crafts; Design and designer fashion; Film, TV, video, radio and photography; IT, software and computer services; Publishing; Museums, galleries and libraries; and Music, performing and visual arts.

Detailed analysis

The Creative Industries exported £27.0 billion worth of services to the rest of the world in 2016, an increase of 27.4% since 2015. This continued the upward trend in the value of services exports from this sector seen from 2010, and brought the estimate up to the highest it has ever been since 2010 (see Figure 3.1 below).

Figure 3.1: Value of exports of services to the Creative Industries (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



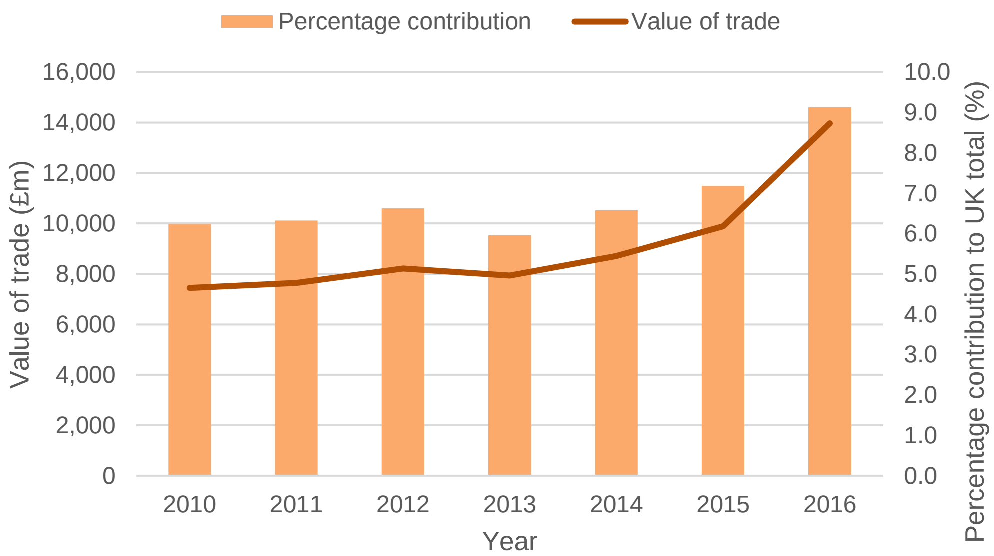
The percentage increase between 2015 and 2016 in Creative Industries services exports was above the usual level of year-on-year change observed in the previous five years (from 2010 to 2015) and was greater than the percentage increase in the UK total data (all sectors) over the same time period (8.8%).

The ‘IT, software and computer services’ sub-sector contributed to most of the growth in the Creative Industries sector. Exports of services from this sub-sector made up nearly half (48%) of all Creative Industries services exports in 2016, and the sub-sector grew by 31.8% between 2015 and 2016. There were other sub-sectors with high levels of growth, but they tended to be the smaller sub-sectors that did not contribute much towards the total Creative Industries figure. E.g. the ‘Music, performing and visual arts’ sub-sector had a growth of 48.6%, but accounted for less than 5% of the Creative Industries total.

The Creative Industries accounted for 11.0% of total UK services exports in 2016, the highest proportion contributed since 2010 (see Figure 3.1 above). The proportion of the UK total contributed by the Creative Industries has generally been growing since 2010 with the growth between 2015 and 2016 (up 1.6 percentage points) being higher than usual.

In 2016, the value of imports of services by the Creative Industries reached the highest level since 2010, at £14.0 billion (an increase of 41.3% from 2015) as shown by Figure 3.2. This change in value of Creative Industries services imports between 2015 and 2016 was above the usual level of year-on-year change seen in the previous five years (from 2010 to 2015) and was greater than the percentage increase in the UK total data (all sectors) over the same time period (11.1%).

Figure 3.2: Value of imports of services to the Creative Industries (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



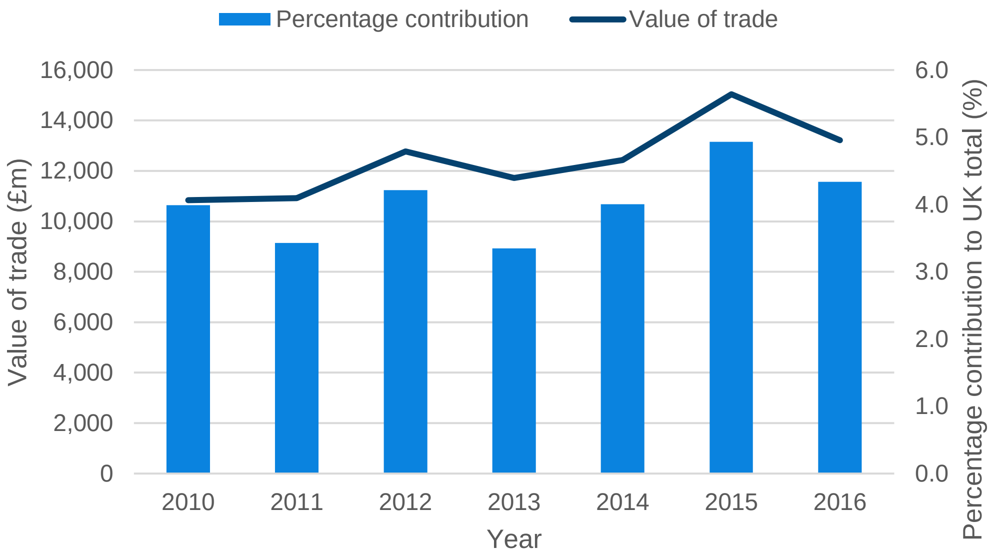
As with the changes to the value of exports of services, the large increase in the value of services imports is likely to have been driven by the ‘IT, software and computer services’ sub-sector, which accounted for over half of the Creative Industries services imports total in 2016. The sub-sector grew by 52.2% between 2015 and 2016.

The Creative Industries accounted for 9.1% of all UK services imports in 2016, the highest proportion contributed since 2010. The proportion of the UK total contributed by the Creative Industries has generally been growing since 2010, with the change in the contribution between 2015 and 2016 (up 2.0 percentage points) being higher than usual.

The picture looked quite different for trade in goods, with decreases in the value of both imports and exports of goods in the Creative Industries sector in 2016.

The value of exports fell to £13.2 billion in 2016 (a 12.2% decrease compared to 2015) (see Figure 3.3) and the value of imports fell to £10.1 billion (a 13.2% decrease from 2015) (see Figure 3.4). In both cases, the estimates have fluctuated year-on-year between 2010 and 2015, and the changes between 2015 and 2016 are in line with those observed over the previous five years.

Figure 3.3: Value of exports of goods to the Creative Industries (£millions) and percentage contribution to UK total exports of goods: 2010 to 2016



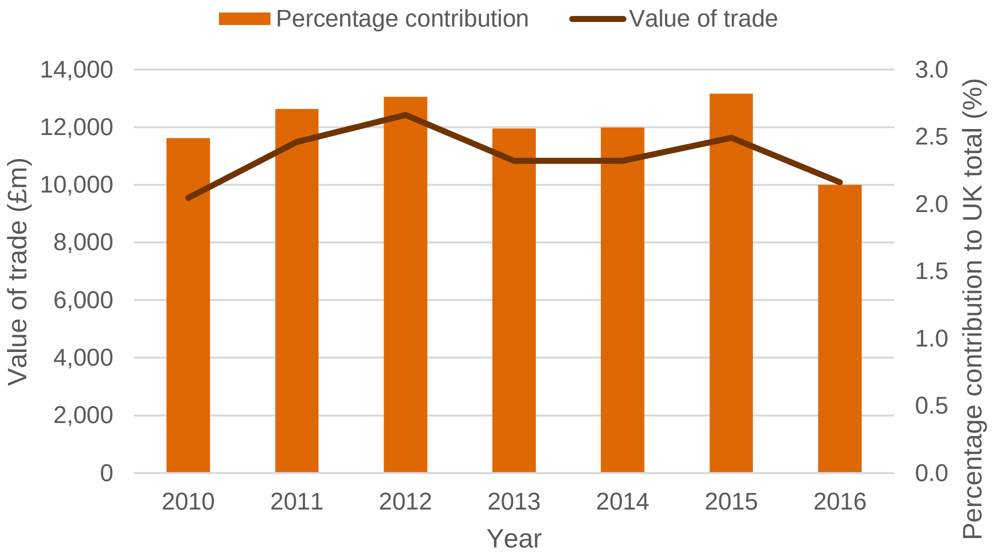
There were decreases in the value of exports and imports of goods across most Creative Industries sub-sectors between 2015 and 2016.

The ‘Crafts’; and ‘Music, performing and visual arts’ sub-sectors drove most of the decrease in the value of goods exported by the Creative Industries. These two sub-sectors each made up over a third of the value of Creative Industries goods exports in 2016, and decreased in value by 18.7% and 11.6%, respectively, between 2015 and 2016.

