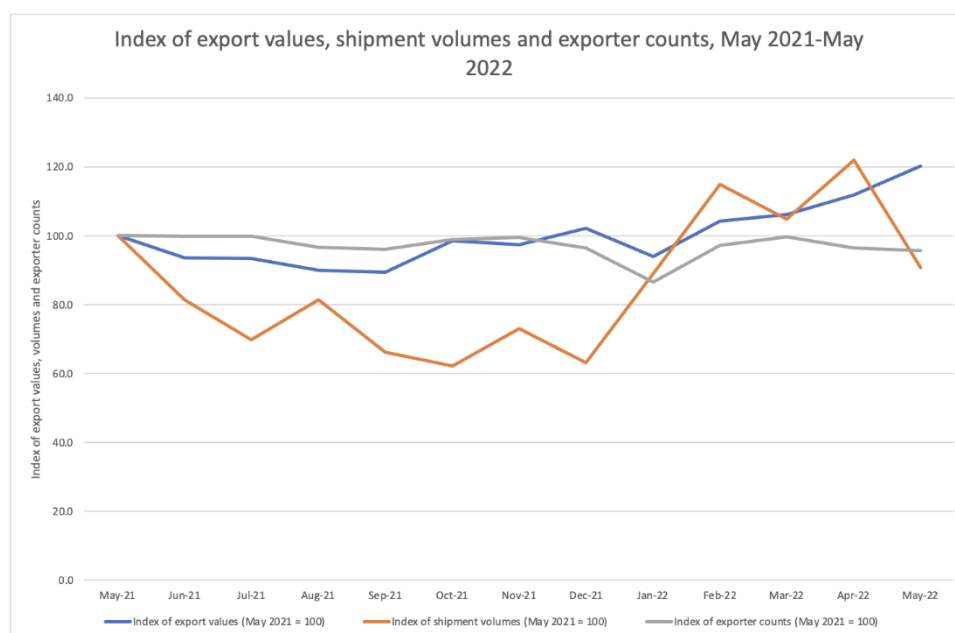


19 July 2022

## Cost of living crisis hitting UK exporters

### UK Exporter Monitor, Q2 2022

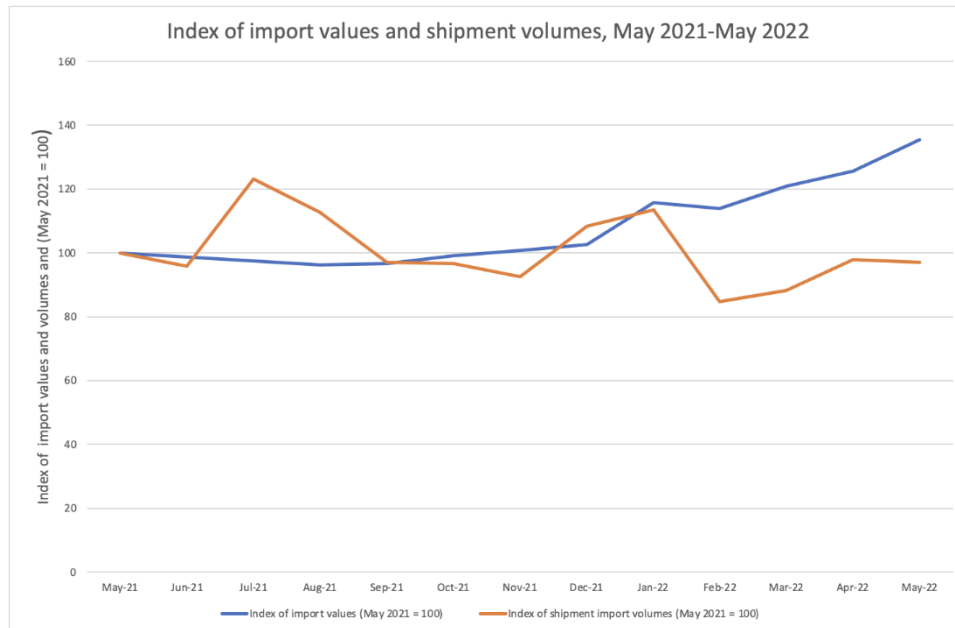
Research produced today by Coriolis Technologies in partnership with the Institute of Export & International Trade suggests that the cost-of-living crisis is having a significant impact on exporters. Analysis of in-house data as well as the recent Office of National Statistics (ONS) figures reveals that over the past year, the nominal value of exports has increased by 20% which is significantly higher than the annual inflation rate, which currently stands at 9%.



Sources: Office of National Statistics, July 2022<sup>1</sup>; Coriolis Technologies Exporter data and shipment/Bill of Lading data July 2022

Since the start of 2022 there has been clear upward pressure on import prices: the cost of imports has increased by nearly 36% compared to May 2021 despite the volume of shipments to UK ports being 3% lower than they were a year ago.

<sup>1</sup> <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/may2022>



Sources: Office of National Statistics, July 2022<sup>2</sup>; Coriolis Technologies Shipment/Bill of Lading data July 2022

The data shows that fewer UK companies are exporting, and even fewer goods have been exported but at higher prices over the past six months. The cost of imported goods has increased by over 35%, outweighing the increase in UK exporter values. Our research shows that UK exporters are employing fewer people, and exporter revenue has declined over the past six months. Any increase in the value of UK exports masks incredible upheaval within companies that export goods and services from the UK, putting further strain on the UK export community as prices of raw materials and components increase.

