



Exporting in Lincolnshire

Introduction

In a global economy, exporting is an important driver of both economic and business growth. Encouraging Small and Medium sized Enterprises (SMEs) to export, and target new markets, is also a major objective of the Greater Lincolnshire Local Enterprise Partnership (GLLEP).

However, there is some difficulty in getting a detailed picture of exporting activity in Lincolnshire because of the lack of official data at low geographic levels. In order to address this lack of national data, the following paper brings together local information on exporting from various sources including:

- Countywide employer surveys covering the period from 2001 to 2009
- The Lincolnshire Quarterly Economic Survey (QES) from 2009 onwards
- Research commissioned by the Greater Lincolnshire Local Enterprise Partnership (GLLEP) during 2012 looking into local supply chains
- Research commissioned by Lincolnshire County Council during 2013 looking at Lincolnshire's neighbouring economies

Headlines

- Around one fifth of Lincolnshire businesses are engaged in exporting activity
- The larger the business (in employee terms) the more likely it is to be exporting some of its product/service
- Manufacturing and agriculture are Lincolnshire's top exporting sectors
- The Euro Zone is the top export market for Lincolnshire business products

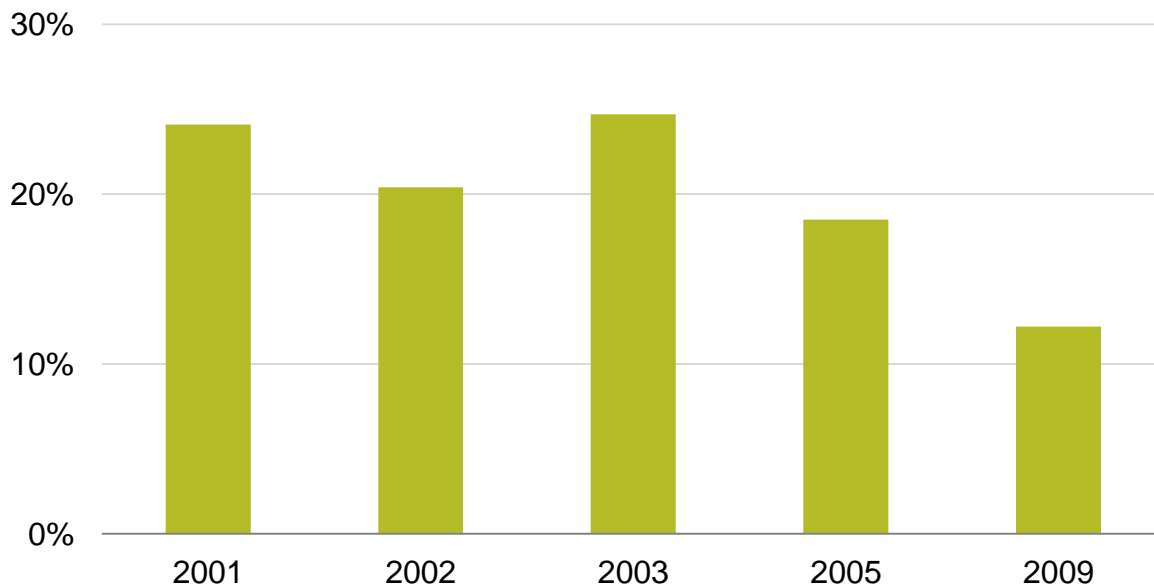
Levels of Exporting Activity

The last countywide survey of Lincolnshire employers in 2009 indicated that 12% were involved in exporting activity. This equates to around 3,100 businesses at that time (Source: Inter Departmental Business Register, Office for National Statistics).

Referring to Figure 1, similar surveys undertaken prior to this had shown higher proportions of businesses exporting. However from 2001 onwards, and 2003 aside, results from the surveys appear to show a steady decline in export activity among Lincolnshire businesses over time.