The same two sub-sectors likely drove the decrease in the value of imported goods associated with the Creative Industries. The ‘Crafts’ sub-sector accounted for nearly half of all Creative Industries goods imports and decreased in value by 5.1% between 2015 and 2016. Meanwhile the ‘Music, performing and visual arts’ sub-sector accounted for around a fifth of all Creative Industries goods imports and declined by 36.8% between 2015 and 2016.

Regarding the contribution of the Creative Industries to overall UK trade in goods totals, Creative Industries exports accounted for 4.3% of total UK goods exports in 2016, and Creative Industries imports for 2.1% of the national total. The proportion contributed by Creative Industries to the total UK goods imports in 2016 was the lowest for the time period covered (years 2010-16) (see Figure 3.4).

Figure 3.4: Value of imports of goods to the Creative Industries (£millions) and percentage contribution to UK total imports of goods: 2010 to 2016



Cultural Sector

Summary

- Broadly speaking, the estimates for the Cultural Sector follow a similar pattern to those of the Creative Industries.
- There were higher than usual increases in the value of services exports and imports in 2016.
- There were accompanied by decreases in the value of goods exports and imports that were in line with the level of fluctuation observed over the previous five years.
- The sub-sector 'Film, TV and music' accounted for the vast majority (over nine tenths) of the value of Cultural Sector services exports in 2016, having grown by over a fifth between 2015 and 2016.
- The sub-sectors likely to be driving the downwards trend in the value of exports of goods associated with the Cultural Sector in 2016 were the 'Arts'; and the 'Crafts' sub-sectors. Each accounted for around two fifths of the total value of Cultural Sector goods exports in 2016.

How is the Cultural Sector defined?

DCMS have defined the Cultural Sector as those industries with a cultural object at the centre of the industry.

The DCMS definition is a UK definition based on international industrial codes. It includes the following sub-sectors: Arts; Film, TV, and music; Radio; Photography; Crafts; Museums and galleries; Library and archives; Cultural education; and Operation of historic buildings and similar visitor attractions.

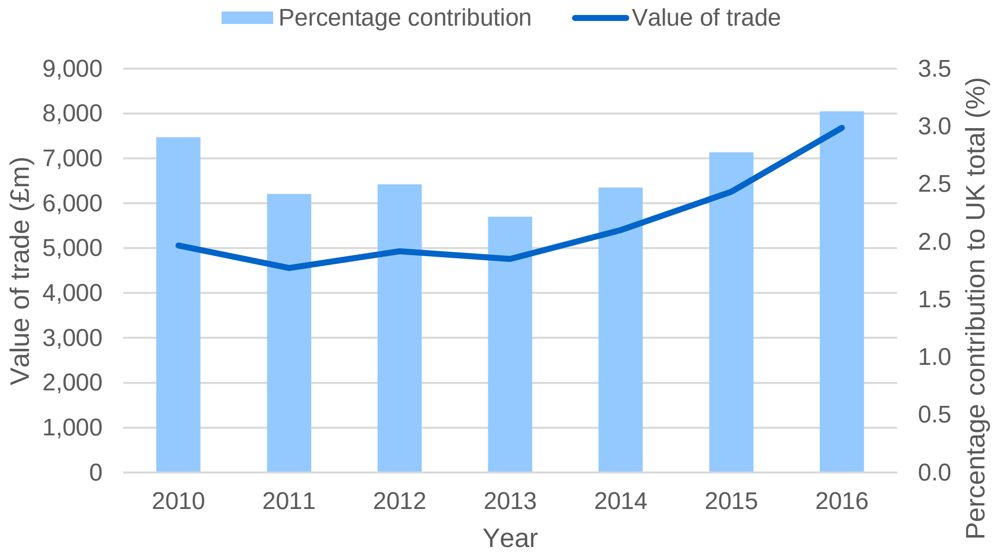
Detailed analysis

As with Creative Industries services exports, in 2016, the value of services exported by the Cultural Sector reached the highest level for the time period covered (2010-16) at £7.6 billion (see Figure 3.5), a 22.7% increase from 2015. This increase was above the usual level of fluctuation in Cultural Sector services exports estimates, and above the rate of growth in services exports for the UK as a whole (8.8%).

The Cultural Sector sub-sector that drove this trend was the 'Film, TV and music' sub-sector, which accounted for over nine tenths of the value of Cultural Sector services exports in 2016, and which grew by 21.6% between 2015 and 2016.

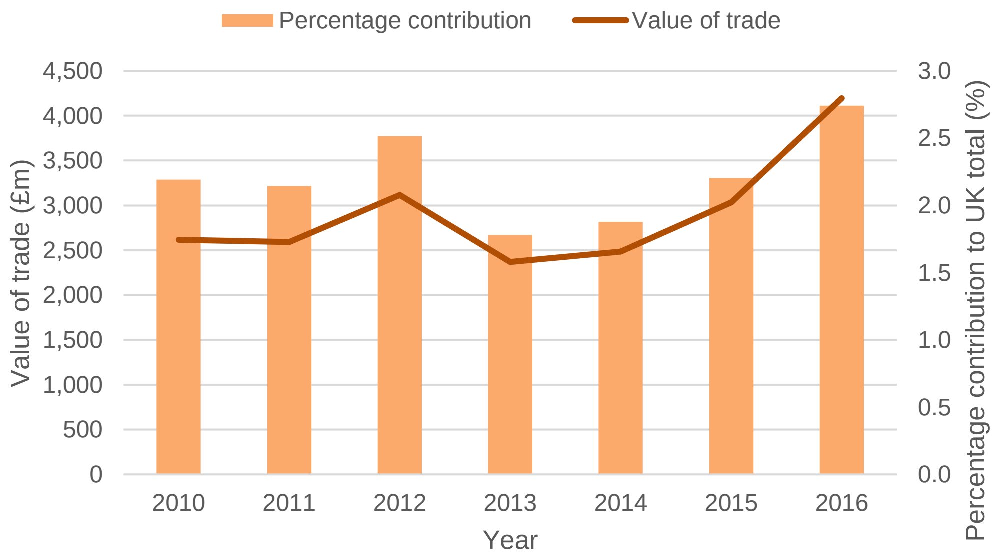
In 2016, exports of services from the Cultural Sector accounted for 3.1% of total UK exports of services. This was an increase of 0.4 percentage points from 2015, continuing the upward trend in the contribution of the Cultural Sector observed since 2013.

Figure 3.5: Value of exports of services to the Cultural Sector (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



The value of Cultural Sector services imports in 2016 was £4.2 billion, representing a 38.2% increase from 2015 and the highest estimate for the time period covered (2010-16), as shown in Figure 3.6. This increase was greater than the usual level of fluctuation in the value of Cultural Sector services imports, and outstripped the growth in the value of imported services in the UK as a whole (11.1%).

Figure 3.6: Value of imports of services to the Cultural Sector (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



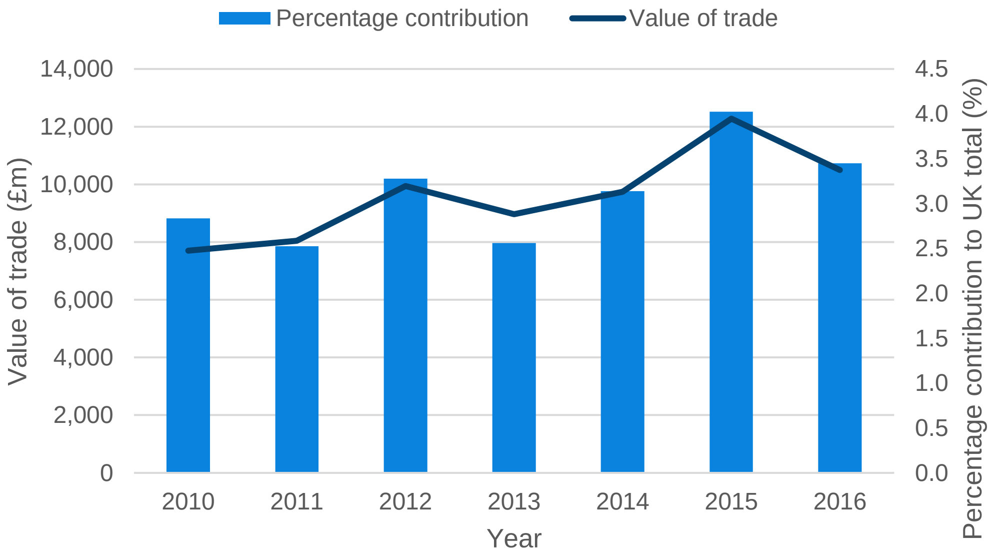
As with exports of services, it was the ‘Film, TV and music’ sub-sector that drove the increase in the estimated value of Cultural Sector services imports. According to the imports data, this sub-sector had an even higher stake in the Cultural Sector total, with only 3% of the total coming from the other sub-sectors. There was a 38.1% increase in the value of services imported by the 'Film, TV and music' sub-sector between 2015 and 2016.

