

6th April 2022

Downside risks to UK exporter employment

Monthly UK Exporter Monitor, March 2022

UK exporter counts and revenues have gone up by 2.33% and 2.99% in March 2022 compared to February 2022. However, this is roughly half the growth rate we predicted in our last forecast, reflecting downside risks.

Despite a mild uptick in counts and revenues of exporters, employment has fallen back by nearly 8% since February to the lowest it has been since January 2021. This indicates a risk aversion amongst exporters: faced with challenges in their supply chains, rising costs and the evident challenges of the Russia-Ukraine crisis, the uncertainties ahead are driving UK exporters to take measures to increase their efficiency.

As noted in February's Exporter Monitor, it is large businesses that are particularly impacted in terms of the drop in employment, with 10.77% fewer employees compared to March 2021, suggesting that these are the ones that would be most exposed to shifts in the sanctions regime and longer-term economic disruption.

The results corroborate the longer-term picture given by the Office of Budget Responsibility last month suggesting that exports had declined by 15% over the past year. The exporter monitor has been suggesting a downward trend in counts, revenues and employment for some 12 months now and, despite a small pick up recently, the UK is still below the levels it was this time last year.

Coriolis Technologies Chief Executive, Dr Rebecca Harding said:

“The data shows that there a potential uptick was about to hit UK exporters after the joint shocks of pandemic-induced supply chain shortages and the aftermath of Brexit. However, the risks associated with new and pending global geopolitical turbulence may dampen the fuse of any post-covid spark to the economy.

Institute of Export & International Trade director general, Marco Forgione said:

“Although, this recent uptick in exports is a welcome boost, it cannot mask the overall problems facing businesses. The triple whammy of global supply chain shocks, Brexit, and ongoing geopolitical turmoil are proving a disincentive to export; it paints a worrying picture for UK exporters looking for that post covid boost. But businesses shouldn't be discouraged, opportunities are out there, and we firmly believe that with the right training and support UK businesses can succeed in global markets.”

The findings in detail:



Figure 1: Counts of Exporters over time, March 2020- March 2022
 NOTE: The data for Scotland, Wales and Northern Ireland are given in the Appendix

UK exporter counts have grown by 2.33% since last month, constituted by a 2.10% rise for England, a 9.19% rise for Northern Ireland, a 1.63% rise for Scotland and a 13.78% rise for Wales. This is most significant for Wales, as it is the highest monthly growth the country has seen since February 2021. Overall, they are 4,793 below March 2021 – a 4,599 decline for England, a 6 decline for Northern Ireland, a 239 decline for Scotland and an increase of 51 for Wales.



Figure 2: Exporter employment over time, March 2020- March 2022
 NOTE: The data for Scotland, Wales and Northern Ireland are presented in the appendix

UK exporter employees have declined by 7.92% since last month, constituted by a 7.88% decline for England, a 3.44% growth for Northern Ireland, a 15.27% decline for Scotland and a 12.29% growth for Wales. Scotland has therefore seen the largest hit this month, while Wales has seen the largest growth. Overall, they are 2.26m below March 2021 – a 2.07m decline for England, a 21,878 decline for Northern Ireland, a 167,527 decline for Scotland and a 244 decline for Wales.