Figure 1 - % of businesses exporting

Source: Employer Survey 2001-2009, Lincolnshire Research Observatory



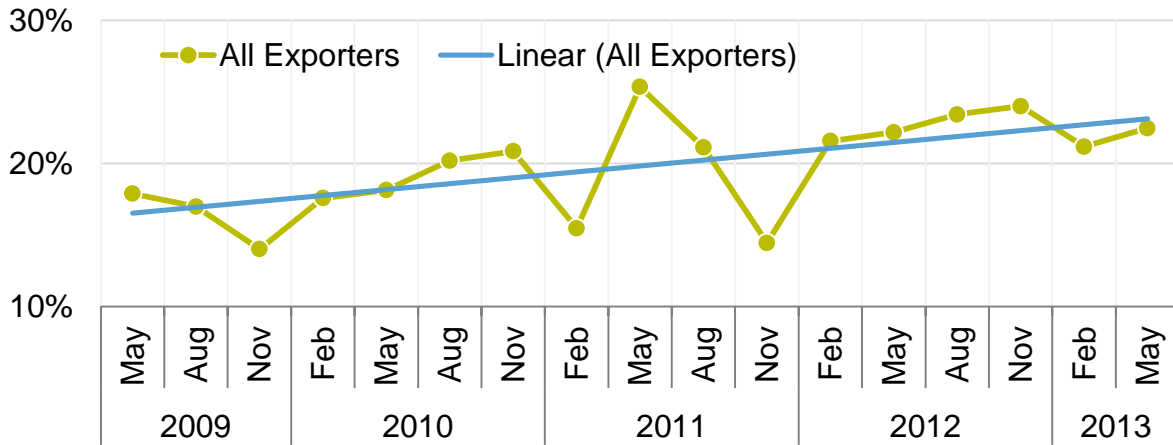
The reasons for this apparent decline are unclear. Certainly the drop in 2009 could in part be attributed to the 2008 credit crunch and the recession that followed in 2009. The global nature of the economic crisis would certainly have impacted on exports and may have led firms to move away from what was a potentially volatile activity and instead concentrate more on home markets. But for the impact of the recession, and taking into account the fluctuations in exporting activity over the period in question, it is likely that we would have seen export levels return to around the 20% mark, and certainly data from later surveys suggest this to be the case.

Post 2009, business activity and performance has been monitored by the Lincolnshire Quarterly Economic Survey (in partnership with the Lincolnshire Chamber of Commerce, and joined more recently by the University of Lincoln) which gains around 250 business responses on a quarterly basis. Whilst not as statistically robust as the previous countywide employer surveys (which gathered responses from around 1,000 employers based on a representative sample of Lincolnshire businesses) it still provides us with an up to date view of business activity.

Results from the survey (Figure 2) show that exporting activity has risen from around 18% of businesses at the beginning of 2009, to 22% in 2013 in line with what was being reported by previous countywide employer surveys.