The Cultural sector accounted for 2.7% of total UK imports of services in 2016, an increase of 0.5 percentage points from 2015, continuing the upward trend observed since 2013.

In terms of trade in goods, the value of both exports and imports associated with the Cultural Sector decreased between 2015 and 2016, but the decreases were in line with the normal level of fluctuation observed over the previous five years from 2010 to 2015 (as shown in Figures 3.7 and 3.8).

The value of exports of goods associated with the Cultural Sector in 2016 was £10.5 billion, a 14.5% decrease from 2015, when the value peaked at £12.2 billion (see Figure 3.7). Though the value decreased between 2015 and 2016, the estimate for 2016 is still the second largest figure in the years 2010-16. In contrast, the value of UK goods exports as a whole remained quite stable, with a slight decline of 0.2% between 2015 and 2016.

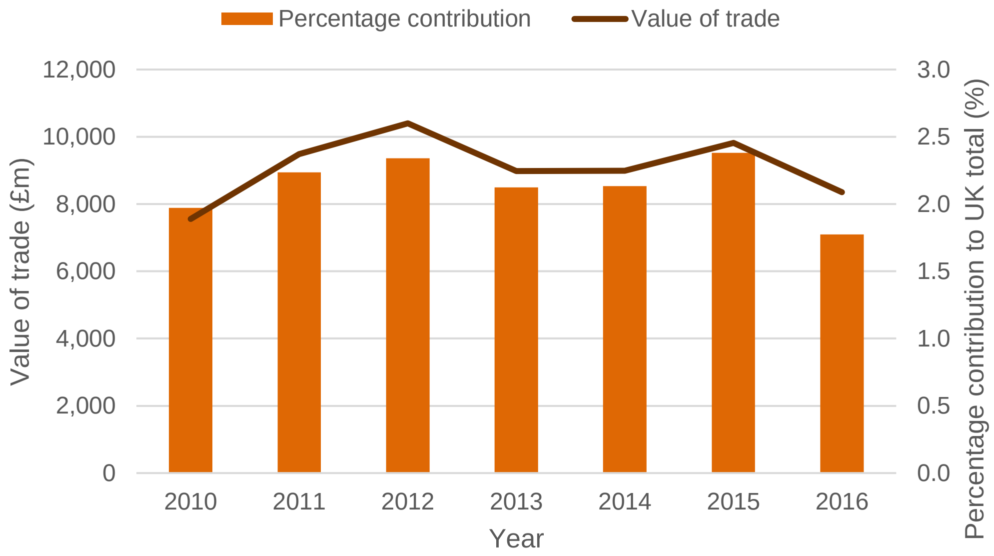
Figure 3.7: Value of exports of goods to the Cultural Sector (£millions) and percentage contribution to UK total exports of goods: 2010 to 2016



The sub-sectors likely to be driving down the value of exports of goods from the Cultural Sector in 2016 were the 'Arts'; and the 'Crafts' sub-sectors. These each accounted for around two fifths of the total value of Cultural Sector goods exports in 2016, and decreased in value by 12.8% and 18.7%, respectively, between 2015 and 2016.

The Cultural Sector accounted for 3.4% of total UK goods exports in 2016, a decrease of 0.6 percentage points from 2015, the year in which the contribution of the Cultural Sector to the UK total was highest.

Figure 3.8: Value of imports of goods to the Cultural Sector (£millions) and percentage contribution to UK total imports of goods: 2010 to 2016



The Cultural Sector imported £8.4 billion worth of goods from the rest of the world in 2016, a decrease of 14.9% from the same figure in 2015. Over the time period 2010-16, the value of imported goods associated with the Cultural Sector was the second lowest in 2016.

Similar to exports of goods, the sub-sectors driving the decrease in the value of imports of goods by the Cultural Sector between 2015 and 2016 were the 'Arts' and 'Crafts' sub-sectors. The 'Arts' sub-sector made up about one fifth of the total value of goods imports by the Cultural Sector in 2016, and decreased in value by 38.1% between 2015 and 2016. Meanwhile, the 'Crafts' sub-sector made up about three fifths of the total value of goods imports by the Cultural Sector in 2016, and declined by 5.1% from 2015.

The value of goods imported by the Cultural Sector accounted for 1.8% of the value of total UK goods imports, a drop of 0.6 percentage points from the same figure in 2015, taking the proportion contributed to the lowest level for the years 2010 to 2016.

Digital Sector

Summary

- In 2016 the value of both exports of services and imports of services by the Digital Sector reached the highest levels for the time period covered (2010-16).
- Between 2015 and 2016, exports and imports of services by the Digital Sector both increased by over 20%.
- ‘Computer programming, consultancy and related activities’; and ‘Film, TV, video, radio and music’ contributed most to the increase in the value of services exports, both increasing by over a fifth since 2015.
- Unlike the Creative Industries and Cultural Sectors, the value of exports and imports of goods by the Digital Sector also increased between 2015 and 2016.
- The changes in the estimates for trade in goods by the Digital Sector were in line with the usual level of change (as compared to the years 2010-15).
- The growth in the value of goods exports in the Digital Sector between 2015 and 2016 outstripped the level of change for the UK as a whole.
- The ‘Manufacturing of electronics and computers’ sub-sector drove much of the growth in the value of imports of goods Digital Sector. This sub-sector accounted for more than nine tenths of all Digital Sector goods imports and grew by over 5% between 2015 and 2016.

How is the Digital Sector defined?

The definition of the Digital Sector used in this release was developed by the OECD using the UN Standard Industrial Classifications (SICs). This gives it the advantage of international comparability.

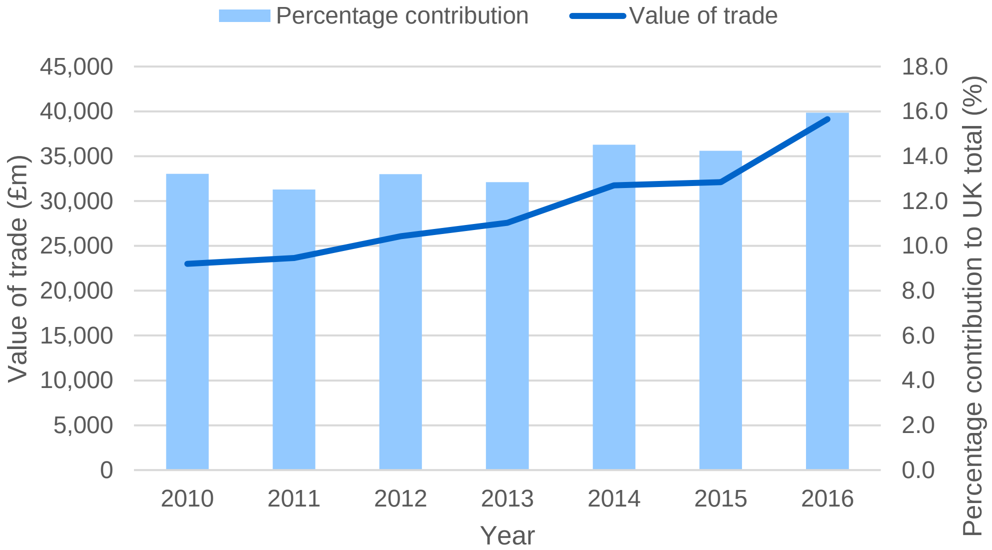
The definition includes the following sub-sectors: Manufacturing of electronics and computers; Wholesale of computers and electronics; Publishing (excluding translation and interpretation activities; Software publishing; Film, TV, video, radio and music; Telecommunications; Computer programming, consultancy and related activities; Information service activities; Repair of computers and communication equipment.

Detailed analysis

In 2016, the Digital Sector exported £39.1 billion worth of services to the rest of the world, an increase of 21.8% from 2015. This continued the upward trend in the value of Digital Sector services exports observed since 2010. (See Figure 3.9 below). This increase was both above the usual level of year-on-year change in the value of Digital Sector services exports observed over the previous five years (from 2010-15). It was also above the level of growth in exports of services for the UK as a whole (8.8%).

The value of exports of services from all Digital Sector sub-sectors grew between 2015 and 2016, but the sub-sectors driving most of the increase were: ‘Computer programming, consultancy and related activities’ (up 33.7% to £16.2 billion); and ‘Film, TV, video, radio and music’ (up 21.7% to £7.1 billion). There were other sub-sectors whose value increased by a high percentage, but these tended to contribute less to the Digital Sector total (e.g. ‘Software publishing’ grew by 67.5%, but only contributed about 2% of the Digital Sector total).