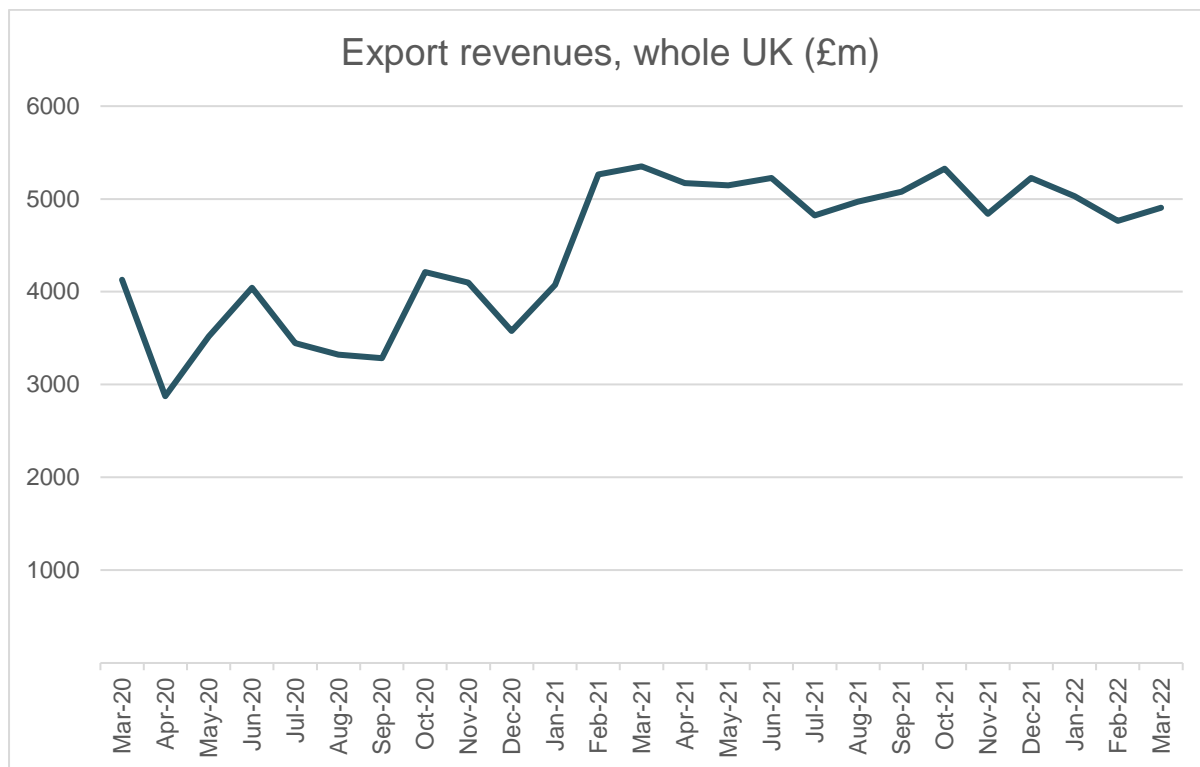


Figure 3: Exporter revenues over time , March 2020- March 2022

NOTE: The data for Scotland, Wales and Northern Ireland are presented in the appendix

UK exporter revenues have grown by 2.99% since last month, constituted by a 2.41% increase for England, a 22.22% increase for Northern Ireland, a 10.04% increase for Scotland and a 3.93% increase for Wales. Overall, they are £444.62m below March 2021 – a £432.28m decline for England, a £2.07m fall for Northern Ireland, a £6.49m fall for Scotland and a £3.78m decline for Wales.

