



Lochaber

Global connections survey 2002

Introduction

This economic factsheet provides manufacturing and exports results for Lochaber 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 Lochaber was £61 million, some 6% of total export value from the HIE area (£1,034 million).
- The top 5 exporting sectors are; manufacture of pulp & paper; manufacture of food & drink; fishing, fish farming & related activities; hotels & restaurants and manufacture of basic metals. These sectors accounted for 95% of total export value (£58 million) in Lochaber.
- Primary, production and construction sector exports accounted for 85% of total export value (£52 million), compared to 76% in the HIE area.
- Exports from small and medium sized companies accounted for a larger proportion of total export value (90%), compared to the overall HIE area (43%).
- The top 5 exporting destinations by value were; Eire, Spain, Germany, the USA and France.
- The majority of the value of primary, production & construction sector exports was destined for the EU (£37 million). The value of service sector exports was equally destined for the EU (£5 million) and the rest of the world (£5 million).

Export value by sector

Table 1 shows the top 5 exporting sectors in Lochaber by export value.

Table 1 – Export value by sector, 2002

Top 5 exporting sectors		Export value (£ million)
1	Manufacture of pulp & paper	52*
2	Manufacture of food & drink	
3	Fishing, fish farming & related activities	
5	Manufacture of basic metals	
4	Hotels & restaurants	6

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

Table 1 highlights the important contribution of manufacturing to export value in Lochaber. The manufacture of paper & pulp is dominated by one company, Arjo Wiggins located in Corpach. Likewise the manufacture of basic metals is dominated by one company, Alcan Aluminium which had smelters located in Fort William and Kinlochleven (the Kinlochleven smelter closed in 2002). There are a larger number of companies operating within the food & drink manufacturing sector, although they are predominantly engaged with fish processing. Some key companies include Marine Harvest, Highland Smoked Salmon and Fastnet Fish. In line with this, fishing, fish farming & related activities also contribute substantially to export value. Fishing activities are centred at Mallaig with the Kenning Family owning the largest fleet of fishing boats in the area and Marine Harvest one of the main companies engaged in fish farming. The dominance of tourism related industries in the area is also reflected in the high export value attributable to hotels & restaurants

(£6 million). The majority of these businesses are small and independent, although some larger companies include the Freedom of the Glen hotel group and Strathmore Hotels.

Export value by broad industrial sector

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

Figure 1 – Export value by broad industry sector, 2002

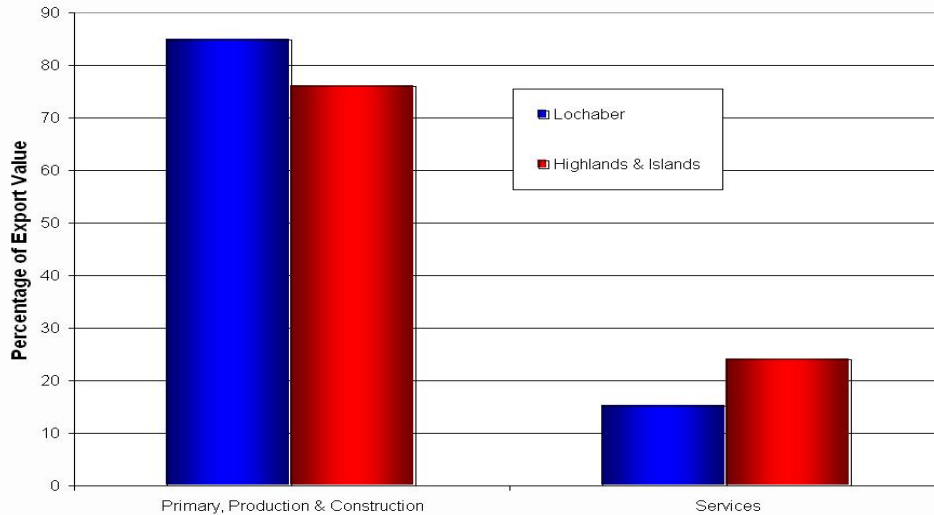


Figure 1 illustrates that the primary, production and construction sectors were responsible for the largest percentage of export value from Lochaber (85%), a greater percentage than the overall HIE area (76%). The high percentage of export value from this sector illustrates the relative dominance of primary, production & construction sectors (including manufacturing and fishing activities), in exporting compared to the service sector (including hotel & restaurant activities). The service sector was responsible for 15% of export value from Lochaber, compared to 24% in the overall HIE area.

Figure 2 shows the destination of exports in each broad industry sector in Lochaber.