**Institute of Export & International Trade director general, Marco Forgone said:** “What is clear from our analysis is this spike in the value of exports relates to cost of living pressures. Although the ONS figures point to a clear rise in the value of exports our data highlights this is against a backdrop of lower overall volumes of exports with fewer businesses now exporting.

More worrying is the dramatic increase in the cost of imports against a decline in volumes. These price pressures will continue to feed through to what consumers have to pay.

This is a worrying trend we have been tracking for some time now. Exporters need help and support if they are to drive jobs and lead growth in the UK economy.”

**Coriolis Technologies Chief Executive, Dr Rebecca Harding said:** “We cannot hide from the fact that UK exporters have been under considerable pressure for a while now. This is the message of consecutive Exporter Monitors in the past two years. However, what is now being added to the picture is the cost of living crisis that is the result of supply chain shortages and increases in food and energy prices as a result of the Russia-Ukraine conflict.”

<sup>2</sup> <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/may2022>

## The findings in detail:

UK exporters have suffered a decline in both employment and revenues across Q1 and Q2 of 2022. Our unconfirmed figures for Q2 of 2022 suggest that UK exporter revenues have fallen by £150.8m while employment has dropped by almost half a million.

Our data suggests that in Q2 revenues have declined by 2.95% and employment by 3.38%, despite the fact that the number of exporting companies has risen everywhere except for Northern Ireland. This is off the back of a fall of 1.6% in revenues and 1.52% in employment in Q1 – meaning that the UK’s declining exporter performance seems to be deteriorating still further.

UK GDP figures from the ONS show a Q1 growth of 0.8%, with Q2 and Q3 growth expected to sit at 0%. This suggests that, while a recession is not yet projected for the economy as a whole in terms of GDP, UK exporters are experiencing accelerating declines in revenues and employment – suggesting that exporter performance is lagging behind the economy as a whole.

However, at the nation-state level, the picture is uneven. In Q1 of 2022, all UK nations saw a decline in exporter revenues and employment – except for Wales, with a 1.46% increase in revenues. In Q2, only England saw negative growth in revenues (-3.16%) and only England and Northern Ireland saw negative growth in employment (-3.64%, -0.13%).

Our data shows that Scotland and Wales both saw increases across counts, employment and revenues in Q2. While Wales’ growth was less than 1% in employment and revenues, Scotland saw growth of 6.5% in employment and 8% in revenues. However, compared to Q2 of 2021, Scotland shows an overall drop of 15% in employment and revenues and Wales shows a drop of 8% in employment and 9% in revenues. At the UK total, against Q2 of 2021 the number of exporters has declined by 4%, while employment has fallen by 7% and revenues by 5%.

At a sector level, Accommodation and Arts and Entertainment have increased their exporter counts since last quarter, but have both seen big losses in their employment figures and revenues. However, in comparison to Q2 2021, Accommodation and Arts and Entertainment have increased their employment by 14% and 3% respectively, and the Accommodation sector has also grown its revenue by 12%, suggesting some growing resilience in discretionary spending against the hits taken since the pandemic.

Mining has seen drops across the board since last month by 0.9% in its exporter counts, 36.2% in employment, and 32.1% in revenue. Comparing these huge drops to last year’s figures, this is a 2% decrease in exporter counts, a 55% decrease in employment, and a 52% drop in exporter revenues. This is a similar story for Electricity, Gas, and Steam Supply which, despite seeing an increase in exporter counts by 8.9% since last month, its employment has fallen by 8.6% and revenues by 4.4% in the same time period, and it has 14% fewer exporter counts, 9% fewer employees, and 6% less revenue since last year. While this results in a loss for UK exporting numbers, it is a necessary result and indication of the UK fulfilling its obligations to the Paris Agreement of cutting its greenhouse gas emissions by 68% by 2030 and to the Climate Change Act by reaching net zero by 2050.

Against this negative outlook across two consecutive quarters – and against Q2 of last year – the government must install policies to support exporters. According to the ONS, the UK’s trade deficit excluding precious metals expanded to £26bn in Q1. With negative growth for exporters accelerating

in Q2, the trade deficit could increase further, which in certain circumstances can lead to higher overall unemployment. This is particularly worrying as the cost of living crisis looks set to worsen.