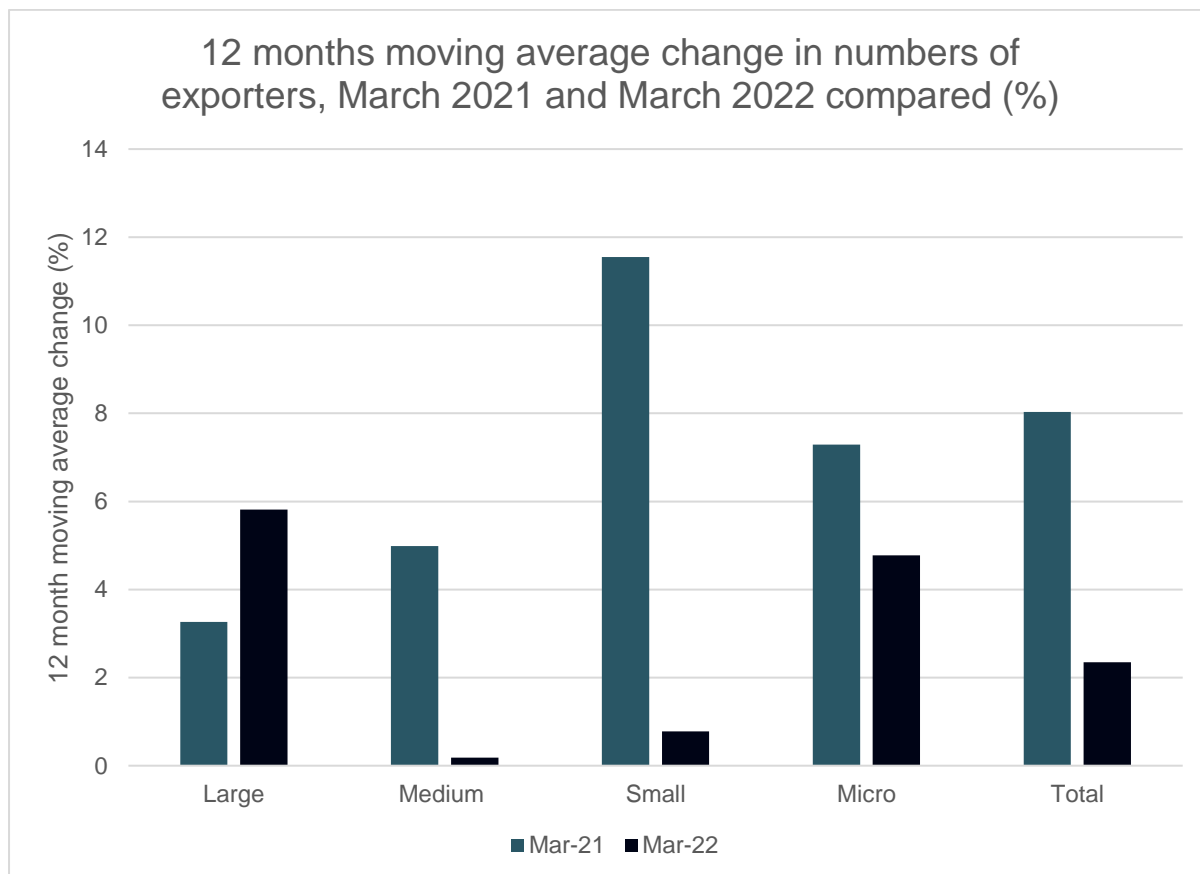


Figure 4: 12 month moving average change in exporter numbers (%)

The total number of exporters in the UK has fallen by 5.73% since March 2021. There are fewer exporters in micro, small, and medium-sized businesses for the 12 months to March 2021, with small businesses being worst affected with a drop of 10.77%. Large businesses, however, have seen an increase in their amount of exporters by 2.55% since March 2021.