Figure 2 - % of businesses exporting

Source: Lincolnshire Quarterly Economic Survey

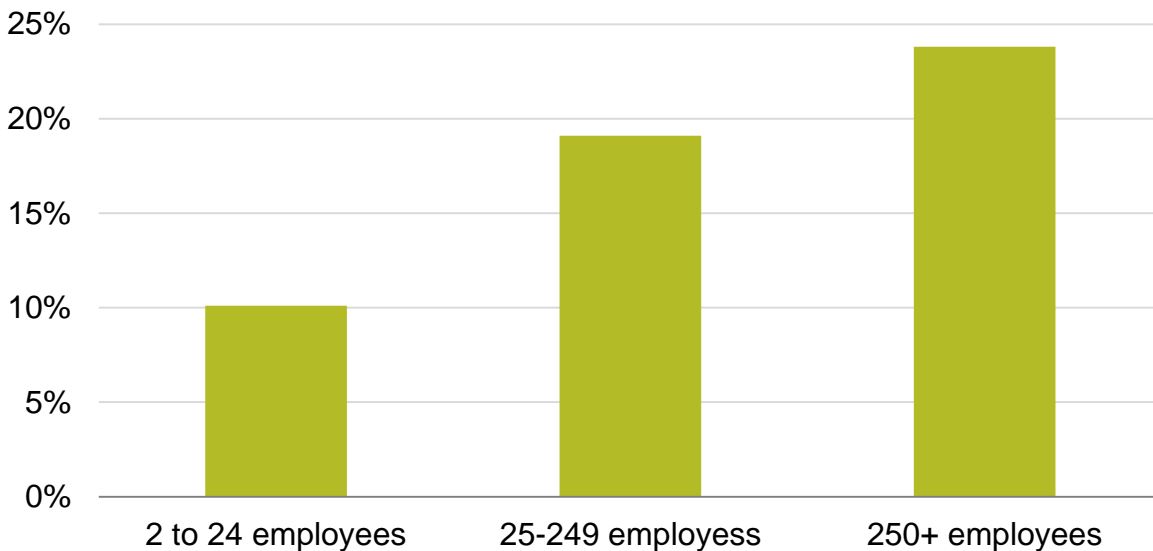


Business Profile of Exporters

As Figure 3 shows, larger businesses are much more likely to be engaged in exporting activity.

Figure 3 - Size profile of businesses exporting

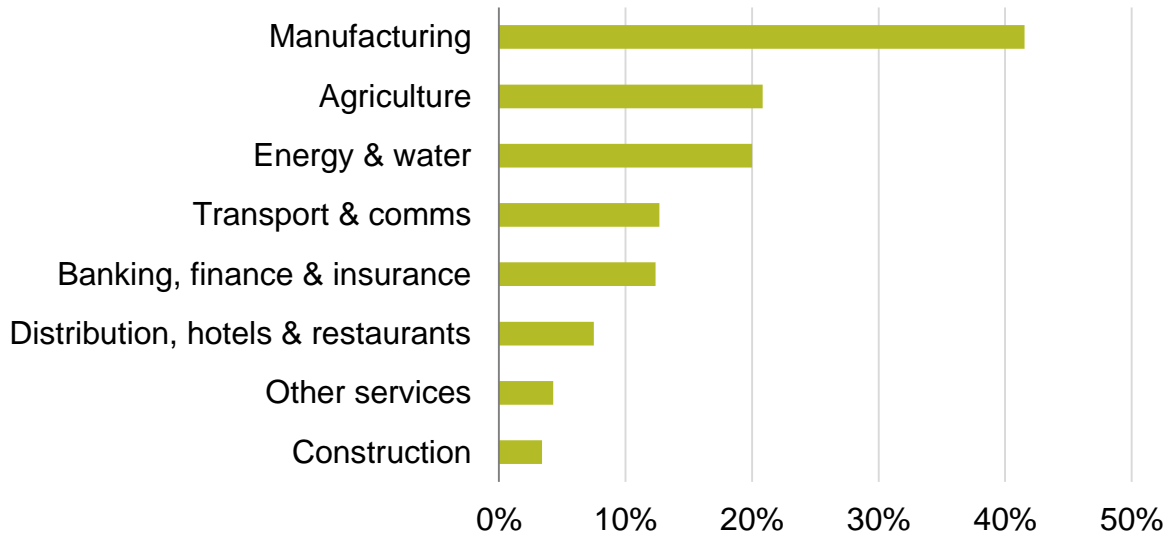
Source: 2009 Employer Survey, Lincolnshire Research Observatory



Referring to Figure 4, businesses in the manufacturing sector (42%) are much more likely to be exporting products, followed by the sectors of agriculture, and energy & water, both around 20%.