Figure 3.9: Value of exports of services to the Digital Sector (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



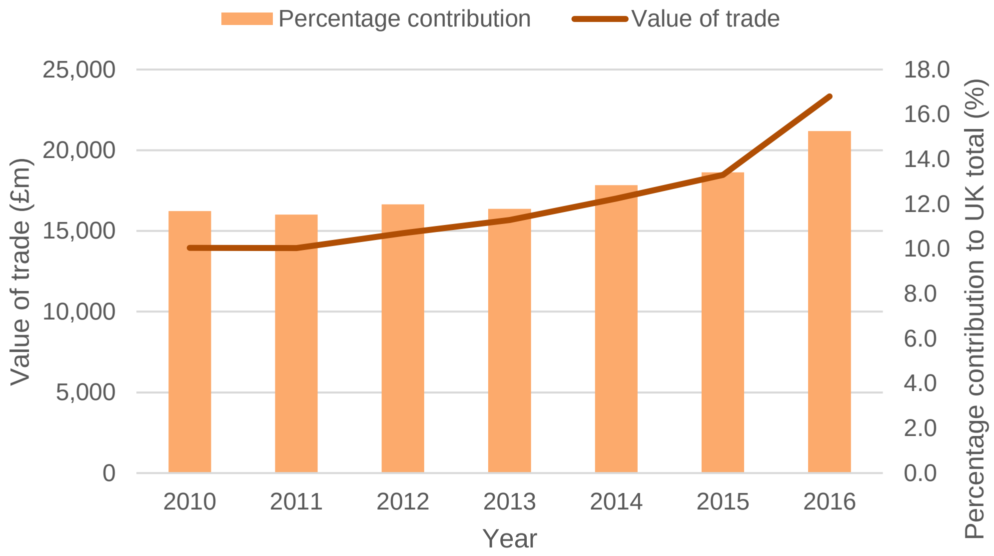
The Digital Sector contributed 15.9% of the total value of services exports by the UK in 2016, an increase from 14.2% in 2015. The proportion of the UK total contributed by the Digital Sector has generally followed an upward trend since 2010 with the change in the contribution between 2015 and 2016 (up by 1.7 percentage points) being higher than the usual level of change.

Imports of services by the Digital Sector are lower in value than exports (see Figure 3.10 above), but follow a similar trend. Since 2010, the value of imports has been increasing steadily, with a large increase (26.3%) between 2015 and 2016, taking the value up to £23.3 billion. The increase was above the usual level of fluctuation in the previous five years (from 2010-15) and was greater than the increase in the value of services imports by the UK as a whole (11.1%)

As with exports of services, the Digital Sector sub-sectors driving the increase in the value of imports of services were the ‘Computer programming, consultancy and related activities’; and ‘Film, TV, video, radio and music’ sub-sectors. These two sub-sectors together accounted for around three fifths of all Digital Sector services imports and grew by 54.8% and 38.3%, respectively, between 2015 and 2016.

The Digital Sector contributed 15.3% of UK total services imports in 2016, an increase from 13.4% in 2015. The proportion of the UK total contributed by the Digital Sector has generally been growing since 2010 and the change in the contribution between 2015 and 2016 (up by 1.8 percentage points) was higher than usual.

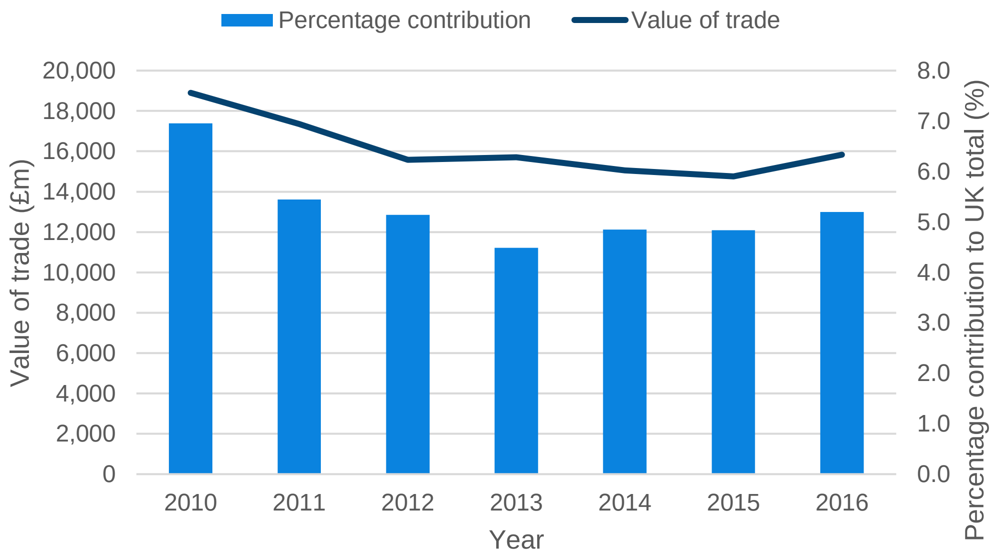
Figure 3.10: Value of imports of services to the Digital Sector (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



Although the values of exports and imports of goods by the Digital Sector did increase between 2015 and 2016, the increases were within the usual level compared to the previous five years of data (from 2010 to 2015).

The value of goods exported by the Digital Sector grew by 7.3% between 2015 and 2016, taking the value up to £15.8 billion. On the whole, the value of goods exports from the Digital Sector has followed a downward trend since 2010 (as seen in Figure 3.11 below). Whilst the value of goods exported by the Digital Sector grew between 2015 and 2016, there was a decrease in the value of goods exports for the UK as a whole (all sectors), so the change in the Digital Sector outstripped the level of change for the UK as a whole.

Figure 3.11: Value of exports of goods to the Digital Sector (£millions) and percentage contribution to UK total exports of goods: 2010 to 2016



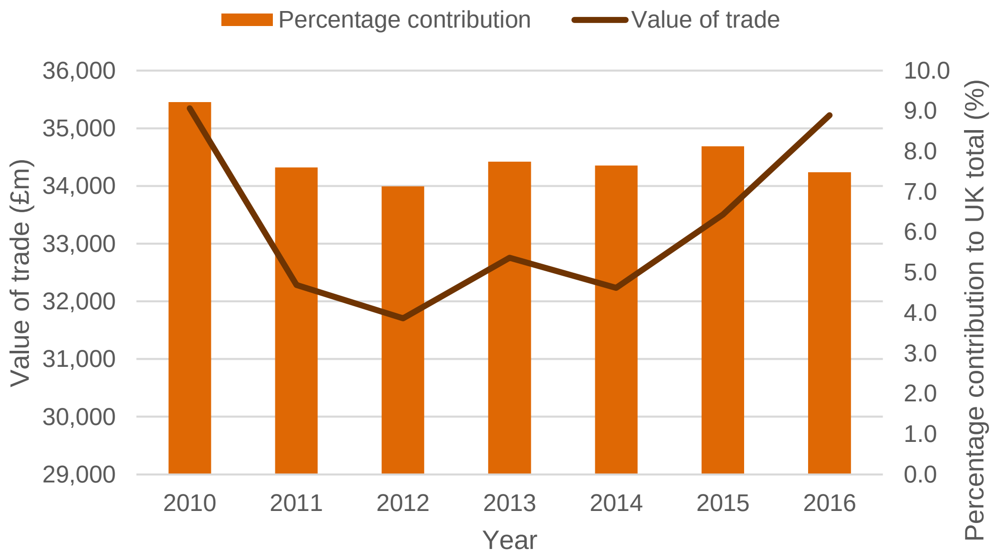
Of the few Digital Sector sub-sectors that have associated goods exports, the sub-sector driving most of the increase in the value of Digital Sector goods exports was the

‘Manufacturing of electronics and computers’ sub-sector. The value of exports of goods from this sub-sector grew by 4.1% between 2015 and 2016 and it contributed nearly four fifths of the Digital Sector total.

In 2016, the Digital Sector accounted for 5.2% of total UK goods exports, an increase from 4.8% on 2015. The proportion of UK total goods exports contributed by the Digital Sector has fluctuated between 2010 and 2016, and the change between 2015 and 2016 was in line with the usual level of change.

The value of goods imported by the Digital Sector in 2016 was £35.2 billion, a 5.1% increase from 2015 (see Figure 3.12 below). The value of Digital Sector goods imports has fluctuated between 2010 and 2016, with the 2016 value being the second highest. The increase between 2015 and 2016 (5.1%) was in line with the usual level of fluctuation seen in the previous five years, and was lower than the level of growth in the value of goods imports nationally.

Figure 3.12: Value of imports of goods to the Digital Sector (£millions) and percentage contribution to UK total imports of goods: 2010 to 2016



The Digital Sector sub-sector driving the growth in the value of imports of goods was the ‘Manufacturing of electronics and computers’ sub-sector. This sub-sector accounted for more than nine tenths of all Digital Sector goods imports and grew by 5.6% between 2015 and 2016.

