

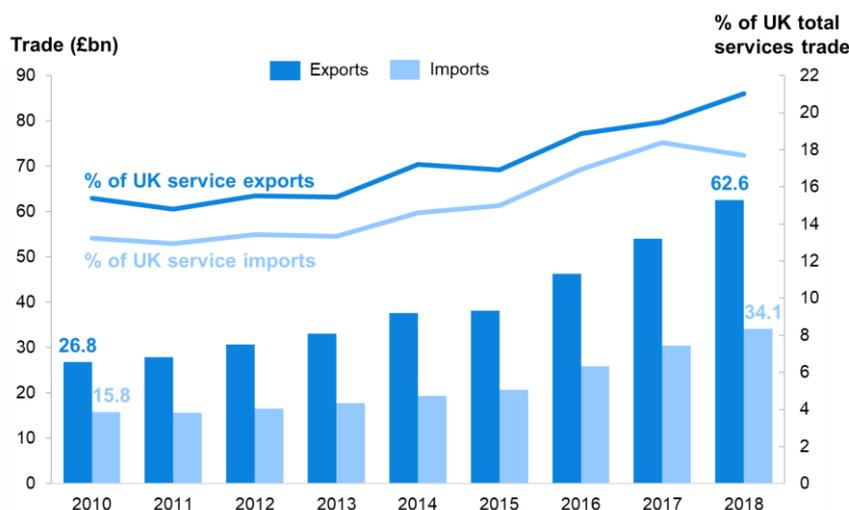


# DCMS Sectors Economic Estimates 2018: Trade in Services

Trade in DCMS Sector (excl. Tourism and Civil Society) services in 2018, in current prices, was:

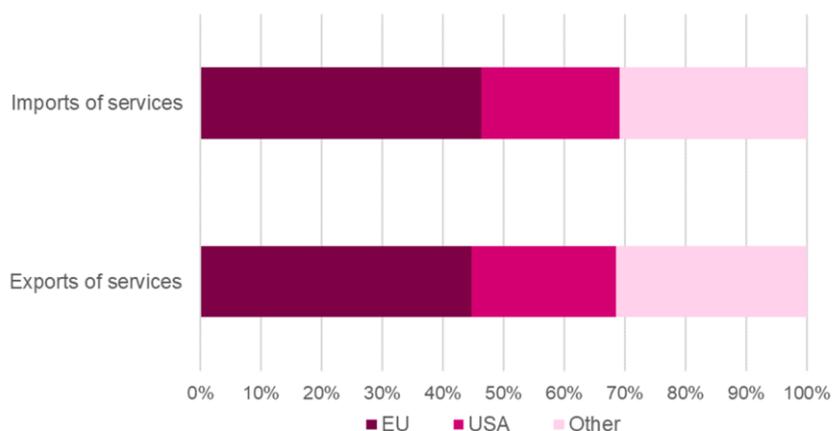
- £34.1 billion of **services imports**, 17.7% of all UK service imports
- £62.6 billion of **services exports**, 21.0% of all UK service exports

## Exports and imports of DCMS Sector\* services from 2010 to 2018: Total DCMS Sector trade and % of UK Total Services trade



\*=excluding Tourism and Civil Society

## Percentage of total DCMS Sector\* services trade with the European Union, the United States and other: 2018



\*=excluding Tourism and Civil Society.

This release provides estimates of exports and imports of services by DCMS Sectors (excluding Tourism and Civil Society). The DCMS sectors covered in this report are:

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

This release **only covers trade in services**, and aims to provide a timely summary of the key findings for 2018, the latest year for which data are available. More information on trade in services, as well as estimates for trade in goods and for trade in the Tourism sector, will be provided later in 2020.

Other economic measures, such as GVA, employment, and business demographics are available in separate publications. This series of releases enables stakeholders to evaluate the economic contribution of DCMS sectors, and to understand how current and future policy interventions can be most effective.

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# Chapter 1: Introduction

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## Code of Practice for Statistics

DCMS Sector Economic Estimates 2018: Trade in Services is an official statistic and has been produced to the standards set out in the Code of Practice for Statistics.

In June 2019, the DCMS Sector Economic Estimates were badged as National Statistics. This affirms that the statistics have met the requirements of the Code of Practice for Statistics. The DCMS Sector Economic Estimates for Trade presented in this report remain official statistics as the underlying statistics, produced by the ONS, are not designated as National Statistics.