**Quarter on quarter changes by UK region**

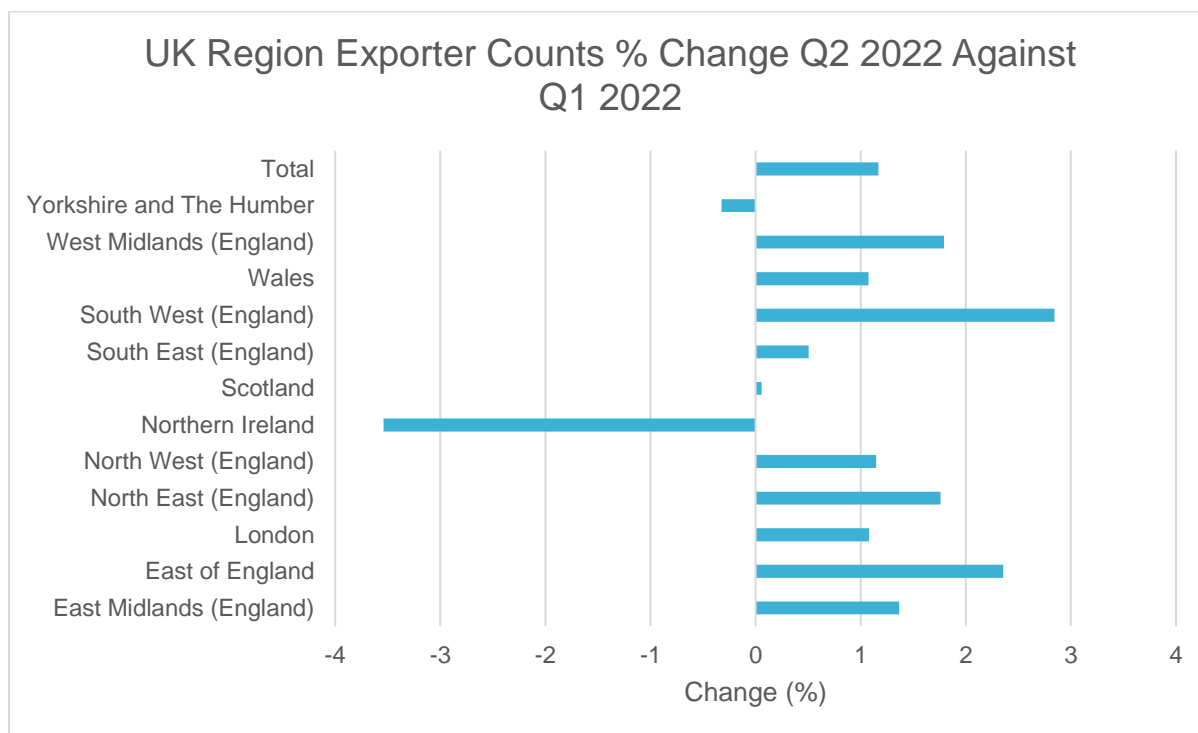


Figure 1: UK Region Exporter Counts % Change Q2 2022

All UK regions saw an increase in exporter counts this quarter, with the exception of Northern Ireland and Yorkshire and The Humber whose exporter counts declined by 3.5% and 0.3%, respectively. The South West of England increased its exporter counts the most by 2.8% followed by the East of England with 2.4%. Exporter counts in Wales increased by 1.07% and Scotland had a mild uptick with 0.06%. Overall, this translates to a 1.17% increase in exporter counts across the UK.



Figure 2: UK Region Exporter Employment % Change Q2 2022

This quarter, exporter employment fell by 3.4% across the UK. Employment fell the most in the North West of England by 7.3%, followed by the West Midlands at -5.9% and the South West at -5.8%; London was the least affected region in England with a decline of 1.1%. Wales employed 4.1% fewer workers in exports, but Northern Ireland saw an uptick of 0.1% and Scotland’s hires rose by 1.3%.

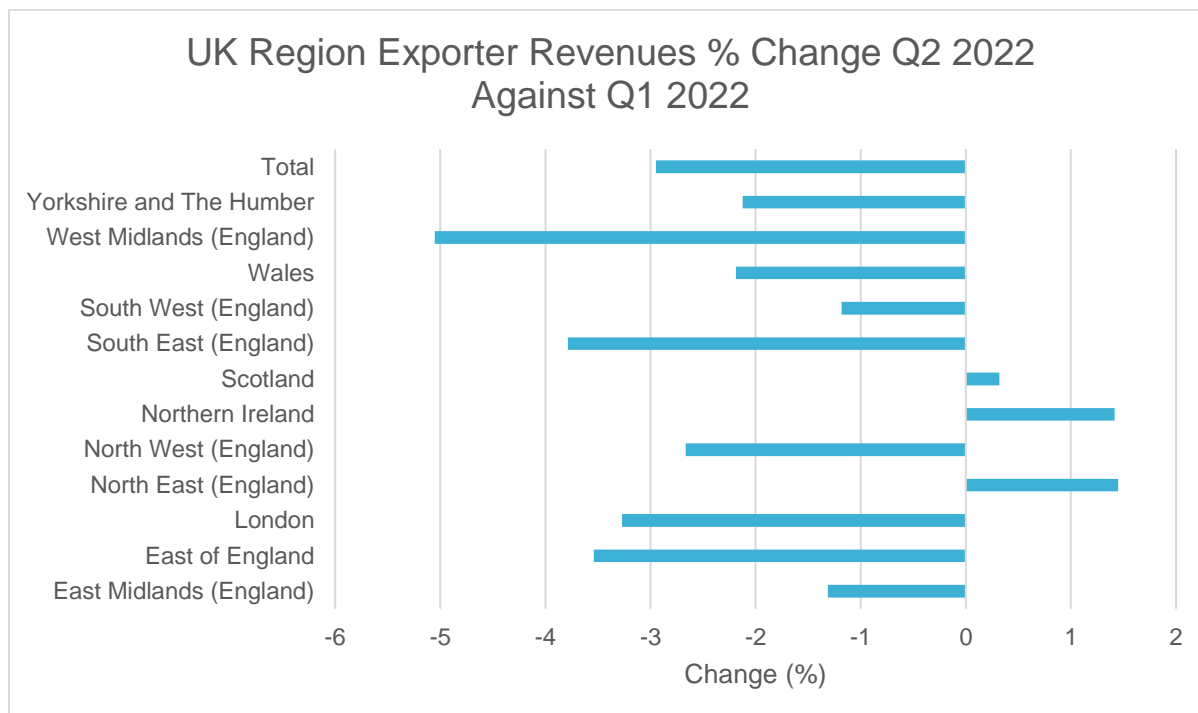


Figure 3: UK Region Exporter Revenues % Change Q2 2022

A quarter-on-quarter comparison shows that total exporter revenues across the UK have fallen by 2.9% since last quarter. The West Midlands fared the worst by with a decline of 5.1% followed by the South East of England with 3.8% and East of England with 3.5%. Wales saw a drop of 2.19%. Only 3 regions saw an increase in exporter revenues: Scotland’s revenue increased by 0.3%, Northern Ireland’s increased by 1.42%, and the North East of England’s increased by 1.45%.

