



## Western Isles

# Global connections survey 2002

### Introduction

This economic factsheet provides manufacturing and exports results for the Western Isles 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 the Western Isles was £39 million, some 4% of total export value from the HIE area (£1,034 million).
- The food & drink, fishing and textile manufacturing sectors accounted for 67% of total export value (£26 million).
- Service exports accounted for a larger proportion of total export value (33%), compared to the HIE area (24%).
- Exports from small and medium sized companies accounted for a larger proportion of total export value (74%), compared to the HIE area (43%).
- The top 4 exporting destinations by value were; France, Spain, Germany, and the USA.
- The majority of the value of exports across all sectors was destined for the EU (£15 million of primary, production and construction sector export value and £7 million of service sector export value).

### Export value by sector

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

**Table 1 – Export value by sector, 2002**

	Top exporting sectors	Export value (£ million)
1	Manufacture of food & drink	26*
2	Fishing, fish farming & incidental services	
4	Manufacture of textiles & textile products	
3	Hotels & restaurants	8*
5	Research & development	

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

Table 1 highlights the importance of the manufacturing industry to export value from the Western Isles, including the manufacture of food & drink and textiles. The manufacture of food & drink is closely related to the fishing industry and key firms engaged in these sectors include Stolt Seafarms, Fjord Seafoods, Marine Harvest, West Minch Salmon, The Fisherman's Co-operative and Stornoway Shellfish, although a number of small operators also exist. Export value from the manufacture of textiles results from the production of Harris Tweed in the area, predominantly from The KM Group but also from Harris Tweed Textiles. The contribution of tourism to export value was reflected in the export value attributed to hotels & restaurants. The majority of businesses in this sector are small independent companies, although a small number of group holdings exist. The research & development sector also contributes to export value from the Western Isles.

## Export value by broad industrial sector

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

**Figure 1 – Export value by broad industry sector, 2002**

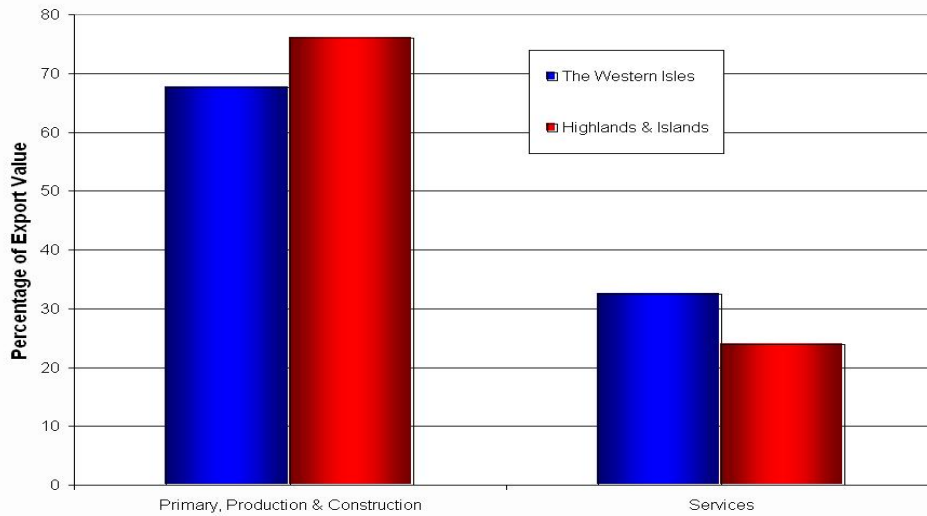


Figure 1 illustrates that the primary, production and construction sector was responsible for 67% of export value from the Western Isles (£26 million), yet this remains a smaller percentage than export value in this sector from the overall HIE area (76%). Export value in this industry sector is largely attributable to fish and processed fish exports as well as the export of Harris Tweed. There is a larger percentage of export value from the service sector (33%), compared to the overall HIE area (24%).