## Background

Released: February 2020

Geographic Coverage: United Kingdom

This release provides estimates of **exports and imports of services** by businesses in DCMS Sectors<sup>1</sup> (excluding Tourism and Civil Society<sup>2</sup>) in current prices. Any changes between years may reflect changes in the absolute value of the £ (affected by the domestic rate of inflation and by exchange rates), as well as changes in actual trade volume. These statistics are further broken down by selected countries, regions and continents.

The latest year for which these estimates are available is 2018. Estimates of trade in services have been constructed from ONS official statistics using international classifications (Standard Industrial Classification (SIC) codes). For further information see Annex A and the quality assurance (QA) document accompanying this report.

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<sup>3</sup>.
  - Subject to limitations of the underlying classifications and the extent to which they reflect 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,

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<sup>1</sup> A definition for each sector is available in the associated [methodology note](#), along with details of methods and data limitations.

<sup>2</sup> Further information on the availability of estimates of trade for tourism and civil society sectors is provided in Annex A.

<sup>3</sup> As mentioned, however, changes over time may reflect changes in the rate of inflation, and in the exchange rate, as well as changes in volumes traded.

such as digital trades, are therefore hard to capture and may not be fully reflected in the statistics.

- Represent best estimates of trade by DCMS Sectors. This means:
  - The statistics are best estimates based on the principles of international and year-on-year comparability as described above.
  - The statistics are based on survey data and, as with all data from surveys, there will be an associated margin of error<sup>4</sup>.
  - 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.

### **Focus on services**

We have improved the timeliness of our access to trade in services data and are publishing these statistics six months earlier than previously.

Publication of the trade in goods data, along with more information on the trade in services, will follow in the usual summer release. The release will include a series of improvements to our trade in goods estimates, which are currently being implemented.

### **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 that there is a connection between imports and well-being (imports affect the variety and prices of products and services available to consumers and thereby their living standards).

### **Understanding DCMS sector overlaps**

For each DCMS Sector, definitions were developed individually based on internal, UK or international best practice/standards for that sector. With the exception of Civil Society, all these definitions are based on the Standard Industrial Classification 2007 (SIC) codes. Therefore, bringing the sectors together creates overlap between them. This means that, for our Economic Estimates, adding the individual sectors gives a total value greater than the DCMS sector total. More information can be found in chapter two of the [Methodology document](#) accompanying this series.

### **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](mailto:evidence@culture.gov.uk).

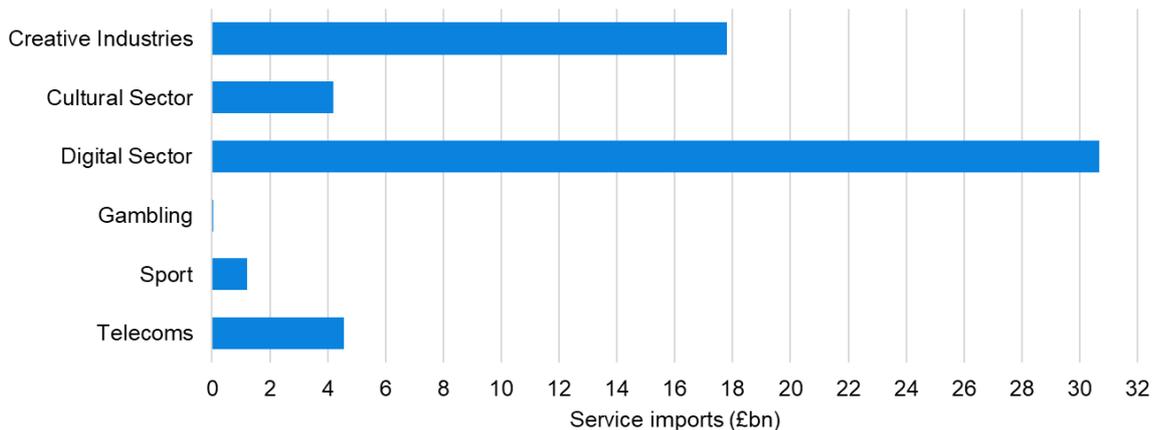
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<sup>4</sup> Sampling error is the error caused by observing a sample (as in a survey) instead of the whole population (as in a census). While each sample is designed to produce the "best" estimate of the true population value, a number of equal-sized samples covering the population would generally produce varying population estimates.