Quarter on quarter changes by sector

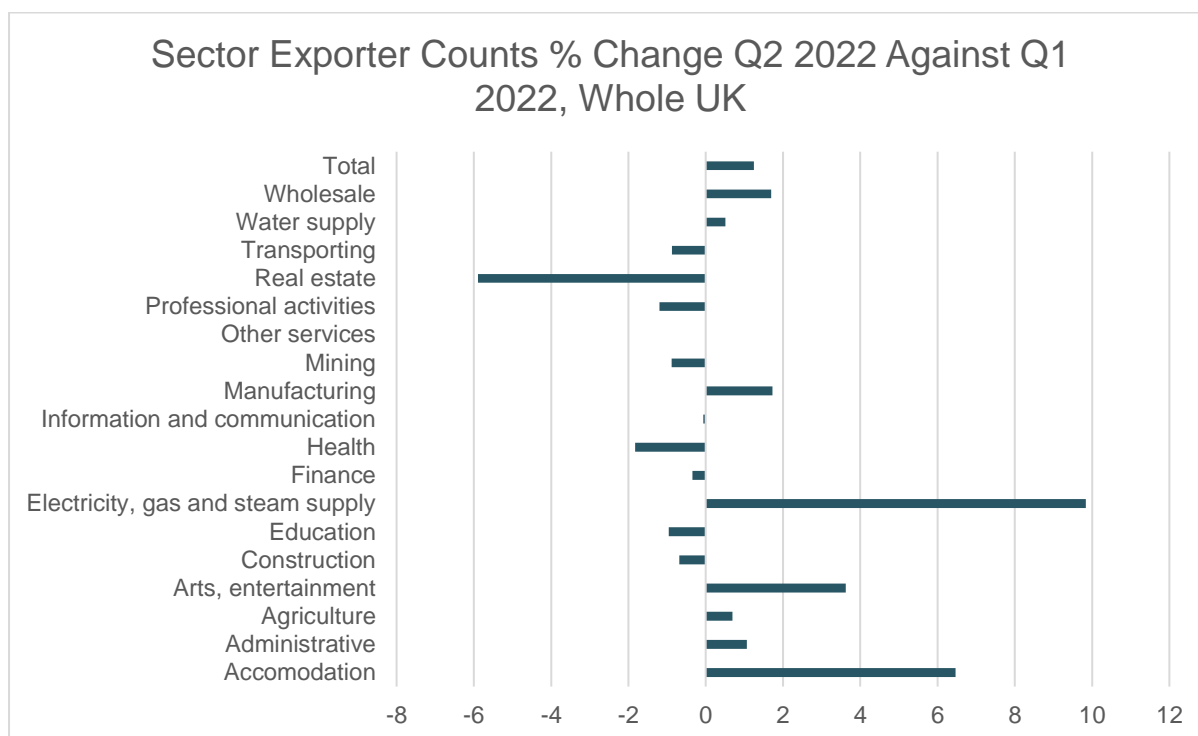


Figure 4: Sector Exporter Counts % Change Q2 2022, Whole UK

The sectors that increased their exporter counts the most in Q2 of 2022 are Electricity, Gas, and Steam Supply by 9.8%, Accommodation by 6.5%, and Arts and Entertainment by 3.6%. Despite being the sector that grew its exporter counts the most in Q1, Real Estate drops by 5.9%, followed by a 1.8% decline in exporter counts in Health, and a 1.2% decrease in Professional Activities.



Figure 5: Sector Exporter Employment % Change Q2 2022, Whole UK

In comparison to Q1, Mining was the worst affected across all exporting sectors, with a 36.2% drop in its exporter employment figures. Arts and Entertainment follow second with a decrease of 10% and Electricity, Gas, and Steam Supply follow third, hiring 8.6% fewer workers. The Health sector sees the biggest growth in exporter employment with 15.4%, and despite its 25.3% drop last quarter, Finance is the second best performer this quarter with an exporter employment increase of 13.3%, followed by Education at 10.4%.



