



Argyll & the Islands Global connections survey 2002

Introduction

This economic factsheet provides manufacturing and exports results for Argyll & the Islands from the Scottish Global Connections Survey (2002). The survey is the first in a new series being conducted by the Scottish Executive. It provides detailed information for the first time on the value and destination of exports at LEC level and by sector. It was carried out in summer 2003 in order to provide information on the value and destination of exports in 2002. Highlights from the survey are given below, followed by a more in-depth analysis of the results. References to specific companies have been derived from local experts and are not taken from the survey data, which is treated as commercial and in confidence.

Key export facts

- Total export value from Argyll & the Islands was £84 million, some 8% of total export value from the HIE area (£1,034 million).
- The food & drink manufacturing sector accounted for 30% of total export value (£25 million).
- Primary and service sector exports accounted for a larger proportion of total export value (25% and 37% respectively), compared to the HIE area (6% and 24% respectively).
- Exports from small companies accounted for a larger proportion of total export value (29%), compared to the HIE area (21%).
- The top 5 exporting destinations by value were; Germany, Spain, the USA, France and other Middle East.
- The majority of the value of primary and service sector exports was destined for the EU (£16 million and £19 million respectively), whereas the majority of the value of production & construction exports was destined for outside the EU (£18 million).

Export value by sector

Table 1 shows the top 5 exporting sectors in Argyll & the Islands by export value.

Table 1 – Export value by sector, 2002

Top 5 exporting sectors		Export value (£ million)
1	Manufacture of food & drink	25
2	Fishing, fish farming & incidental services	21*
5	Mining & quarrying	
3	Hotels & restaurants	8
4	Wholesale trade & commission trade	5

* Values grouped to avoid disclosure of information commercial in confidence.

Table 1 highlights the importance of the food & drink manufacturing industry to Argyll & the Islands, which accounted for £25 million of export value. This is influenced by the large value of whisky exports from the area. A substantial cluster of distilleries is located on Islay along with a variety of distilleries located throughout the rest of Argyll & the Islands. Some of the larger distilleries include Bowmore, Lagavulin, Ardbeg and Laphroaig. Fish and processed fish products also contribute to export value from the area, with a number of large companies operating in the area, in addition to several smaller companies. The importance of tourism related industries in the area is reflected in the export value attributed to hotels & restaurants (£8 million). The large majority of hotels & restaurants in the area are small independent companies, although some larger chains exist.

Export value by broad industrial sector

Figure 1 shows the percentage of export value from Argyll & the Islands by broad industrial sector, compared to the Highlands & Islands.

Figure 1 – Export value by broad industry sector, 2002

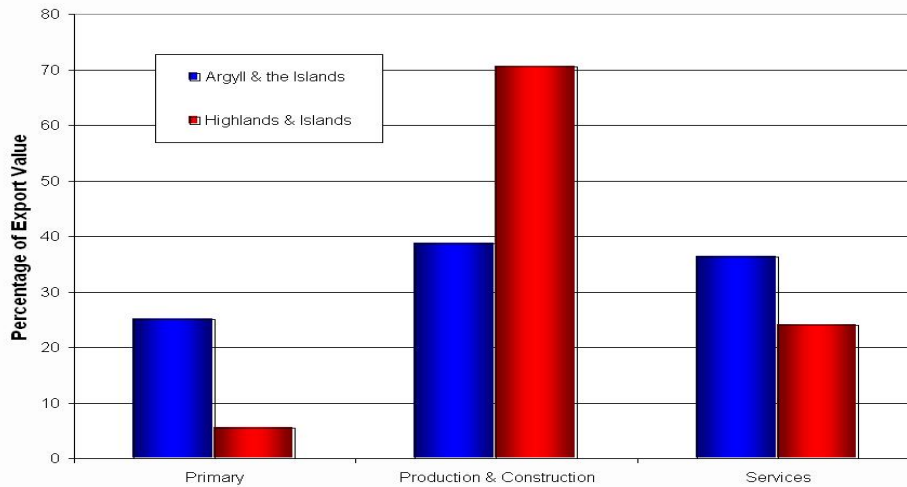


Figure 1 illustrates that the production and construction sector was responsible for 39% of export value from Argyll & the Islands (£33 million), yet this was a smaller percentage than export value in this sector from the overall HIE area (71%). The value of exports from this sector is influenced by the food & drink manufacturing base in the area, particularly whisky production. The percentage of export value from the primary sector (25%) and service sector (37%) was larger than in the overall HIE area (6% and 24% respectively). This illustrates the relatively high contribution of fishing and tourism related industries to the area.