## Chapter 2: Imports of Services

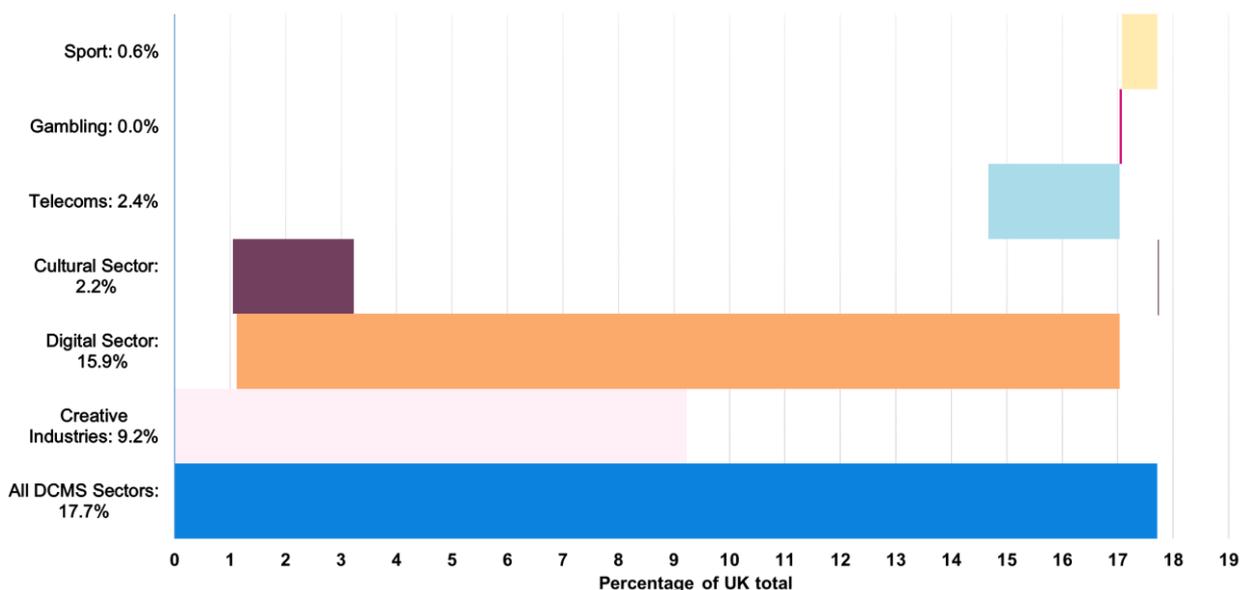
This chapter summarises the key facts and trends for the imports of services by DCMS Sectors (excl. Tourism and Civil Society).

**Figure 2.1: Imports of services (£bn) by DCMS sector: 2018**



The Digital Sector (£30.7bn) and the Creative Industries (CI) (£17.8bn) imported the most services in 2018. Please note that these sectors contain some of the same SIC codes: £15.6bn of services imports are made by industries that are classified as both Creative Industries and Digital Sector industries. The overlaps between DCMS sectors more widely are illustrated in more detail in Figure 2.2 below.

**Figure 2.2: Imports of services by DCMS Sectors (excluding Tourism and Civil Society) as a percentage of total UK services imports (% to 1dp): 2018<sup>5</sup>**



NB: The Gambling sector imported £59.7m of services (0.03% of UK total) in 2018.

<sup>5</sup> Trade for the Culture Sector comes almost entirely in industries which overlap with both Creative Industries and the Digital Sector, or with the Creative Industries only. However, a very small proportion of trade is carried out by Culture Sector industries that do not overlap with either, and these are shown on the right-hand side of Figure 2.2.

In particular, the Digital sub-sector ‘Computer programming, consultancy and related services’ is the biggest importer of services (£15.8bn) within the Digital Sector. Half of the SIC codes within this sub-sector are also within the highest-importing Creative Industries sub-sector – ‘IT, software and computer services’ - which imports £11.2bn of services. This suggests that the computer programming and computer consultancy industries, common to both sub-sectors, are partly driving the high services imports values observed for both sectors.

### Trade with individual countries and with the European Union

The five countries that the UK’s DCMS Sectors has imported the most services from by value, plus the European Union (EU), are shown in Figure 2.3 below. In all cases, the Digital Sector was the biggest importer of services, within the DCMS sectors.