Figure 4 - Sector profile of businesses exporting

Source: 2009 Employer Survey, Lincolnshire Research Observatory

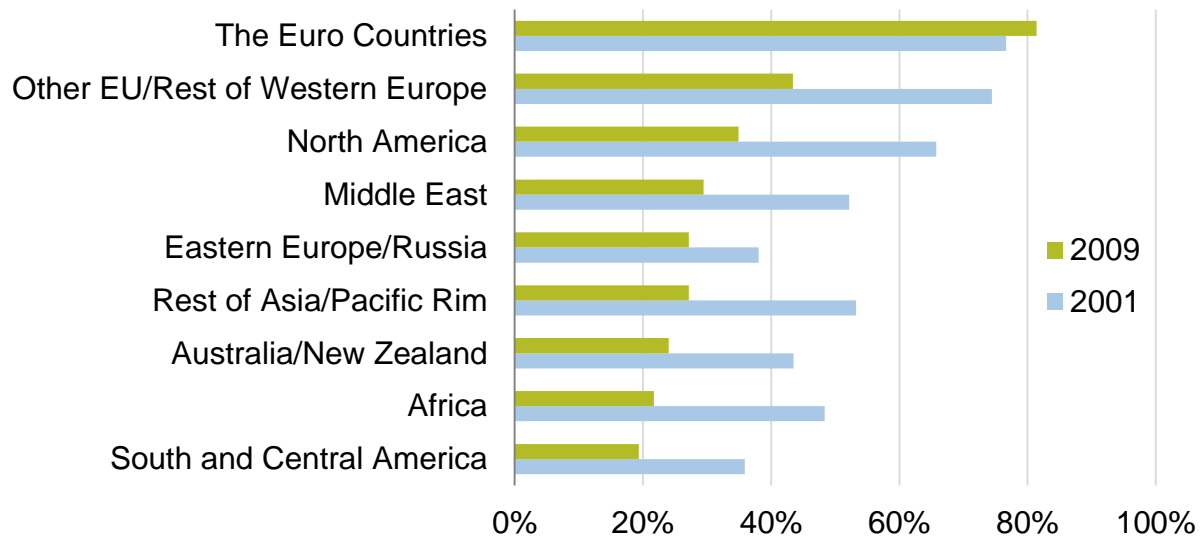


Export Markets

Referring to the Figure 5, by far the biggest export market in both 2001 and 2009 was the Euro Zone (i.e. the 17 nations which are part of the single currency).

Figure 5 - Export markets, 2001 and 2009

Source: Lincolnshire Employer Survey 2001 and 2009



In terms of significance this market is followed closely by the rest of the EU trading block and Western Europe though significantly less so when referring to the 2009 results. This pattern is repeated across all other export markets.

Further local research carried out during early 2013 with around 60 large Lincolnshire businesses considered, amongst other things, the proportion of their supply to customers in overseas markets. Around 8% said 75% of their custom was with overseas markets, 25% said 25-50% of their business was with overseas markets and 36% said 1-25% of their business was with overseas markets.

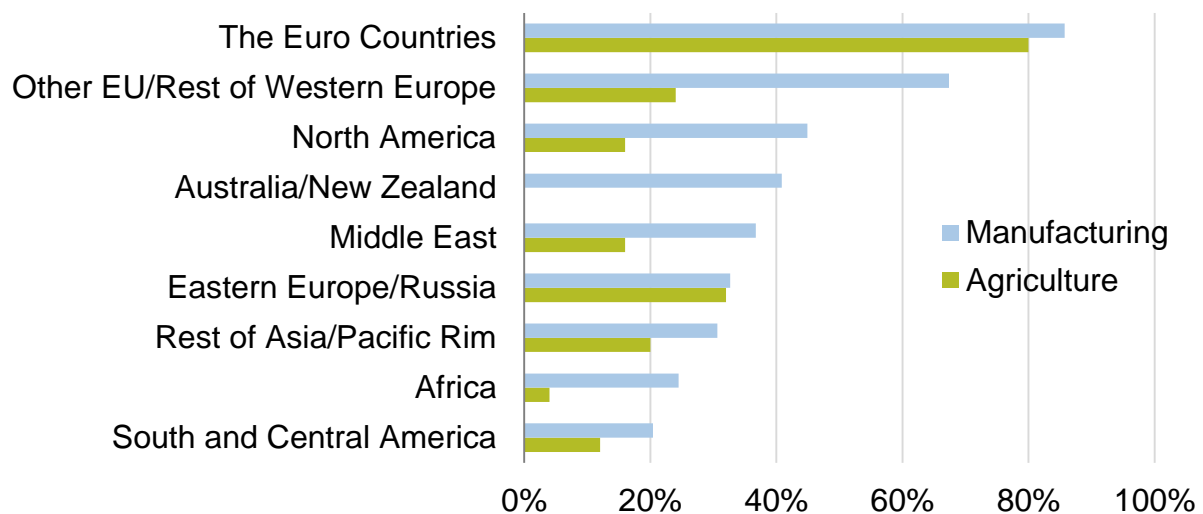
Businesses were also asked about their most important trade areas in terms of sustaining and growing their business over the next 10-15 years. In response businesses ranked overseas markets second behind the local area, indicating that, at least for these larger companies, growing export markets is seen as significant in terms of future growth. Europe, the BRIC economies (Brazil, Russia, India, and China), and America, were all cited as significant in terms of exporting growth potential.