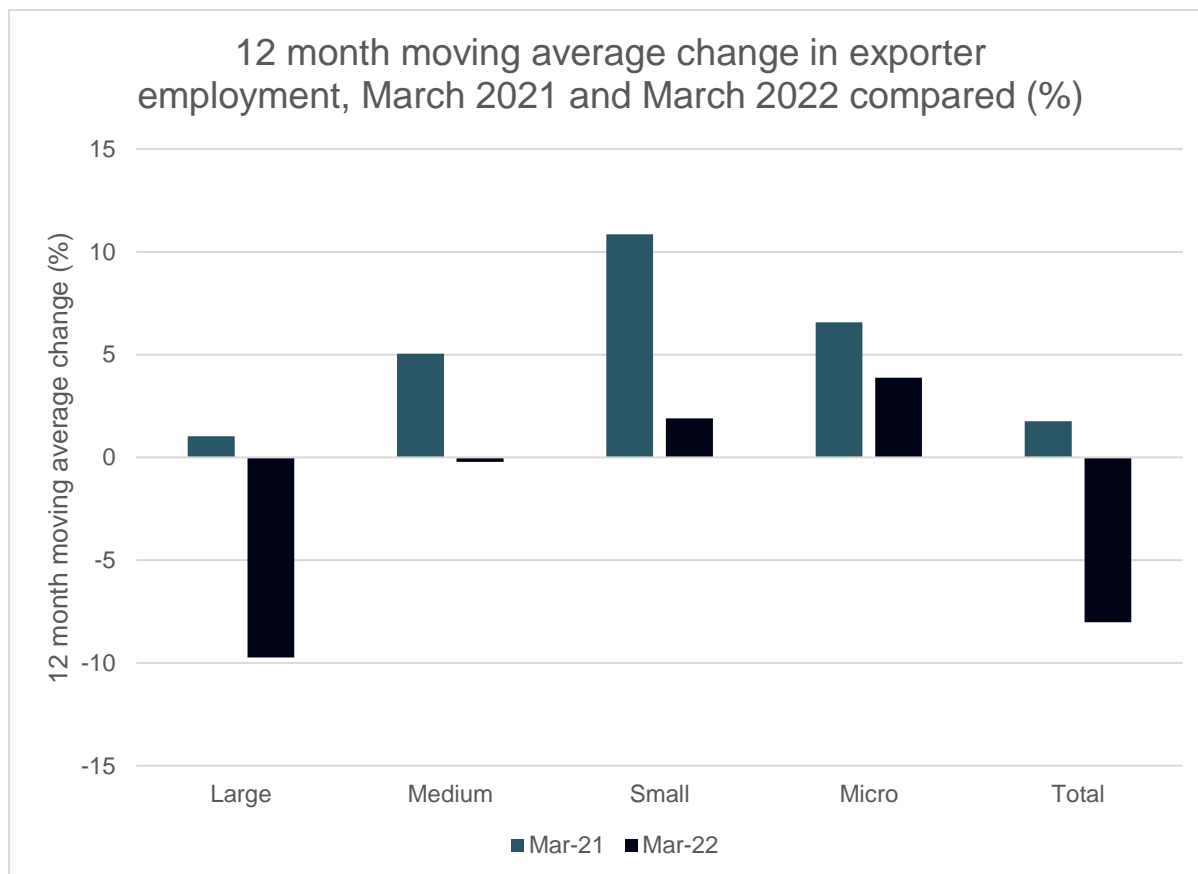


Figure 5: 12 month moving average change in exporter employment

Employment in UK exporting businesses fell by 9.77% in the 12 months to March 2022. Large businesses were most affected having hired 10.77% fewer employees, followed by small businesses employing 8.96% fewer; medium-sized businesses and micro businesses saw employment rate drops of 5.26% and 2.7% respectively.