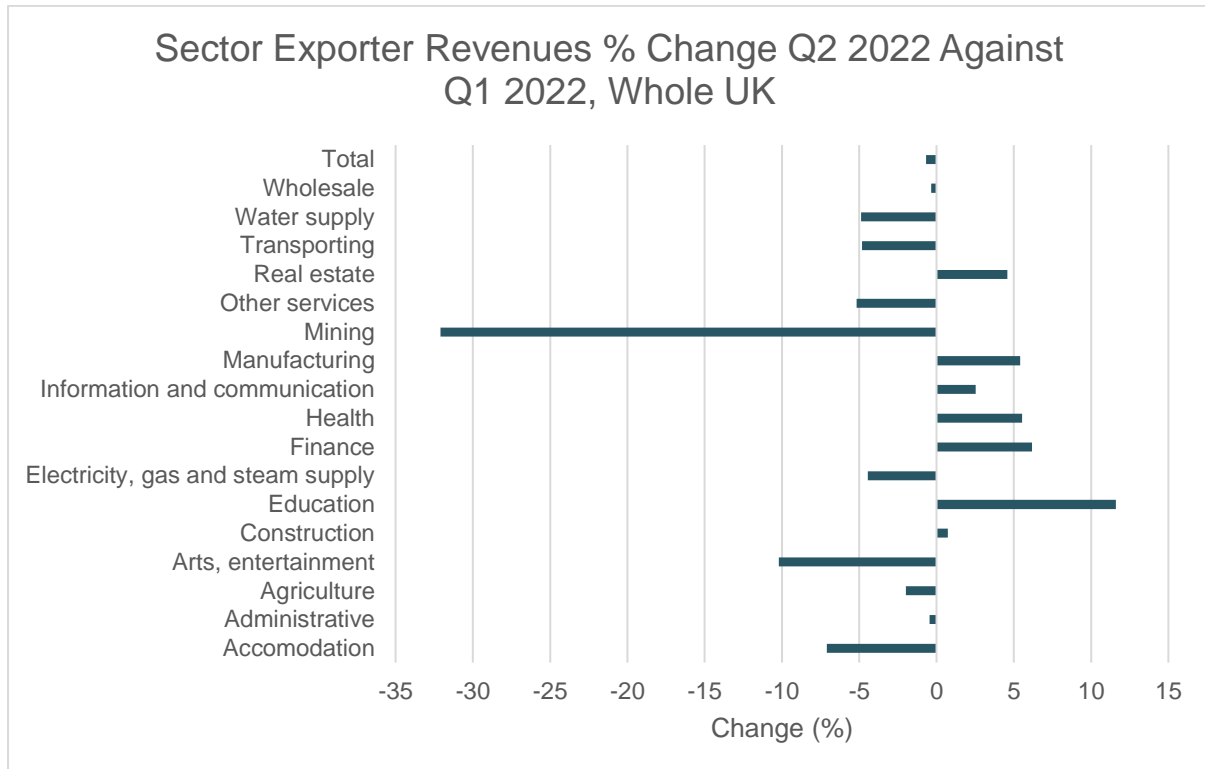


Figure 6: Sector Exporter Revenues % Change Q2 2022, Whole UK

Like its Q2 employment figures, Mining comes out again as performing the worst across all sectors, this time in comparison to its exporter revenues against the last quarter. Arts and Entertainment follow second again like their employment numbers, this time with a decline of 10.2%, and Accommodation experiences a loss of 7.1% since Q1. Education increases its exporter revenues the most with 11.6%, followed by Finance with 6.2%, and Health with 5.5%.

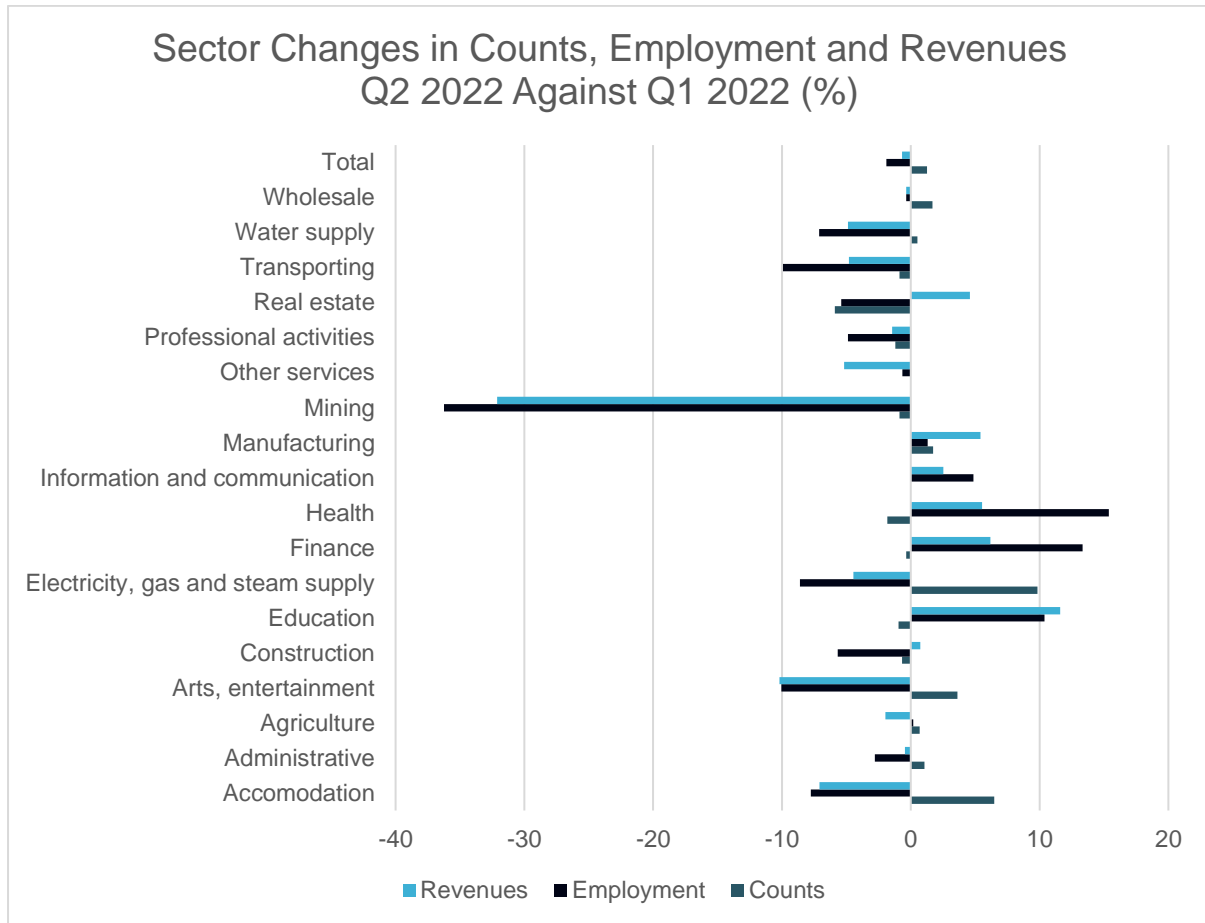


Figure 8: Sector Changes in Counts, Employment and Revenues Q2 2022 (%)