DCMS Sector businesses imported £7.8bn of services from the USA (22.7% of total services imports by the DCMS Sectors); £3.9bn from Ireland (11.2%); and £2.2bn from Switzerland (6.5%). Since the 2016 statistics, the USA and Ireland have consistently featured as the two countries that the UK’s DCMS Sector businesses have imported the largest amount of services from (by value). Germany and France have also consistently featured among the five largest source countries for DCMS Sector service imports. Switzerland is a new entry for this year but is typically a strong trading partner for the DCMS Sector businesses.

DCMS Sector businesses imported £15.8 billion of services from other EU member states in 2018, 46.4% of all services (by value) imported by businesses in the DCMS Sectors.

**Figure 2.3: Five largest partner countries for the imports of services: total imports, largest sectors and sub-sectors (2018)**

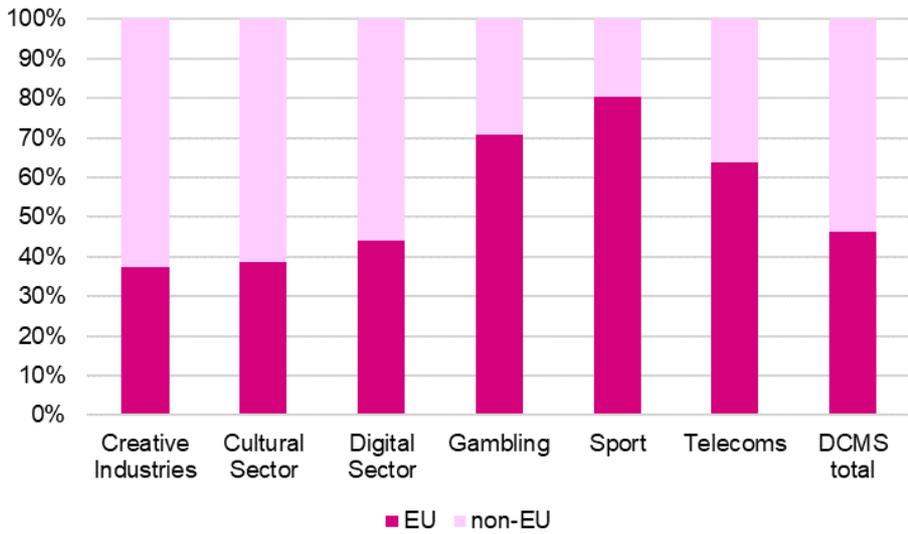
Country/Partner	Imports (£bn)	Largest Sector (Imports £bn)	Largest subsector(s) (Imports £bn)	Second largest sector (Imports £bn)
 USA	7.8	Digital Sector (7.2)	<b>DS:</b> Computer programming, consultancy and related activities (4.1)	Creative Industries (5.6)
 Ireland	3.9	Digital Sector (3.1)	<b>DS:</b> Computer programming, consultancy and related activities (2.3)	Creative Industries (1.4)
 Switzerland	2.2	Digital Sector (2.2)	<b>DS:</b> Computer programming, consultancy and related activities (0.6)	Creative Industries (0.7)
 France	2.1	Digital Sector (1.8)	<b>DS:</b> Computer programming, consultancy and related activities (0.8)	Creative Industries (1.1)
 Germany	2.1	Digital Sector (1.8)	<b>DS:</b> Computer programming, consultancy and related activities (0.8)	Creative Industries (0.7)
 European Union	15.8	Digital Sector (13.5)	<b>DS:</b> Computer programming, consultancy and related activities (6.3)	Creative Industries (6.6)

**Note:** Computer programming, consultancy and related is part of the Digital Sector (DS)

Figure 2.4 looks at the imports of services from the European Union (EU) member states, broken down by DCMS sector. It shows the variability across sectors, ranging from the Sport

sector, where 80.4% of service imports came from the European Union in 2018; to Creative Industries, where 37.3% of service imports came from the EU in 2018, the smallest proportion among DCMS sectors.