Figure 2 – Broad industry sector export value by destination, 2002

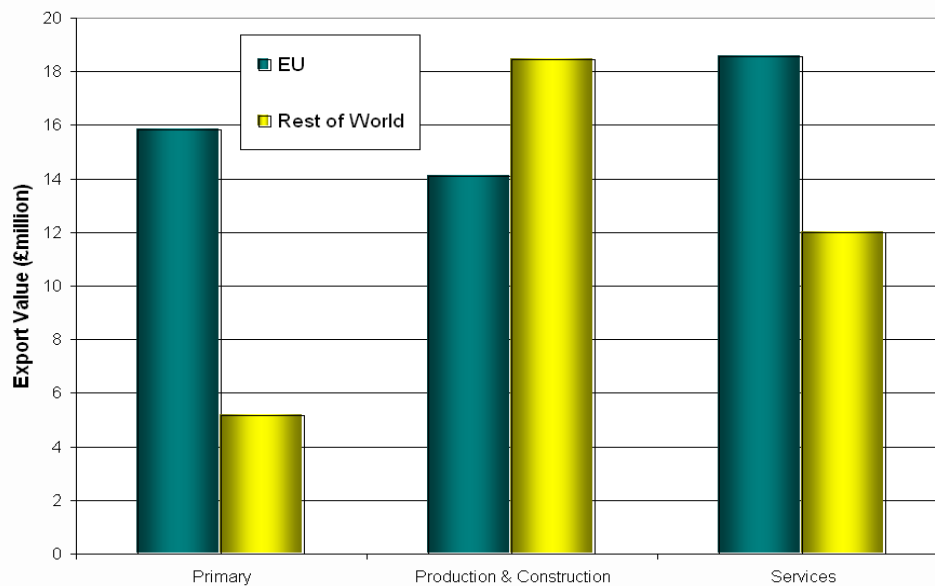


Figure 2 shows that the majority of the value of primary sector exports (£16 million) and service exports (£19 million) was destined for the EU. In contrast, the majority of the value of production & construction exports (£18 million) was destined for outside the EU. This is influenced by the strong demand for whisky outside the EU.

Export value by company size

Figure 3 highlights the percentage of total export value from Argyll & the Islands by company size, compared to the Highlands & Islands.

Figure 3 – Export value by company size, 2002

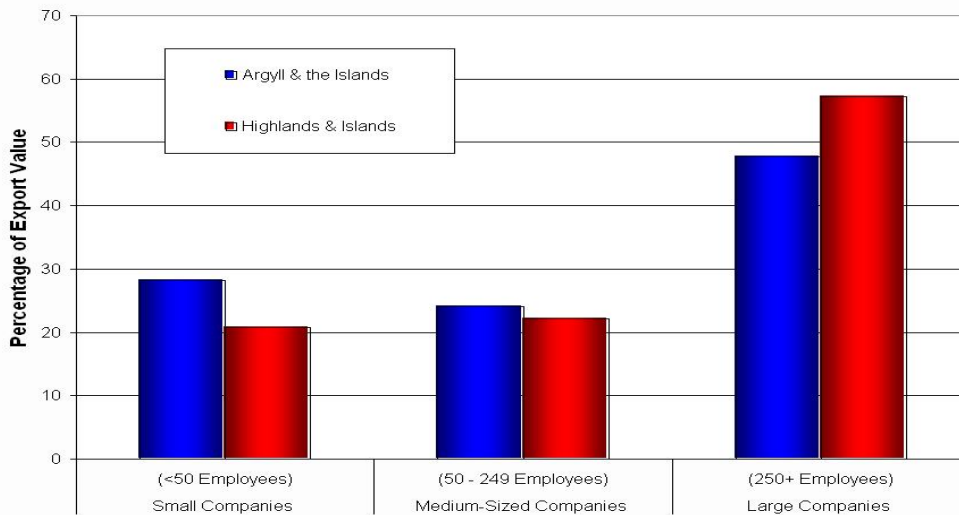


Figure 3 illustrates that large companies were responsible for 48% of export value from Argyll & the Islands (£40 million), although this was smaller than the percentage of export value from large companies in the HIE area (57%). Large companies include some of the distilleries in the area owned by large multi-national companies with over 250 employees. The percentage of export value from small and medium sized companies (52%) was larger than the HIE area (43%). This is influenced by the dominance of small firms in the hotels & restaurants and fishing & fish farming sectors.

Export value by market destination

Table 2 highlights the value of exports from Argyll & the Islands to the top 5 market destinations.

Table 2 – Export value by market destination, 2002

Top 5 destinations	Export value (£ million)
Germany	10
Spain	10
USA	8
France	7
Other Middle East	5

Table 2 shows that a large proportion of the value of exports from Argyll & the Islands was destined for the EU market, with exports to Germany (£10 million) and Spain (£10 million) together almost a quarter of total export value from the area. This is influenced by the strong demand for whisky and fish exports in these countries.

Summary

The value of exports from Argyll & the Islands in 2002 was heavily influenced by a narrow range of sectors including food & drink, fishing and tourism. In line with the dominance of small firms in these sectors, the value of exports from small firms was of a greater proportion than in the HIE area. While primary and service sector export value from the area was most likely destined for the EU, production & construction export value had a more global market. Overall, Germany and Spain provided the most valuable export markets for companies in the area.

For queries on anything contained in this factsheet, or general economic enquiries, contact the Strategic Planning & Research Team:

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