The Digital Sector contributed 7.5% of the total value of UK goods imports in 2016, a lower proportion than in 2015 when the figure was 8.1%. The proportion of UK total goods imports contributed by the Digital Sector has fluctuated between 2010 and 2016, and the change between 2015 and 2016 was in line with the usual level of fluctuation.

Gambling

Summary

- The Gambling sector is the DCMS Sector with the lowest values of exports and imports of services.
- These low values, and the fact that the number of enterprises in the sector is relatively small, can cause volatility in the estimates for Gambling, as shown by the large percentage decrease in the value of exports of services in between 2015 and 2016.
- Some of the change in the value of exports may also be due to changes in regulations on where firms must be located in order to operate in the UK, which applied from late 2014.

How is Gambling defined?

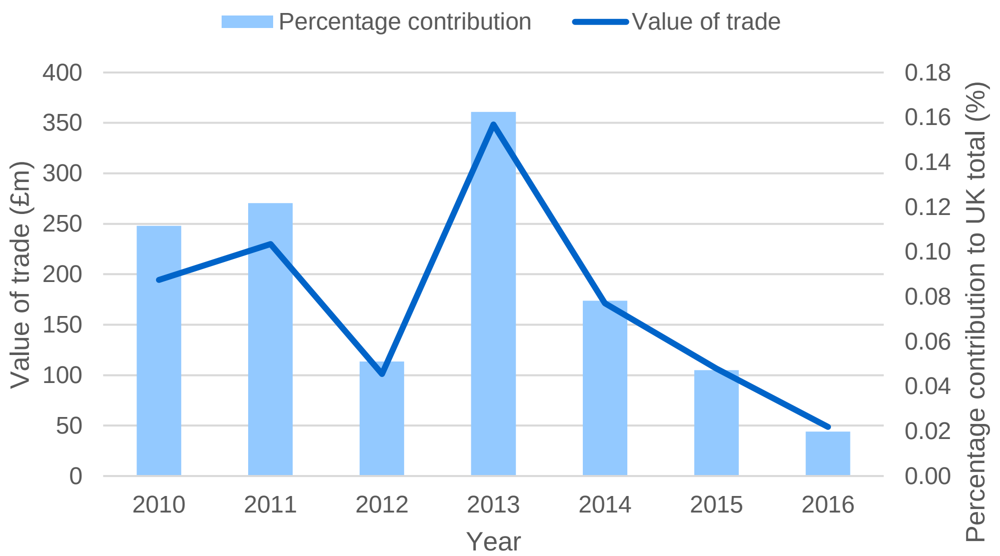
The definition of gambling used in the DCMS Sectors Economic Estimates is consistent with the internationally agreed definition; SIC 92 - Gambling and betting activities.

According to DCMS sector definitions, there are no goods associated with the Gambling sector. Gambling is considered to be a predominantly service-based industry.

Detailed analysis

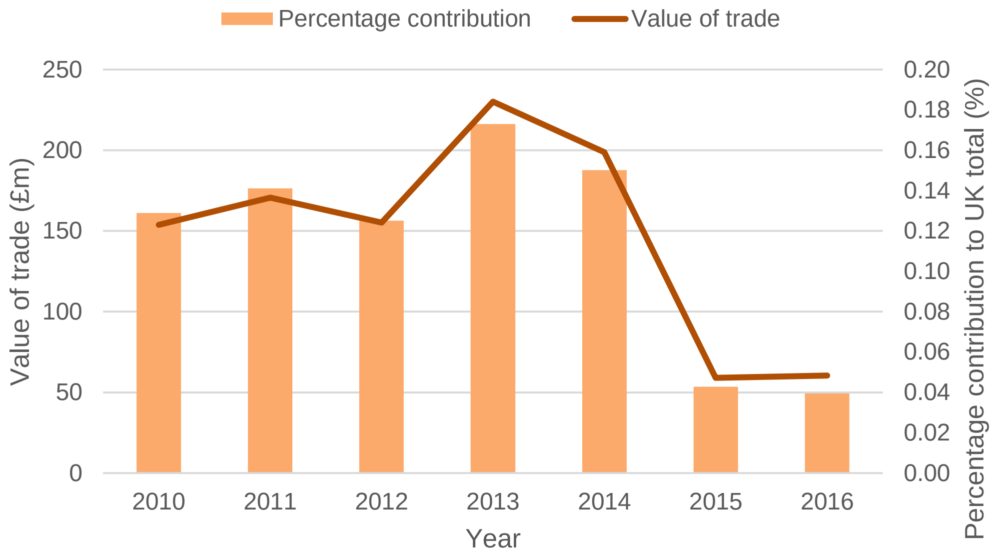
In 2016, the value of services exported by the Gambling sector more than halved (decrease of 54.2%) compared to 2015, to a figure less than £0.1 billion. Though this change may seem extreme, it is in line with the fluctuation seen in the Gambling sector estimates over the previous five years (see Figure 3.13 below).

Figure 3.13: Value of exports of services to the Gambling sector (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



The Gambling sector imported less than £0.1 billion worth of services in 2016. This was an increase of 2.5% from the 2015 figure, which is lower than the usual level of year-on-year change for this sector (refer to Figure 3.14).

Figure 3.14: Value of imports of services to the Gambling sector (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



Sport

Summary

- The value of trade in the Sport sector increased across all of exports and imports of services and exports and imports of goods, with all 2016 estimates, apart from that for imports of goods, being the highest recorded for this sector since 2010.
- Whilst the increases in the value of exported services and imported goods were in line with the usual level of year-on-year change for the Sport sector (as seen over the years 2010-15), the increases in the value of imported services and exported goods stood out as being both above the usual level of year-on-year change and above the rate of growth of the UK total.

How is Sport defined?

For the purposes of this publication the statistical definition of sport has been used, which incorporates only those activities which are predominately sport-related.

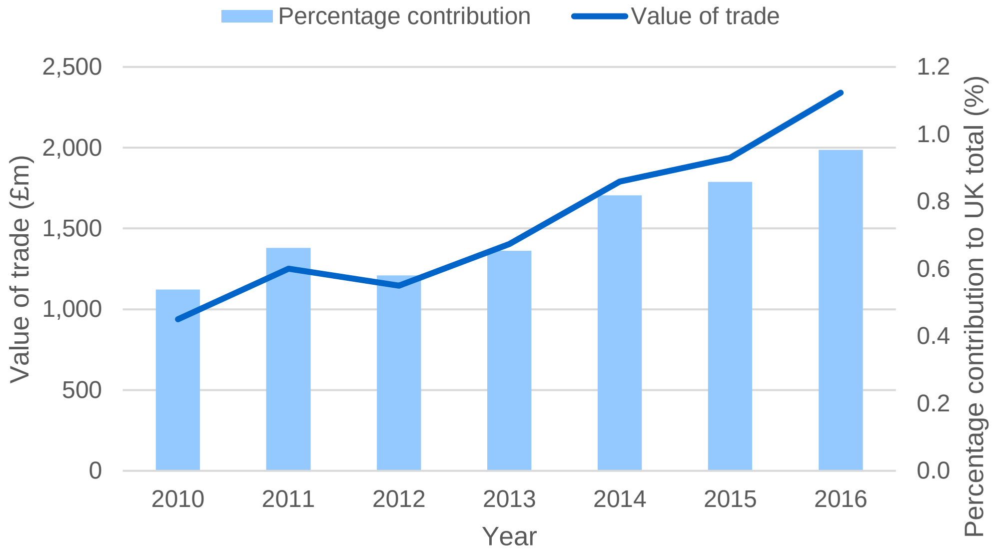
The definition encompasses (among other activities): the manufacture and retail sale of sports goods and other goods relating to physical activities; the renting and leasing of sports and recreational goods; the operation of sports and fitness facilities; and activities of sports clubs.

Detailed analysis

The Sport sector exported £2.3 billion worth of services in 2016, an increase of 20.9% from 2015, and the highest recorded estimate since 2010. This growth continued the upward trend in the value of exports of services by the Sport sector seen since 2012. The growth of the Sport sector was greater than the growth of total UK exports of services as a whole, which increased in value by 8.8% between 2015 and 2016.

The Sport sector accounted for 1.0% of total UK services exports in 2016. The proportion of UK services exports contributed by the Sport sector has showed year-on-year growth since 2012 – see Figure 3.15 below.