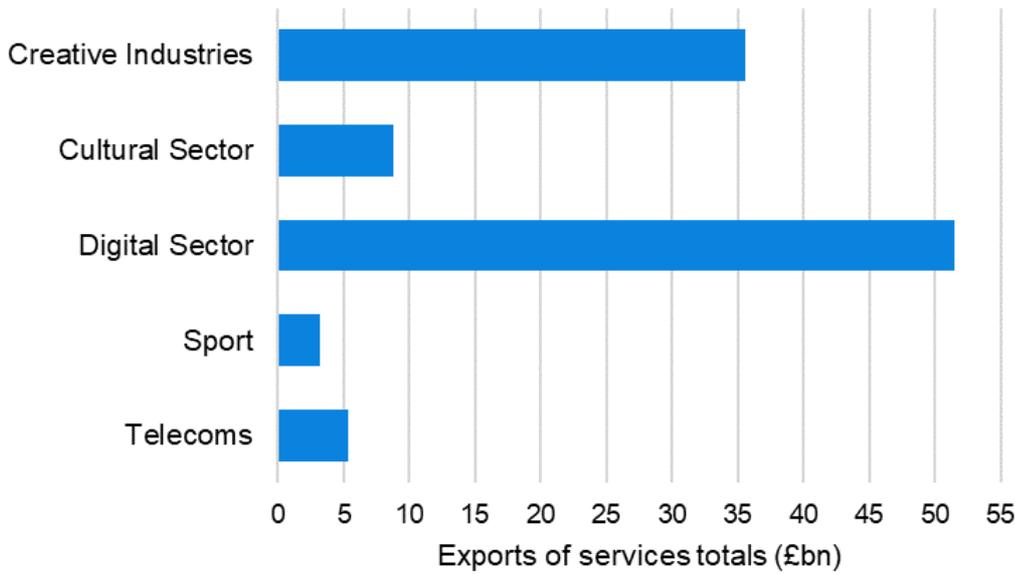
**Figure 2.4 Percentage (%) of DCMS Sector (excluding Tourism & Civil Society) services imports from EU member states: 2018**



## Chapter 3: Exports of Services

This chapter summarises the key facts and trends for the exports of services by DCMS Sectors (excl. Tourism and Civil Society). Please note that the Gambling sector does not feature in this section as the aggregated exports of services data for Gambling failed disclosure checks. These are tests that we apply to the data to make sure that respondents to the survey cannot be identified from the results.

**Figure 3.1: Exports of services (£bn) by DCMS sector: 2018**



Businesses in the Digital Sector (£51.4bn) and the Creative Industries (£35.6bn) exported the most services of DCMS sectors in 2018. The main exporting sub-sectors in these two sectors contain many of the same SIC codes, and there is a large overlap.

As with the imports of services, businesses in the Digital sub-sector 'Computer programming, consultancy and related services' exports the most services (£24.9bn) within the Digital Sector. Half of the SIC codes within this sub-sector are also within the highest-exporting Creative Industries sub-sector – 'IT, software and computer services' - which exports £18.8bn of services. This suggests that the computer programming and computer consultancy industries, common to both sub-sectors, are in part driving the performance in services exports observed for both sectors.

### Trade with individual countries and with the European Union

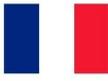
The five countries that the UK's DCMS Sectors has exported the most services from by value, plus the European Union (EU), are shown in Figure 3.2 below. In all cases, the Digital Sector was the biggest importer of services, within the DCMS sectors.

DCMS Sector businesses exported £14.9bn of services to the USA (23.8% of total services exported by the DCMS Sectors, by value); £4.8bn of services to Ireland (7.7%); and £4.1bn of services to Germany (6.5%). Since the 2016 statistics, the USA, Ireland and Germany have consistently featured as the three countries that DCMS Sector businesses have exported the largest amount of services to (by value), with Ireland overtaking Germany this year. France has also consistently featured among the five largest export destination countries for DCMS Sector service exports. Switzerland is a re-entry among the five largest export destinations for

this year, having also been in the list in 2016, and is also typically a strong trading partner for exports of services for the DCMS Sectors.

DCMS Sectors exported £28.0bn to the European Union as a whole, 44.7% of all services exported by DCMS Sectors.

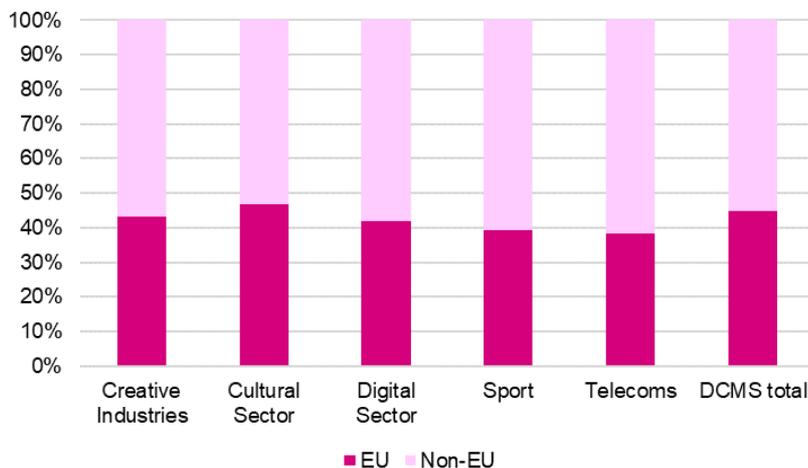
**Figure 3.2 Five largest partner countries for the export of services: total exports, largest sectors and sub-sectors (2018)**