Sector Specific Markets

Taking the top two sectors for exporting, agriculture and manufacturing, which are also priority sectors for the Greater Lincolnshire Local Enterprise Partnership, referring to Figure 6 we can see that Lincolnshire manufacturers export to a wide variety of overseas markets, whereas the agriculture sector is concerned mainly with the European market and Russia.

Figure 6 - Export markets for the manufacturing and agricultural sectors

Source: Lincolnshire Employer Survey 2009



Value of Exports

Table 1 shows the estimated value of exported goods for Lincolnshire, using regional export value data which has been extrapolated to county level using sector employment data.

It should be emphasised that this analysis provides an estimated value of exports only, as the trend in exports locally may not follow the same trends in employment. Many sectors have also seen a downward trend in employment over the last three years due to the economic downturn, but export activity will have been assisted by favourable exchange rates during that period.

Lincolnshire has a relatively small number of employees in the machinery manufacturing sector. This is the fourth largest comparator sector by number of employees, but across both comparator regions and England as a whole, comprises the largest area of exporting activity. Lincolnshire has significant numbers of employees in the other manufacturing and chemicals sectors which are key exporting sectors.

Table 1 - Value and proportion of exported goods by type

Source: Opportunities for Greater Lincolnshire's Supply Chains, Rose Regeneration and University of Lincoln, Lincolnshire Research Observatory.

	Value of exports (2010, £000s)	% of total export value		
		Lincolnshire	East Midlands	England
Food and Live Animals	13,582	40%	5%	3%
Manufactured Goods	10,387	31%	10%	12%
Miscellaneous Manufacturing	5,206	15%	12%	14%
Machinery	3,371	10%	62%	39%
Mineral Fuels	119	0%	0%	7%
Crude Materials	250	1%	3%	3%
Chemicals	1,001	3%	7%	21%
Beverages and tobacco	139	0%	1%	1%

When compared against the region and nationally, Lincolnshire's significance as an agri-food employer comes out strongly, with the majority of the county's export value being provided by food and live animal exports.

Performance of Exporters

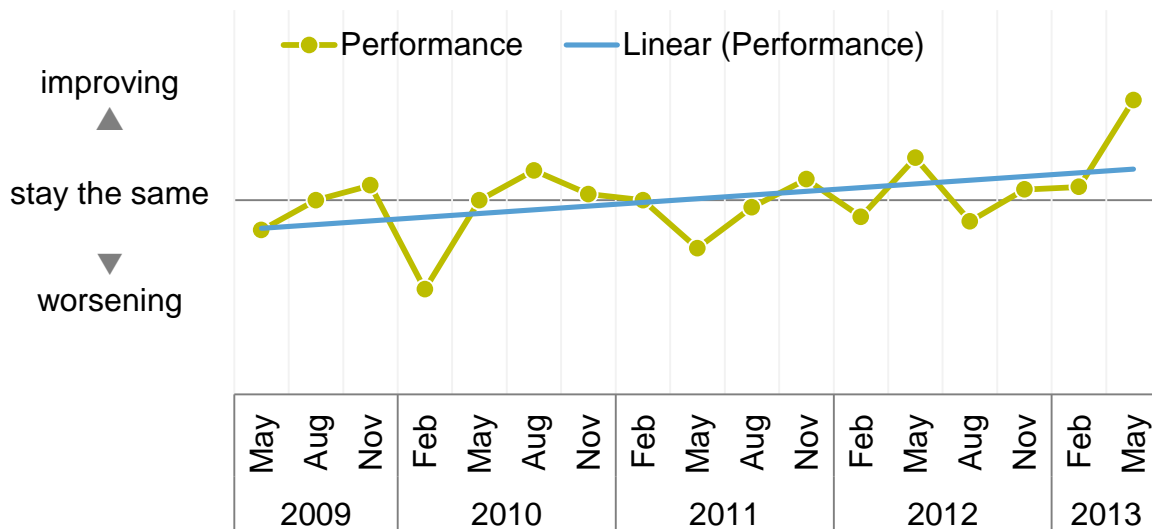
Sales in overseas markets have shown an improving trend for Lincolnshire businesses since 2009.