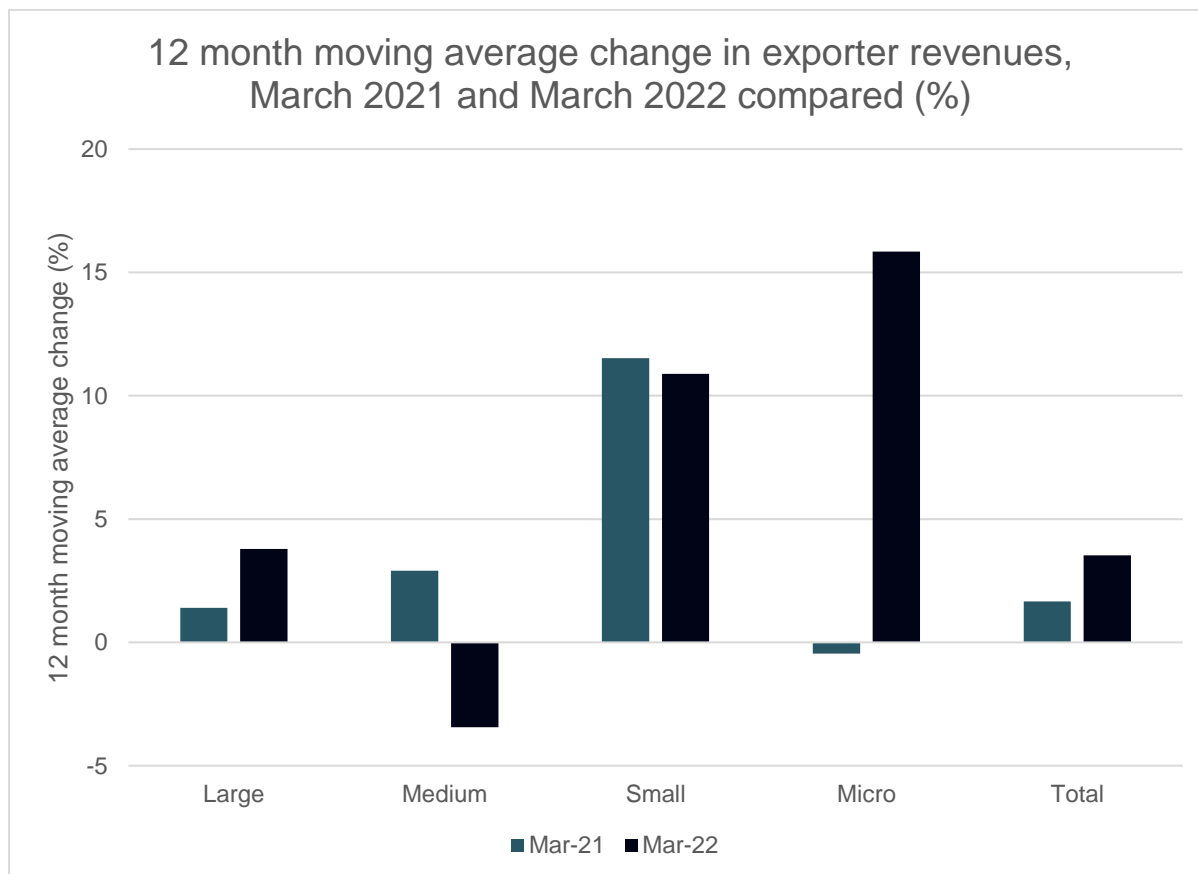


Figure 6: 12 month moving average change in exporter revenues

Total exporter revenues across the UK have increased by 1.86% over the past 12 months. Micro businesses had the most success with a 16.31% increase, followed by large businesses with a 2.39% pick up in revenue in the 12 months to March 2022. Small businesses saw a small drop of 0.63% and medium-sized businesses suffered a decrease of 6.35%.

Our data suggests that we can expect a small growth in exporter counts, employment, and revenue across the UK next month. However, in the current geopolitical climate, any positive predictions must be taken on board with caution.

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About Coriolis Technologies:

Founded in 2017, Coriolis Technologies is the leading source of trade, corporate, geopolitical risk and trade-related economic data globally for the trade finance sector. Coriolis Technologies provides clear intelligence and insight into trade flows, supply chains and disruptions for trade and trade finance.

About The Institute of Export & International Trade:

The Institute was established over 85 years ago to support UK businesses in growing their international markets and trade. The Institute is the leading association of exporters and importers providing education and training to professionalise the UK’s international traders.

Notes to editors:

- *Method:*

Coriolis Technologies has matched UK exporter data from Customs and Excise sources with Bill of Lading data and large-scale publicly available datasets. UK HMRC data covers the names and addresses of all UK exporters who send products through customs and excise. These names were matched to Bureau van Dijk FAME data to establish turnover and employment levels. To establish the numbers of service sector companies with export revenues, Coriolis took those businesses in the FAME database with international turnover to collect sector and employment as well as turnover information. The sector distribution of exporters in goods and services was then applied to the sample of companies which did not have turnover or employment data to scale the whole dataset to establish counts, turnover and employment for the UK as a whole. Companies were taken from an HMRC sample going back to 2017 and any duplicates with international turnover data from FAME data removed.
- The forecasts are based on a statistical “General Additive” modelling framework which decomposes each time series (each exporter count group) into a couple of main components:
 - trend
 - seasonality - effect of calendar month or season
 - changepoints - moments where the trend shifts
 - special calendar events
- These effects are smoothed, added together and extrapolated into the future to create forecasted values for each exporter group separately. The model is optimized to explain as much variability in the time series with as simple model as possible.
- The estimated forecasting error is within 1.7% of the actual value, back-tested on the actual forecasting performance over the past 2 years for the aggregate forecasts and for the forecasts by size and UK nation