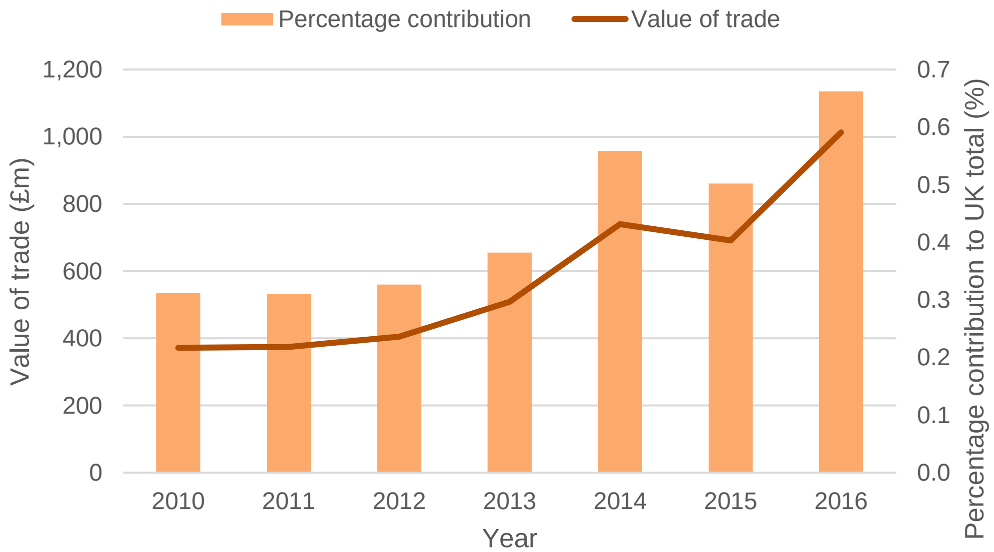
Figure 3.15: Value of exports of services to the Sport sector (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



The proportion of the total UK imports of services accounted for by the Sport sector in 2016 was 0.7%. This represented a value of £1.0 billion worth of services, a 46.5% increase from the value in 2015, and the highest recorded value for the sector since 2010. This change continued the overall upward trend in the value of imports of services by the Sport sector since 2010 and was both beyond the usual range of fluctuation in the Sport sector estimates in the previous five years and greater than the growth at the national level (11.1%)

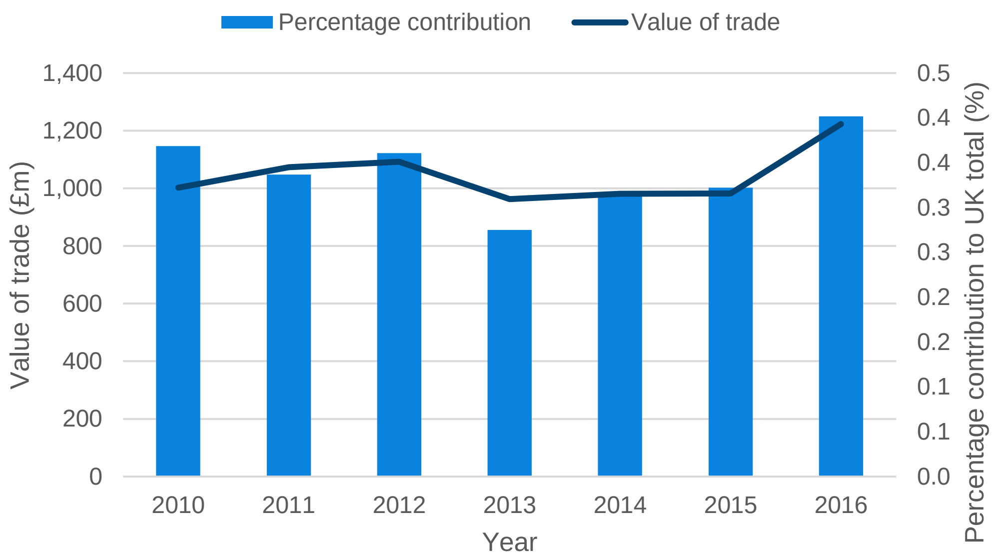
As with exports of services, the contribution of the Sport sector to total UK imports of services has, on the whole, showed growth since 2012 – refer to Figure 3.16.

Figure 3.16: Value of imports of services to the Sport sector (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



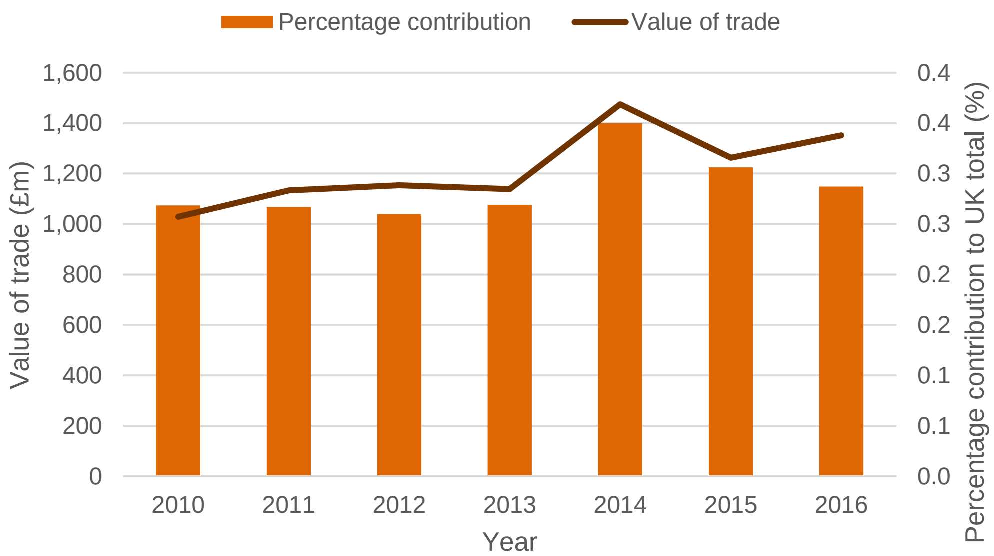
Exports of goods associated with the Sport sector in 2016 amounted to £1.2 billion (an increase of 24.5% since 2015) and contributed 0.4% of UK total goods exports (see Figure 3.17). This increase of 24.5% was a much larger change than usually seen between years (based on the data for years 2010-15) and took the estimate to the highest level since 2010. Meanwhile, the value of goods exports at the national level decreased slightly (down by 0.2%).

Figure 3.17: Value of exports of goods to the Sport sector (£millions) and percentage contribution to UK total exports of goods: 2010 to 2016



Imports of goods associated with the Sport sector in 2016 were valued at £1.4 billion or 0.3% of total UK goods imports. This was a percentage increase of 7.1% from 2015, continuing the general upward trend in the value of Sport sector exports. This increase was lower than the growth in UK goods imports as a whole, which grew by 14.3%. This increase of 14.3% in the UK total was, albeit, an above average level of growth compared to the previous five years from 2010 to 2015.

Figure 3.18: Value of imports of goods to the Sport sector (£millions) and percentage contribution to UK total imports of goods: 2010 to 2016



Telecoms

Summary

- The value of exports of services from the Telecoms sector has increased between 2015 and 2016 in line with what could be expected based on the changes seen over the previous five years (from 2010-15).
- The growth in the value of Telecoms services exports was lower than that seen at a national level.
- There was a slight decrease in the value of imports of services by the Telecoms sector, which was in the usual range of year-on-year change over the previous five years.
- At the same time, there was an increase in total UK imports of services.

How is Telecoms defined?

The definition of telecoms used in the DCMS Sectors Economic Estimates is consistent with the internationally agreed definition; SIC 61 - Telecommunications.

Note that as well as appearing as a sector on its own, Telecoms is also entirely included within the Digital Sector as one of the sub-sectors.

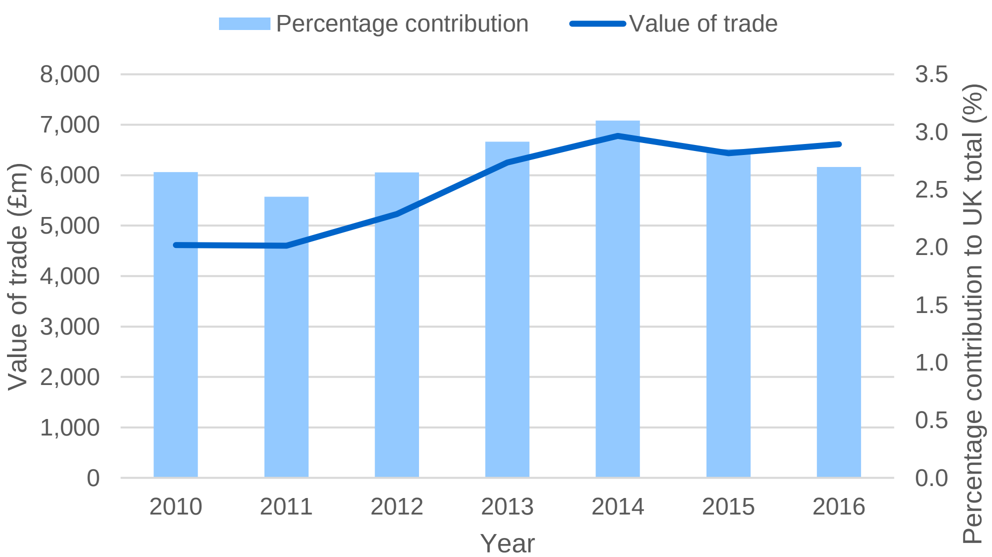
According to DCMS sector definitions, there are no goods associated with the Telecoms sector. Telecoms is considered to be a predominantly service-based industry.