Country/Partner	Exports (£bn)	Largest Sector (Exports £bn)	Largest subsector(s) (Exports £bn)	Second largest sector (Exports £bn)
 USA	14.9	Digital Sector (13.1)	<b>DS:</b> Computer programming, consultancy and related activities (7.4)	Creative Industries (9.9)
 Ireland	4.8	Digital Sector (4.1)	<b>DS:</b> Computer programming, consultancy and related activities (1.7)	Creative Industries (2.2)
 Germany	4.1	Digital Sector (3.5)	<b>DS:</b> Computer programming, consultancy and related activities (1.6)	Creative Industries (2.2)
 Switzerland	3.5	Digital Sector (2.9)	<b>DS:</b> Computer programming, consultancy and related activities (1.1)	Creative Industries (1.4)
 France	3.3	Digital Sector (2.7)	<b>DS:</b> Computer programming, consultancy and related activities (1.5)	Creative Industries (1.8)
 European Union	28.0	Digital Sector (21.6)	<b>DS:</b> Computer programming, consultancy and related activities (9.7)	Creative Industries (15.4)

**Note:** Computer programming, consultancy and related is part of the Digital Sector (DS)

Figure 3.3 illustrates the exports of services to the European Union (EU) member states, broken down by individual DCMS sectors. There is less variation in the share of trade than for imports, ranging from the Culture Sector, where 46.9% of service exports were to the European Union in 2018, to the Telecoms sector, where 38.4% of services exports were to the EU in 2018, the smallest proportion among DCMS sectors.

**Figure 3.3: Percentage (%) of services exports going to EU member states vs non-EU countries, by sector: 2018**



## Chapter 4: Next Steps

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DCMS has developed a suite of economic estimates which help us 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 publications in the DCMS Sectors Economic Estimates series will be later in 2020 and will include estimates for Employment and estimates for Trade in Goods, both of which are expected in summer 2020. The finalised dates 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](mailto:evidence@culture.gov.uk).**

## Annex A: Definitions and Limitations

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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 of which users should be aware:

**Trade in services data:** The 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. [The dataset](#) does not provide full coverage of the economy and excluded sectors include: travel and transport; banking and other financial institutions; higher education; and most activities in the legal professions.

**Comparison to trade in goods –** Estimates for trade in goods estimates are not comparable to estimates of trade in services as the two are based on different data sources. 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.

**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 \(SSA\)](#), which uses the more comprehensive Vilnius definition has not been included in these estimates. The SSA is based on domestic production and consumption, which is likely to differ from the imports/exports market. As a result, we cannot apply the SSA results to the Trade estimates. However, SSA estimates have been included in DCMS' Gross Value Added (GVA) estimates, published on 5 February 2020.

**Operation of historical sites and similar visitor attractions –** It is recognised that, due to the limitations associated with SIC codes, the SIC code used in past publications 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. We have changed the name of the Heritage sector to 'Operation for historical sites and similar visitor attractions' to reflect this.

**Tourism –** estimates of trade in the tourism sector are based on the International Passenger Survey (IPS), which asks tourists to estimate how much they spent on both goods and services on their visits. The 2018 estimates of trade in tourism are available from [DCMS's 2019 statistical release on trade](#). Estimates for 2019 will be available following the publication of Travel Trends: 2019. This is expected in summer 2020.

**Office for Civil Society** - estimates of trade for this sector are not available as there are no formally recognised measures of imports or exports for this sector from the data sources currently available.

**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 figures are therefore our best estimates of trade but have a margin of error.

More details of limitations are available in the [methodology note](#).

## Annex B: Further information

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1. The next update to these statistics will be published in summer 2020.
2. The responsible statistician for this release is Rishi Vaidya. For enquiries on this release, please contact Rishi on 0207 211 2320 or [evidence@culture.gov.uk](mailto:evidence@culture.gov.uk).
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4. DCMS statisticians can be followed on Twitter via [@DCMSInsight](https://twitter.com/DCMSInsight).
5. The DCMS Sectors Economic Estimates: Trade 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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