For further information :

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Data Appendix

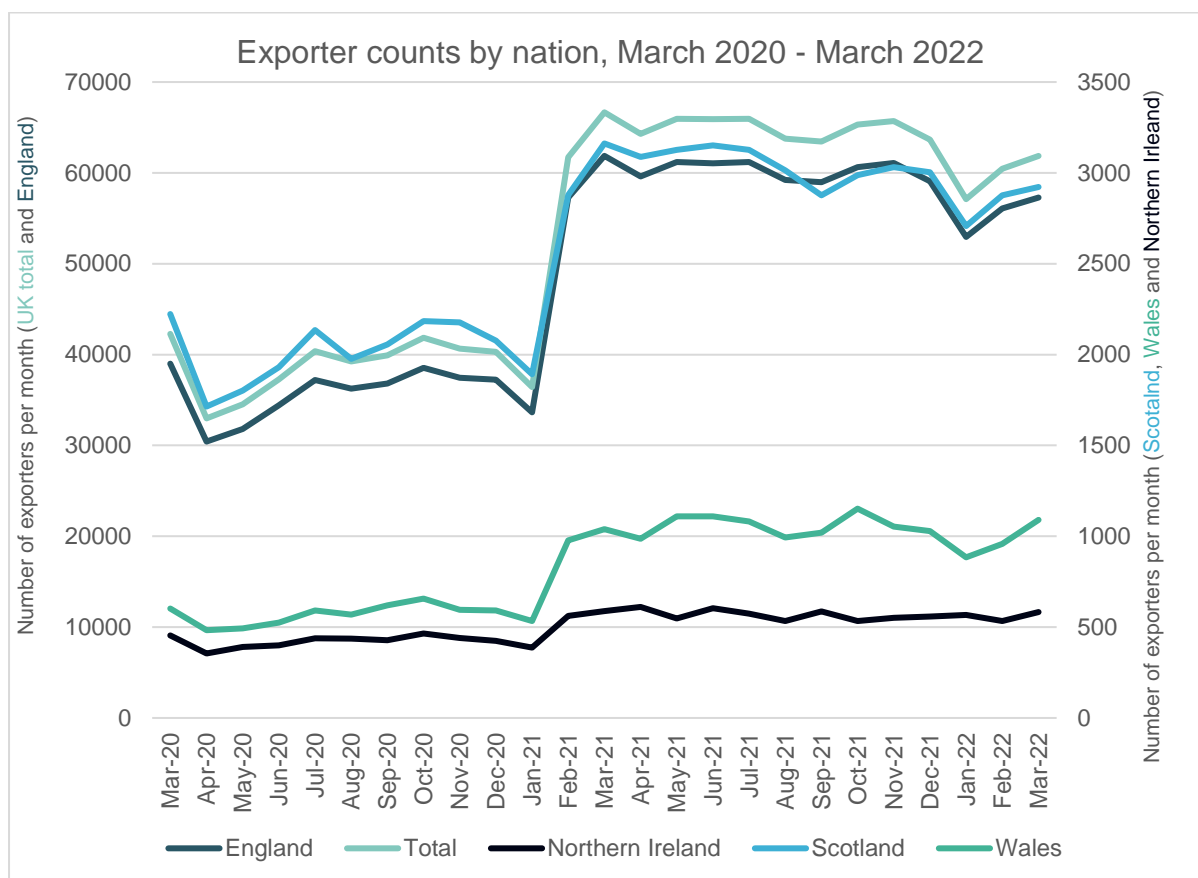


Figure A-1 : UK exporter counts by UK nation, March 2020- March 2022

NOTE : data is presented for England on the left hand vertical axis, and for Scotland, Wales and Northern Ireland on the right hand axis for ease of trend comparison