**ENDS**

**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 Djik 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

UK Nations Changes in Counts, Employment and Revenues by Size

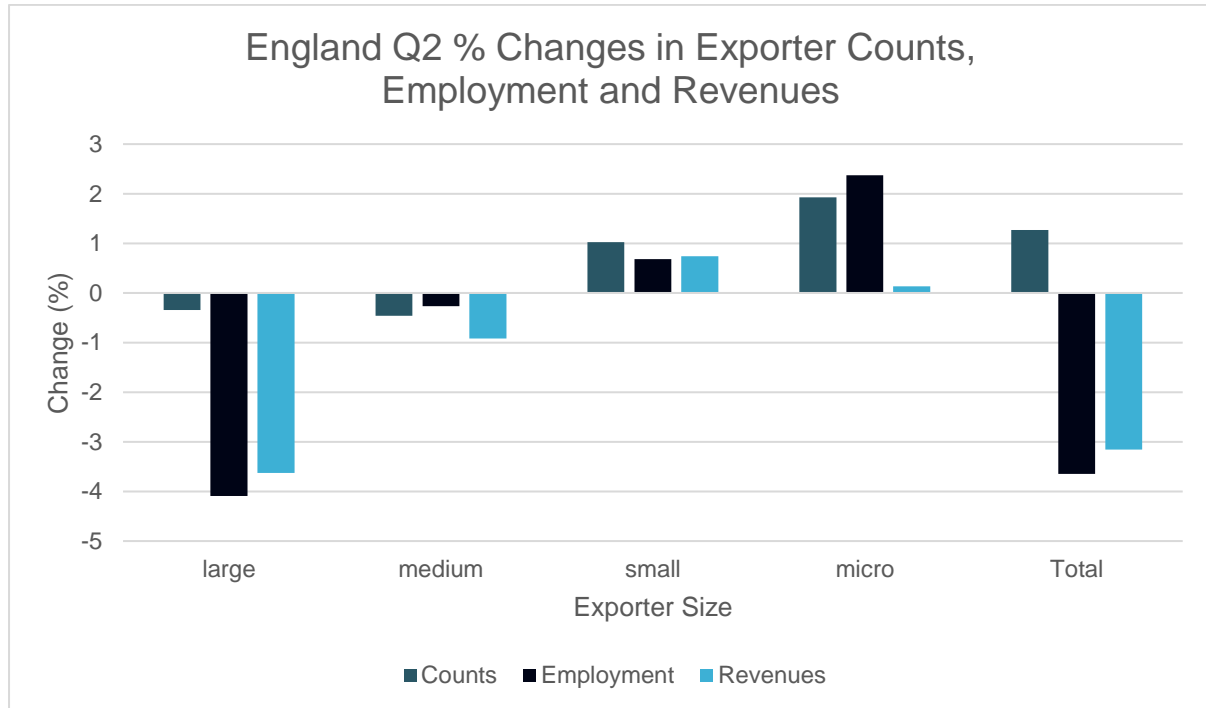


Figure A-1: England Q2 % Changes in Exporter Counts, Employment and Revenues

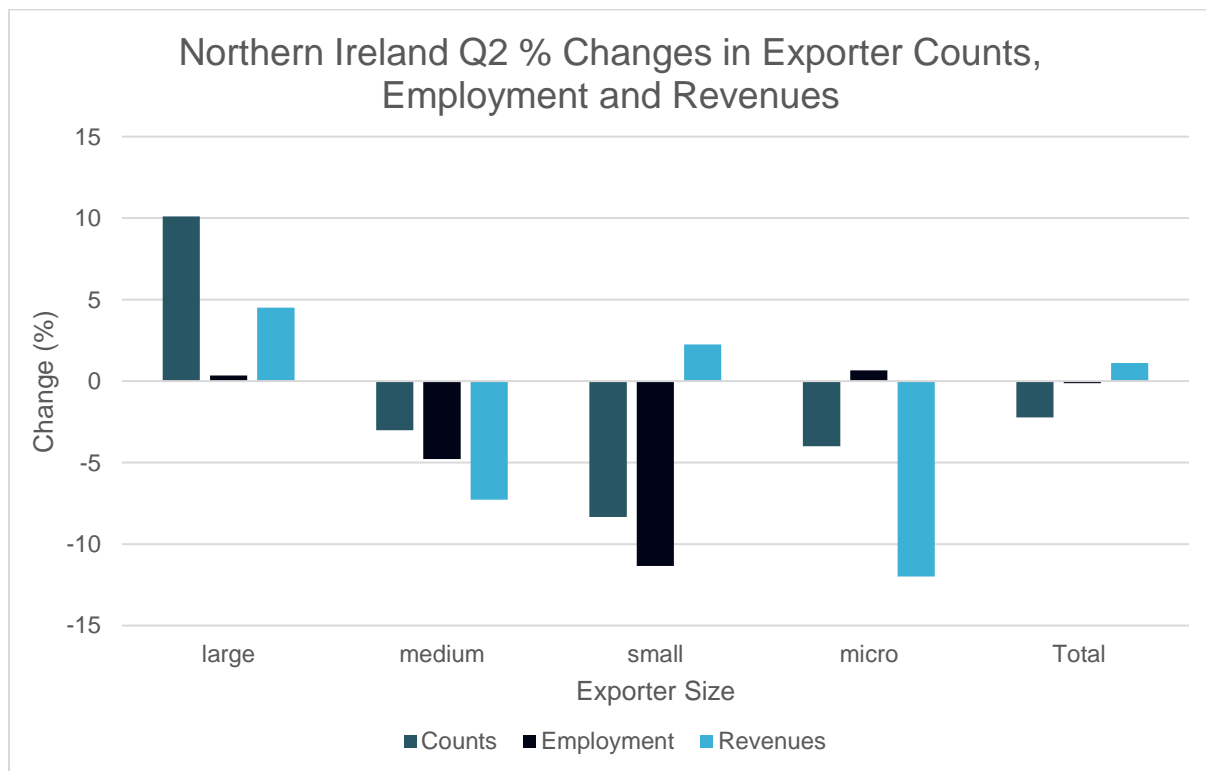


Figure A-2: Northern Ireland Q2 % Changes in Exporter Counts, Employment and Revenues