Figure 7 draws on responses from the Lincolnshire Quarterly Economic Survey where businesses are asked whether their overseas sales are improving, worsening, or staying the same. Where the responses fall below the mid 'stay the same' line it indicates that the majority of exporting businesses are reporting worsening sales.

The chart shows that from 2009 up until early 2011 businesses were experiencing challenging conditions in export markets. However, from 2011 onwards slightly more businesses have indicated improving sales in overseas markets.

Figure 7 - Business performance in export markets in terms of overseas sales

Source: Lincolnshire Quarterly Economic Survey



However, this picture is not the same across all businesses or sectors. Referring to Figure 8 and Figure 9, which splits businesses into manufacturing, and service sectors, we can see that export performance for the manufacturing sector has generally been positive from mid-2010 onwards.

Businesses in the service sector, on the other hand, were experiencing tougher conditions in overseas markets up until the beginning of 2012, and from then on have improved to the point where the majority of exporting businesses are reporting improving sales.

Figure 8 - Service sector business performance in export markets in terms of sales

Source: Lincolnshire Quarterly Economic Survey

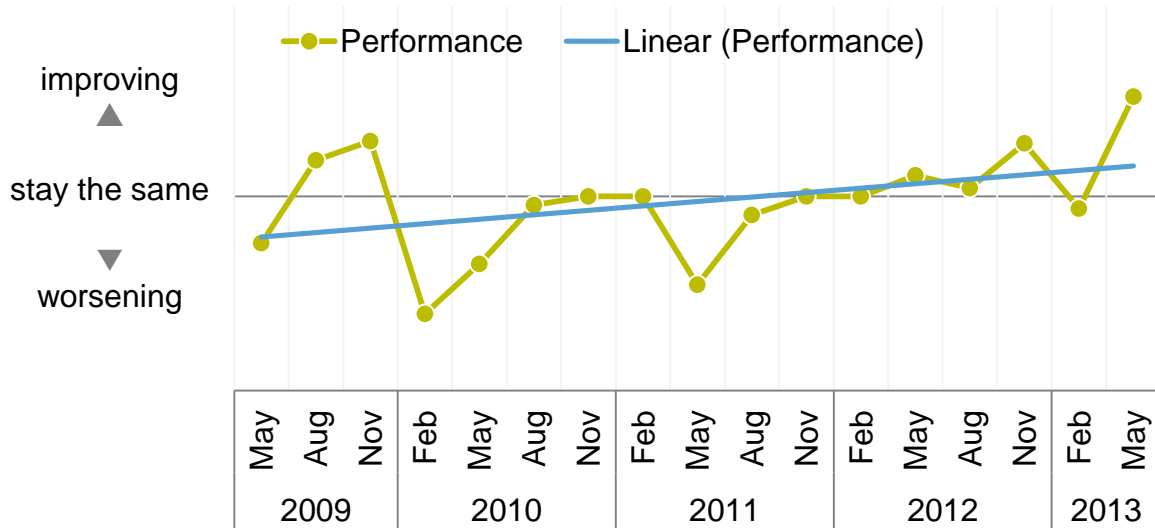
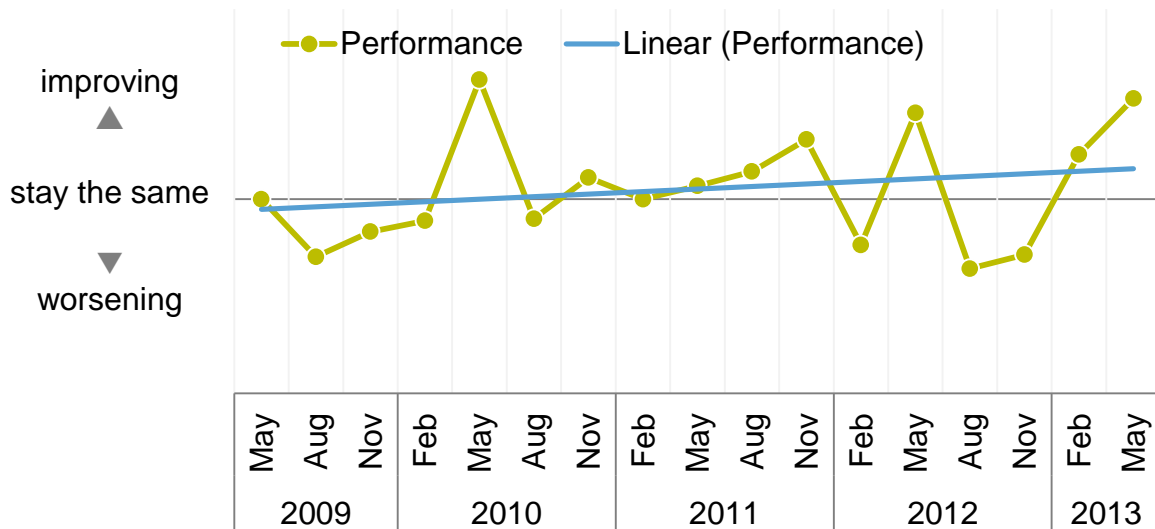