Detailed analysis

In 2016, exports of services by the Telecoms sector amounted to £6.6 billion, an increase of 2.8% from 2015, bringing the value back closer to its peak level (£6.8 billion, in 2014). The growth in the value of exports between 2015 and 2016 was in line with the usual level of fluctuation over the previous five years from 2010 to 2015. The growth of the value of services exports by the Telecoms sector was lower than the growth of total UK services exports on the whole (8.8%) which was, however, an above average level of growth compared to the previous five years from 2010 to 2015.

The Telecoms sector accounted for 2.7% of total UK services exports in 2016. This is similar to the contribution over the previous five years, which has remained fairly stable at around the 2.5 – 3% level (see Figure 3.19 below).

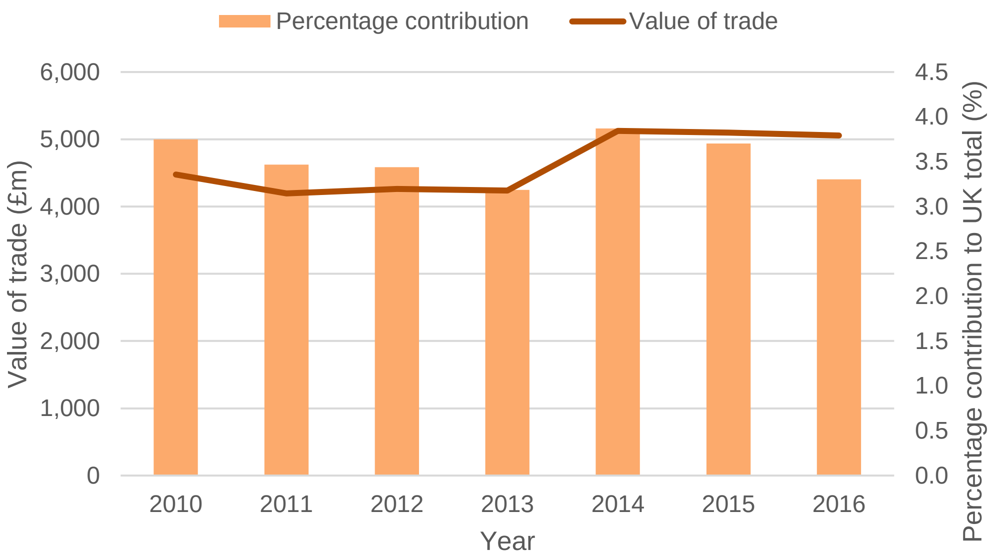
Figure 3.19: Value of exports of services to the Telecoms sector (£millions) and percentage contribution to UK total exports of services: 2010 to 2016



Imports of services by the Telecoms sector in 2016 were valued at £5.0 billion. This was a slight decrease (-0.9%) from 2015. Meanwhile, there was growth in the value of imported services by the UK as a whole (all sectors) (an increase of 11.1% from 2015).

Though the value of exported services by the Telecoms sector was higher than the value of imported services, the sector accounted for a higher proportion of total UK imports of services, at 3.3%. Again, the contribution of the Telecoms sector to total UK services imports has remained quite stable from 2010-2016, fluctuating at around the 3-4% level, as shown by Figure 3.20.

Figure 3.20: Value of imports of services to the Telecoms sector (£millions) and percentage contribution to UK total imports of services: 2010 to 2016



Chapter 4: Contribution of/to countries

This chapter looks at the main destinations and origins of DCMS Sector exports and imports. Readers should bear in mind that we have not produced statistics for all countries so rankings are based on the countries analysed only, which cover: all EU member states individually; Australia; Canada, China, Gulf[8]; India; Japan; New Zealand; South Korea; Switzerland; and USA.

Please note that this chapter does not cover country-level breakdowns for individual DCMS Sectors (excluding Tourism and Civil Society), nor Creative Industries; Digital Sector; and Cultural Sector sub-sectors. Tables detailing the value of trade for individual sectors and sub-sectors with the partner countries listed above have been made available online alongside this report.

Summary
The key partners for DCMS Sectors, of the countries analysed, were (not in any order): USA, Germany, France, Ireland, Netherlands, and Switzerland. China was the top partner, of the countries analysed, for <u>imports</u> of <u>goods</u>, but did not make it into the top five partner countries for exports of services, exports of goods, or imports of services.

The top five partner countries for DCMS Sectors in 2016:

- matched, for the most part, the top five partner countries based on UK total data (for all sectors) in 2016.
- generally showed little movement from the 2015 i.e. for the most part, the countries in the top five were the same as for the previous year.

Top partner countries (of the countries analysed) for DCMS Sectors (excluding Civil Society and Tourism)
The tables below show, for each of the four measures (i.e. exports of services, exports of goods, imports of services and imports of goods) the top five partner countries for DCMS Sectors as a whole (excluding Tourism and Civil Society), and for the corresponding UK totals (all sectors), in 2016. The tables also show these countries' rankings based on DCMS Sector statistics for 2015 for comparison purposes.

DCMS Sector <u>services</u> <u>exports</u> to USA in 2016 amounted to £10.0 billion (21.6% of the DCMS Sectors' world total) making USA the top partner country of the countries analysed. This was followed by Germany in second (£3.8 billion, 8.2%), then Ireland (£3.3 billion, 7.2%), France (£3.1 billion, 6.7%) and Switzerland (£2.4 billion, 5.3%). This broadly followed the pattern in the UK total data (all sectors). There was also little change from data based on DCMS Sectors in 2015, with only a change in the ordering of the ranking of Germany and Ireland.

[8] The Gulf includes Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.

Figure 4.1: Top destinations (of the countries analysed) of exported services from DCMS Sectors (excluding Tourism and Civil Society) and from the UK as a whole: 2016

Country	Country rank (of the countries analysed) based on:		
	DCMS Sectors Total (2016)	UK Total (2016, BOP)[9]	DCMS Sectors Total (2015)
USA	1	1	1
Germany	2	2	3
Ireland	3	6	2
France	4	3	4
Switzerland	5	4	5
(Netherlands)	6	5	6

The top partner (of the countries analysed) for DCMS Sector goods exports was USA. Exports of goods by DCMS Sectors to USA summed to £5.5 billion or 20.3% of the DCMS Sectors' world total exports of goods. The destination to which the second highest proportion of DCMS goods exports were dispatched was Germany (with exports valuing £2.1 billion, accounting for 7.9% of the DCMS Sectors total), followed by Switzerland (£2.0 billion, 7.4%), Gulf (£1.9 billion, 6.9%), and France (£1.8 billion, 6.8%). This pattern is quite similar to the pattern seen on UK totals, with USA, Germany and France coming in the top five, and Switzerland sixth, for total UK goods exports. Again, there was little movement in the top five partner countries (of the countries analysed) for DCMS Sectors between 2015 and 2016, with only Switzerland and Germany; and France and Ireland swapping places in the ranking.

There is not a direct estimate for Gulf in the UK total data (all sectors) as this is a composite made up of estimates for Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and UAE. However, UAE ranks twelfth based on the total UK goods exports figures, indicating that if there was an estimate for Gulf, this may be quite high up on the ranking.

Figure 4.2: Top destinations (of the countries analysed) of exported goods from DCMS Sectors (excluding Tourism and Civil Society) and from the UK as a whole: 2016

Country	Country rank (of the countries analysed) based on:		
	DCMS Sectors Total (2016)	UK Total (2016, OTS)[10]	DCMS Sectors Total (2015)
USA	1	1	1
Germany	2	2	3
Switzerland	3	6	2
Gulf[11]	4	N/A	4
France	5	3	6
(Ireland)	6	5	5
(Netherlands)	7	4	7

Looking at imports of services and imports of goods, there tends to be slightly more dissimilarity between the rankings of top partner countries based on estimates for DCMS Sectors versus those based on UK total data for all sectors.

[9] Data taken from table 9.13 of ONS Balance of Payments, Pink Book, 2017.
[10] Data taken from table 'Top 20 Exports', Overseas Trade Statistics, Annual Trade.
[11] The Gulf includes Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.

For imports of services, USA was the number one trade partner (of the countries analysed) based on both UK total data (all sectors) and data from DCMS Sectors. DCMS Sectors imported £6.0 billion worth of services from USA in 2016, amounting to 23.2% of UK total imports of services.