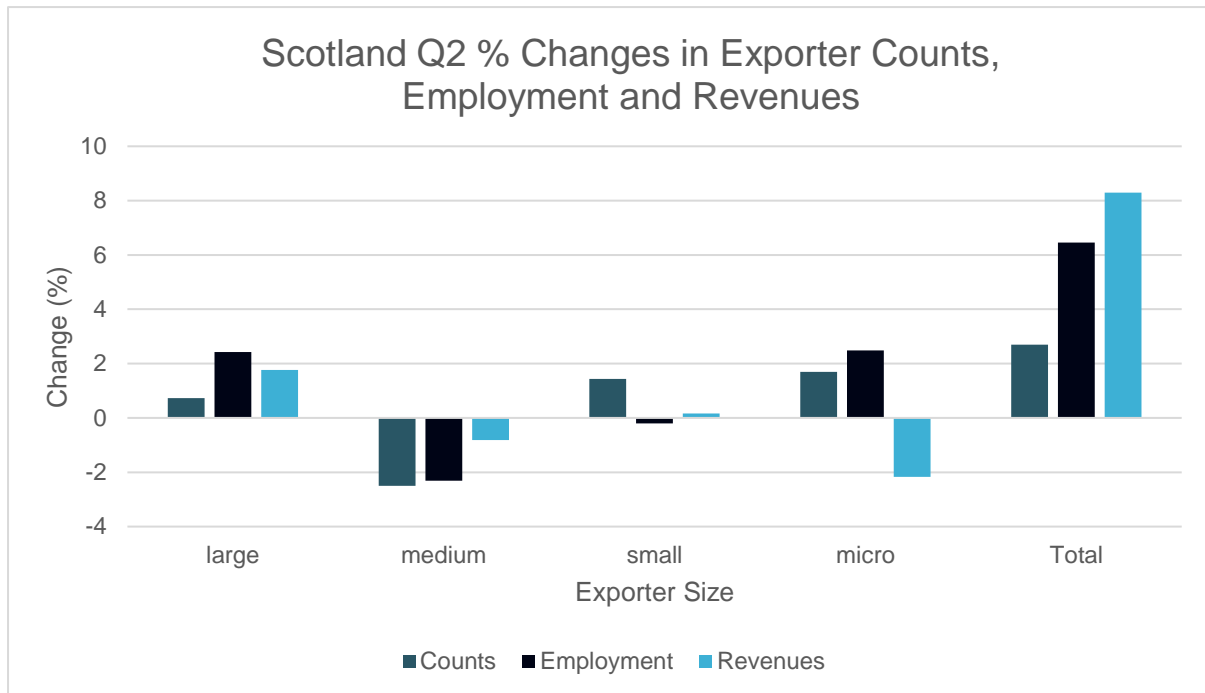


Figure A-3: Scotland Q2 % Changes in Exporter Counts, Employment and Revenues

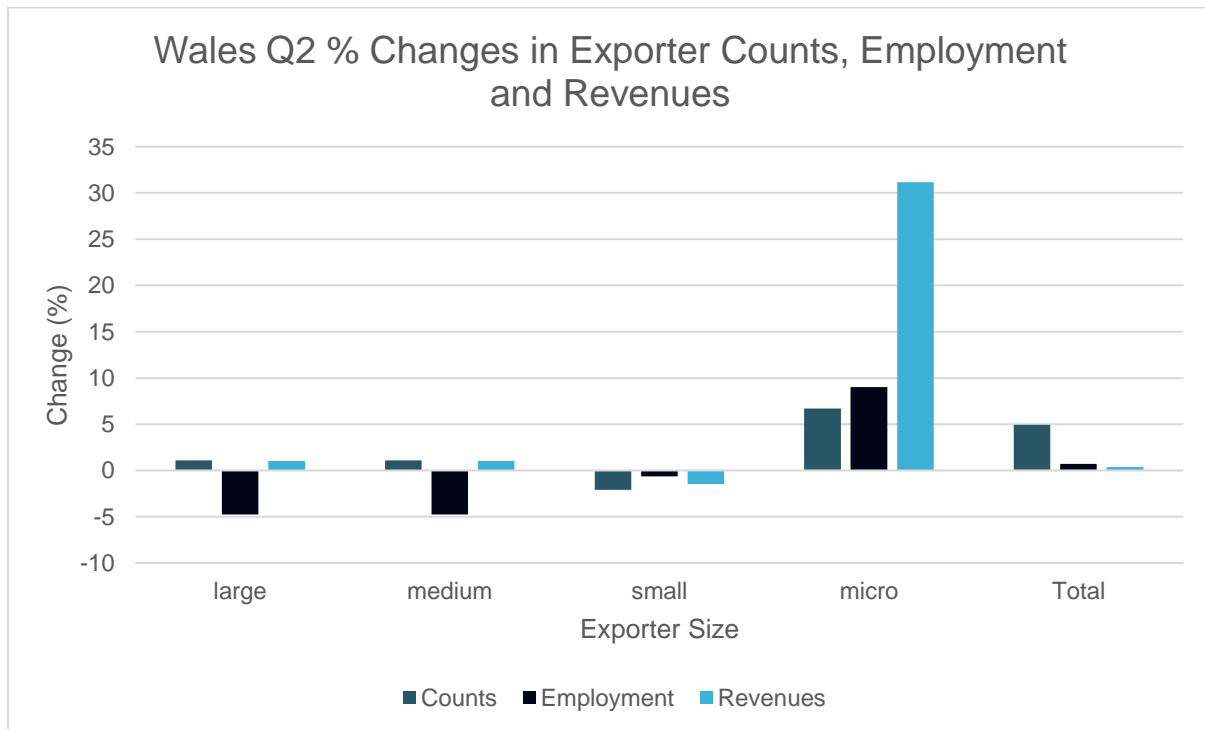


Figure A-4: Wales Q2 % Changes in Exporter Counts, Employment and Revenues