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

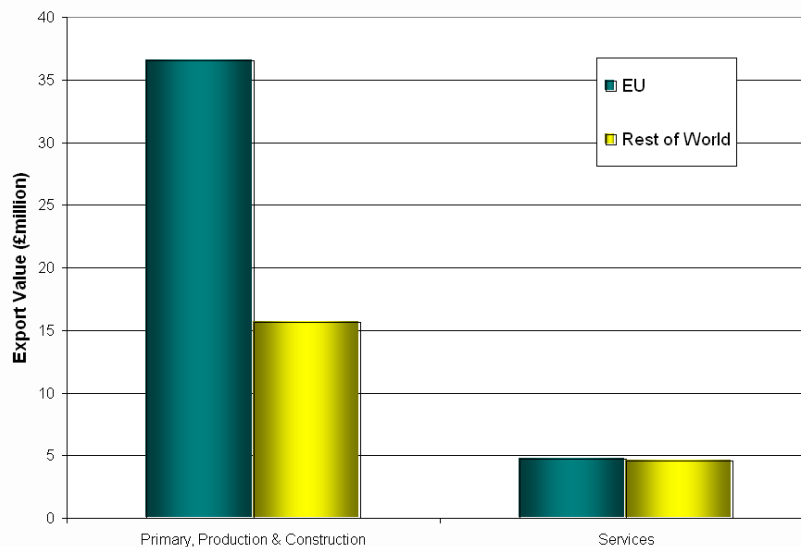


Figure 2 shows that the majority of primary, production & construction sector export value was destined for the EU (£37 million). The dominance of the EU market as an export destination may arise because, while paper and metal manufacturing products have a worldwide market, the majority of fish and manufactured food & drink products are destined for the EU. Service sector exports are equally split between the EU (£5 million) and the Rest of the World (£5 million). With hotel & restaurant exports making up the large majority of service sector export value, this indicates that Lochaber attracts spend from tourists originating from both within the EU and from the Rest of the World.

Export value by company size

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

Figure 3 – Export value by company size, 2002

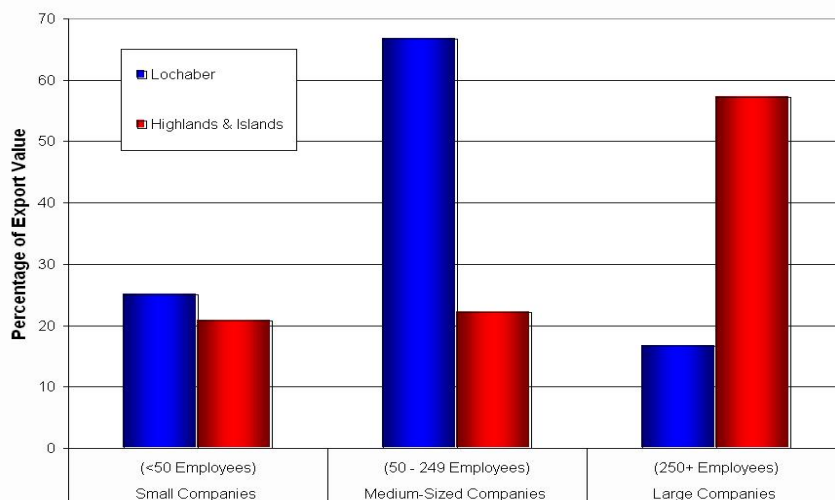


Figure 3 illustrates that medium-sized companies were responsible for 66% of export value from Lochaber (£40 million), greater than the percentage export value from medium-sized companies in the HIE area (22%). This will include manufacturing companies such as Arjo Wiggins and Alcan Aluminium. The percentage of export value from small companies was also greater in Lochaber (25%) than the HIE area (21%). This is likely to be a result of the number of small exporting companies engaged in fishing and hotel & restaurant activities.

Export value by market destination

Table 2 highlights the value of exports from Lochaber to the top 5 market destinations.

Table 2 – Export value by market destination, 2002

Top 5 Destinations	Export value (£ million)
Eire	10
Spain	8
Germany	7
USA	7
France	6

Table 2 shows that a large proportion of the value of exports from Lochaber was destined for the EU market, with exports from Eire (£10 million), Spain (£8 million) and Germany (£7 million) together accounting for 41% of total export value from the area. The dominance of the EU as a market destination is likely to be a result of the large value of fishing and food & drink products exported to component countries.

Summary

The value of exports from Lochaber in 2002 was heavily influenced by a narrow range of sectors including fishing activities and the manufacture of food & drink, pulp & paper and basic metals. Known exporters in these sectors include Arjo Wiggins, Alcan Aluminium and Marine Harvest. Small and medium-sized firms were responsible for the majority of export value and the EU provides the most likely destination, most prominently in the primary, production & construction sectors. Exports to Eire, Spain and Germany accounted for 41% of total export value from the area.

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

Heather Taylor
Scherie Nicol
Claire McDonald

Research Assistant
Economist
Senior Economist

h.taylor@hient.co.uk
scherie.nicol@hient.co.uk
claire.mcdonald@hient.co.uk

01463 244320
01463 244258
01463 244228