Based on UK totals the second most important trade partner (of the countries analysed) was Spain, which appeared as far down as tenth in the rankings based on DCMS Sectors. The high value of total UK (all sectors) services imports from Spain may have been driven by imports by the travel and transportation sectors. Imports of travel and transportation service products from Spain accounted for 19.7% and 10.1% (respectively) of all UK imports of these service types in 2016[12].

Meanwhile, the trade partner ranking second (of the countries analysed) for DCMS Sectors was Ireland, with £2.2 billion of imports originating there (8.3% of the UK total). Ireland came fifth in the rankings based on UK total data (all sectors).

There was change between in the rankings based on DCMS Sectors data between 2015 and 2016. The top three partner countries match between 2015 and 2016. Beyond that, France and Netherlands moved up from sixth and seventh place (respectively) in 2015 to overtake Switzerland and Luxembourg to reach fourth and fifth place (respectively) in 2016.

Figure 4.3: Top origins (of the countries analysed) of services imported by DCMS Sectors (excluding Tourism and Civil Society) and by the UK as a whole: 2016

Country	Country rank (of the countries analysed) based on:		
	DCMS Sectors Total (2016)	UK Total (2016, BOP)[13]	DCMS Sectors Total (2015)
USA	1	1	1
Ireland	2	5	2
Germany	3	4	3
France	4	3	6
Netherlands	5	6	7
(Spain)	10	2	9

The picture was also complicated for imports of goods data, with not even the top trade partner (of the countries analysed) matching between rankings based on DCMS Sectors and rankings based on UK total data (all sectors). The top trade partner across all sectors nationally in 2016 was Germany, whilst for DCMS Sectors it was China, with £9.3 billion worth of DCMS Sector imports (21.0% of DCMS Sector imports worldwide) originating there. China came third in the rankings of partner countries based on UK totals. This difference is likely driven by the extent to which Digital Sector goods are imported from China, with almost a quarter (24.3%) of all Digital Sector goods imported from China in 2016.

Netherlands were also an important partner, coming second in the rankings based on DCMS Sectors and fourth in the UK total data (all sectors). Meanwhile, USA came third in rankings based on DCMS Sectors and second on rankings based on UK total goods imports. Ireland

[12] Data taken from table '2016' of ONS Balance of Payments, Trade in services, Exports and Imports, by type of service 2014 to 2016.
[13] Data taken from table 9.13 of ONS Balance of Payments, Pink Book, 2017.

ranked eleventh as a partner country based on UK totals, but fifth on DCMS Sectors data, accounting for 4.6% (£2.1 billion worth) of DCMS Sector goods imports worldwide.

There was little change to the top partner countries for DCMS Sectors between 2015 and 2016, with only USA and Netherlands; and Ireland and France swapping places with one another in the rankings.

Figure 4.4: Top origins (of the countries analysed) of goods imported by DCMS Sectors (excluding Tourism and Civil Society) and by the UK as a whole: 2016

Country	Country rank (of the countries analysed) based on:		
	DCMS Sectors Total (2016)	UK Total (2016 data from OTS)[14]	DCMS Sectors Total (2015)
China	1	3	1
Netherlands	2	4	3
USA	3	2	2
Germany	4	1	4
Ireland	5	11	6
(France)	6	5	5

Trade with EU and non-EU for DCMS Sectors (excluding Civil Society and Tourism)

In 2016, trade with the EU by DCMS Sectors (excluding Civil Society and Tourism), accounted for over two fifths of UK's trade in services and trade in goods, and that applies across exports and imports.

- DCMS Sectors exported £20.8 billion worth of services to the EU, accounting for 44.9% of the DCMS Sectors services exports total.
- This was a much higher figure, in terms of both value and proportion, than for exports of goods by DCMS Sectors to EU which amounted to £10.9 billion (40.1% of the DCMS Sectors goods exports total).
- Imports of services by DCMS Sectors to the EU were valued at £12.5 billion, 48.0% of all DCMS Sectors services imports.
- By comparison, DCMS Sectors imported £19.5 billion worth of goods from the EU, or 43.8% of DCMS Sectors' world total goods imports.
- This pattern of results is similar to that seen on the 2015 data.

[14] Data taken from table 'Top 20 Imports', Overseas Trade Statistics, Annual Trade.

Chapter 5: Next Steps

DCMS have developed a suite of economic estimates which help support policy and understand the economic impact our sectors have on the UK economy. The trade estimates in the release are expected to be used by customers both within and outside the government. In combination with other economic indicators, trade estimates help build a comprehensive picture of the UK economy.

The next publication of DCMS Sectors Economic Estimates will be in July 2018 and will cover employment in DCMS Sectors. The date will be announced via the DCMS statistical release calendar nearer the time.

Views on this publication are welcomed from users. **Responses should be provided to evidence@culture.gov.uk by Friday 28 September 2018.**

Annex A: Definitions and Limitations

This annex outlines the limitations of the data used within DCMS Sectors Economic Estimates: Trade. Further information is available in the methodology note.

The estimates set out in this report are robust but there are some limitations which users should be aware of:

Tourism - Unlike other sectors, Tourism is defined by the characteristics of the consumer in terms of whether they are a tourist or resident, rather than by the goods and services produced themselves. Exports and imports for tourism are taken from estimates of spend by overseas residents in the UK and spend by UK residents abroad, respectively. This data is taken, in turn, from the Office for National Statistics (ONS) International Passenger Survey (IPS), in which there is no distinction between spend on goods and services. We therefore provide separate estimates of **trade in goods and services combined** for Tourism. These will be published once the final IPS data for the calendar year 2017 are available.

Sport - For the purposes of this publication the statistical definition of sport has been used. This incorporates only those 4 digit Standard Industrial Classification (SIC) codes which are predominately sport (see methodology note Table 2.1). DCMS also publishes estimates of sport based on the EU agreed Vilnius definition. The Vilnius definition is a more comprehensive measure of sport which considers the contribution of sport across a range of industries, for example sport advertising, and sport related construction. The DCMS Sport Satellite Account is currently being developed and therefore has not been used in these estimates.

Operation of historical sites and similar visitor attractions – It is recognised that, due to the limitations associated with SIC codes, the SIC code used as a proxy for the Heritage sector (91.03 - Operation of historical sites and building and similar visitor attractions) is likely to be an underestimate of this sector's value. As such, we have altered the name of the Heritage sector to 'Operation for historical sites and similar visitor attractions' to reflect this.

Exports and imports of goods – Estimates for exports and imports of goods were published in this release for the first time last year. The estimates are based on data from HMRC's Overseas Trade Statistics, in which entries are listed in Combined Nomenclature 2008 (CN08) format, which is based on the Harmonised System (HS) of tariff nomenclature. This is an internationally standardised system of coding for classifying goods for trade. DCMS Sectors are defined at the 4 digit SIC code level, and therefore a conversion tool from SIC to the CN08 codes was used to find the best match. In response to consultation feedback since the last publication, the CN08 codes associated with the Crafts sub-sector have been revised. This change affects the codes included in the Creative Industries, Cultural Sector and DCMS Sectors total, and the time series have been revised accordingly.

Trade in goods and trade in services – Estimates are provided for both trade in goods and trade in services. These are based on different data sources, and as a result have been presented as two separate figures. Data on trade in goods are collected from HMRC's Intrastat survey and Customs import and export entries, which record the movement (for trade purposes) of goods across international borders. As such, the data are gathered under the cross-border principle of trade. Meanwhile, DCMS estimates of trade in services are based on data from the ONS International Trade in Services (ITIS) dataset. These data are collected via survey and are gathered under the change of ownership principle of trade. To reflect these differences, between the two data sources, the trade in services and trade in goods data are presented separately and caution is advised when adding the two sources together.

Office for Civil Society - For the purpose of this release, there are no reported exports or imports for this sector.

Estimates – The trade figures published in this report represent best estimates of trade in DCMS Sectors. Whilst they are based on robust Official Statistics data sources, they are gathered by means of surveys and therefore are vulnerable to the inherent issues associated with observing a sample of the population rather than the whole population. The estimates are therefore our best estimates of trade and will have an associated margin of error surrounding them.

More details of limitations are available in the methodology note.

Annex B: Further information

1. The next update to these statistics will be published in June 2019.

2. The responsible statistician for this release is Emily Pycroft. For enquiries on this release, please contact Emily on 0207 211 6872 or evidence@culture.gov.uk.

3. For general enquiries contact:
   Department for Digital, Culture, Media and Sport
   100 Parliament Street
   London
   SW1A 2BQ
   Telephone: 020 7211 6000

4. DCMS statisticians can be followed on Twitter via @DCMSInsight.

5. The Economic Estimates of DCMS Sectors release is an Official Statistics publication and has been produced to the standards set out in the Code of Practice for Statistics. For more information, see https://www.statisticsauthority.gov.uk/code-of-practice/. Details of the pre-release access arrangements for this dataset have been published alongside this release.

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