Figure 9 - Manufacturing sector business performance in export markets in terms of sales

Source: Lincolnshire Quarterly Economic Survey



Non Exporters

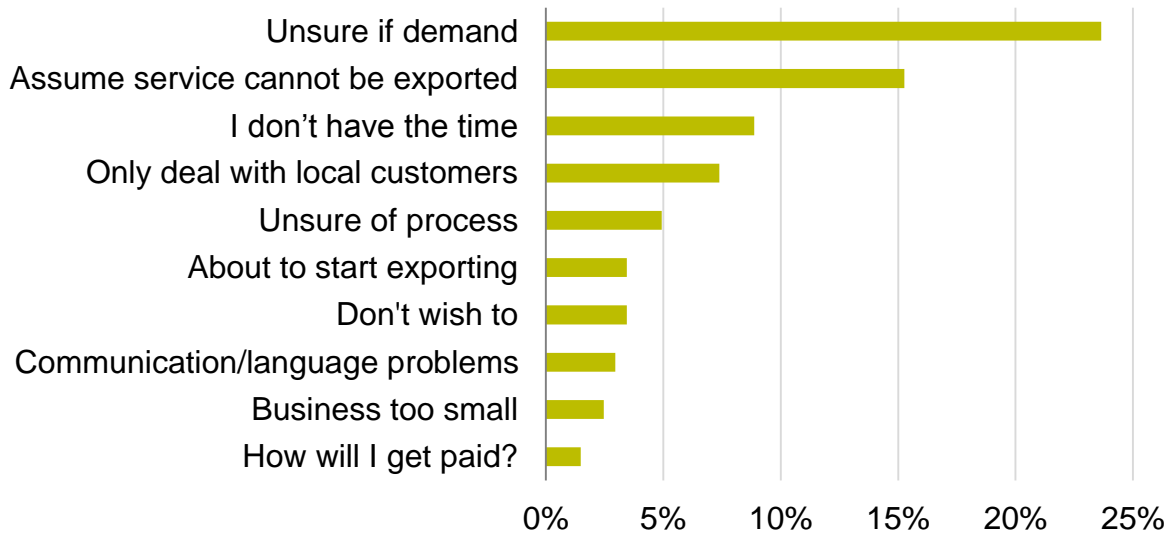
In February 2013 an additional question was added to the Lincolnshire Quarterly Economic Survey on behalf of UKTI in order to get a snapshot of the reasons why businesses were not exporting.

Referring to Figure 10, of those businesses who did not currently export, just under a quarter responded that they were unsure if there would be demand for their product.

9% said they did not have the time, hinting at the complexity and difficulty of the exporting process, and 5% said they were unsure of the process.

Figure 10 - Reasons for businesses not exporting

Source: Quarterly Economic Survey Additional Questions Feb 2013



Interestingly 15% of businesses responded to the question saying that they have assumed they cannot export because they are not manufacturing or producing goods. This suggests that there is potential for some service sector businesses to enter overseas markets with the right help.



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