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

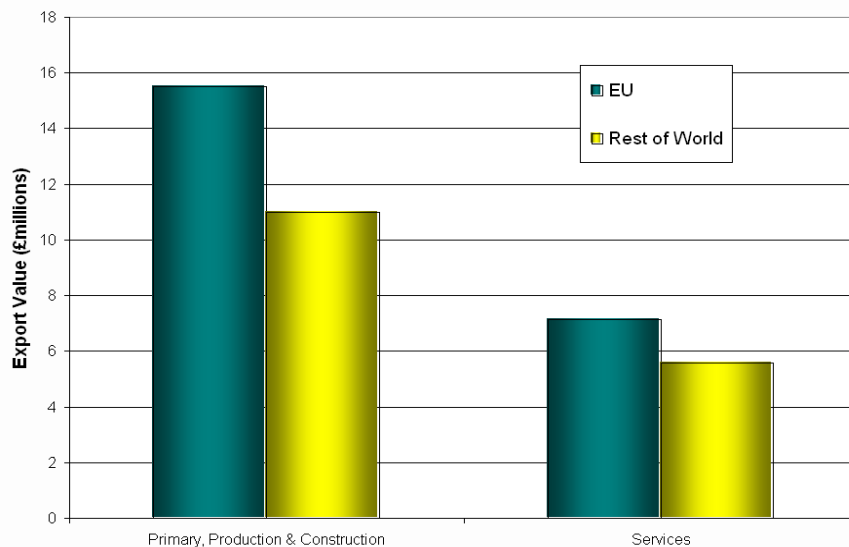


Figure 2 shows that the majority of the value of primary, production & construction sector exports (£15 million) is destined for the EU. This is influenced by exports of fish and processed fish products which are typically destined for EU markets. In addition, the majority of service exports (£7 million) are destined for the EU.

## Export value by company size

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

**Figure 3 – Export value by company size, 2002**

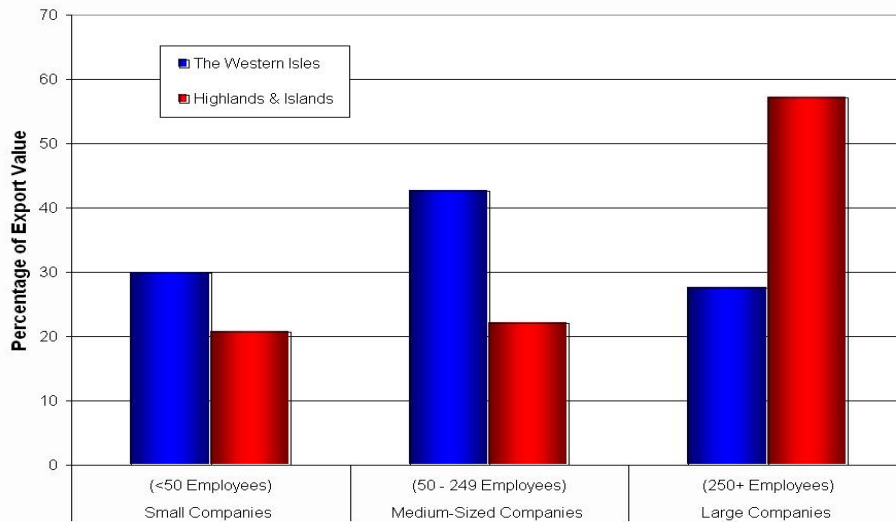


Figure 3 illustrates that medium companies are responsible for 44% of export value from the Western Isles (£17 million), larger than the percentage of export value from medium companies in the HIE area (22%). This incorporates fish related companies including Stolt Seafarms, Fjord Seafoods and West Minch Salmon in addition to the KM Group producing Harris Tweed. There is also a larger percentage of export value from small companies in the area (31%) compared to the HIE area (21%). There are a large number of small exporting firms in the area, particularly in the hotels & restaurants sector. The percentage of export value from large companies (28%) is smaller than the HIE area (57%).

### Export value by market destination

Table 2 highlights the value of exports from the Western Isles to the top 4 market destinations.

**Table 2 – Export value by market destination, 2002**

Top 4 Destinations	Export value (£ million)
France	6
Spain	4
Germany	3
USA	3

Table 2 shows that the largest value of exports from the Western Isles is destined for the EU market, with exports to France (£6 million), Spain (£4 million) and Germany (£3 million) together accounting for a third of total exports from the area. These countries are known for their demand for fish and processed fish products. Exports to the USA accounted for £3 million of export value, influenced by the demand for Harris Tweed.

### Summary

The value of exports from the Western Isles is heavily influenced by a narrow range of sectors including manufacturing, fishing and tourism. In line with the dominance of small and medium firms in these sectors, the value of exports from small and medium firms is of a greater proportion than in the HIE area. Export value across all sectors is most likely destined for the EU. Overall, France and Spain provide the most valuable export markets for companies in the area.

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

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