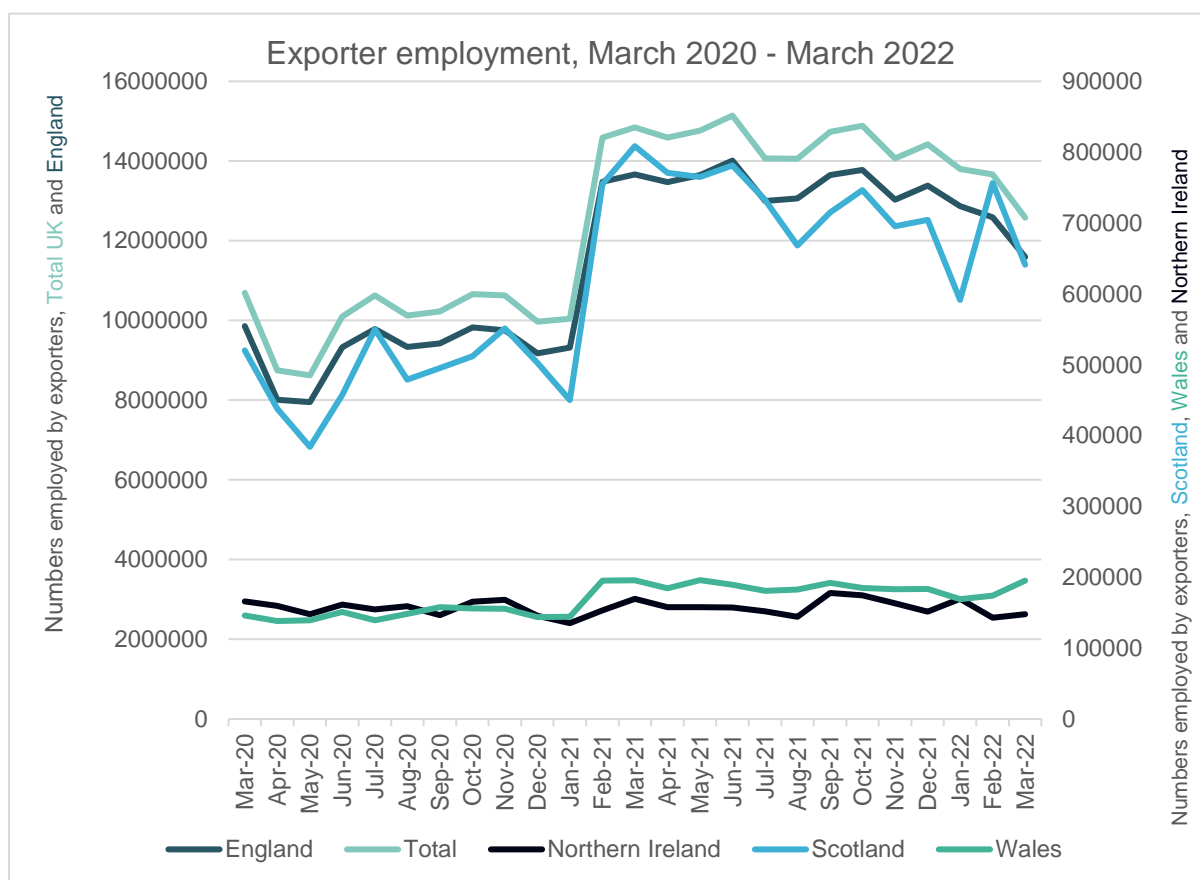


Figure A-2 : UK exporter employment by UK nation, March 2020- March 2022

NOTE : data is presented for England on the left hand vertical axis, and for Scotland, Wales and Northern Ireland on the right hand axis for ease of trend comparison



Figure A-3 UK exporter revenues by UK nation (£m), March 2020- March 2022

NOTE : data is presented for England on the left hand vertical axis, and for Scotland, Wales and Northern Ireland on the right hand axis for ease of trend comparison