UK Region Exporter Counts, Employment and Revenues Q2 2022 against Q2 2021

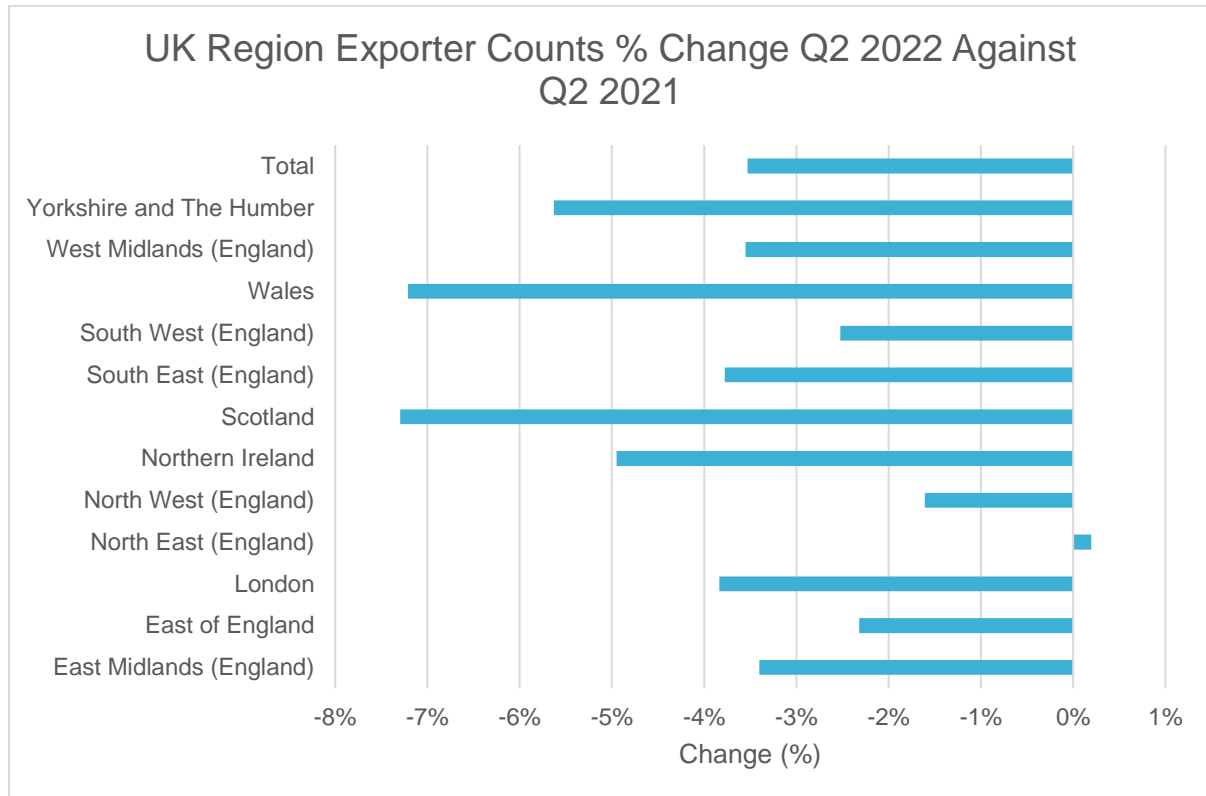


Figure A-5: UK Region Exporter Counts % Change Q2 2022 Against Q2 2021



Figure A-6: UK Region Exporter Employment % Change Q2 2022 Against Q2 2021

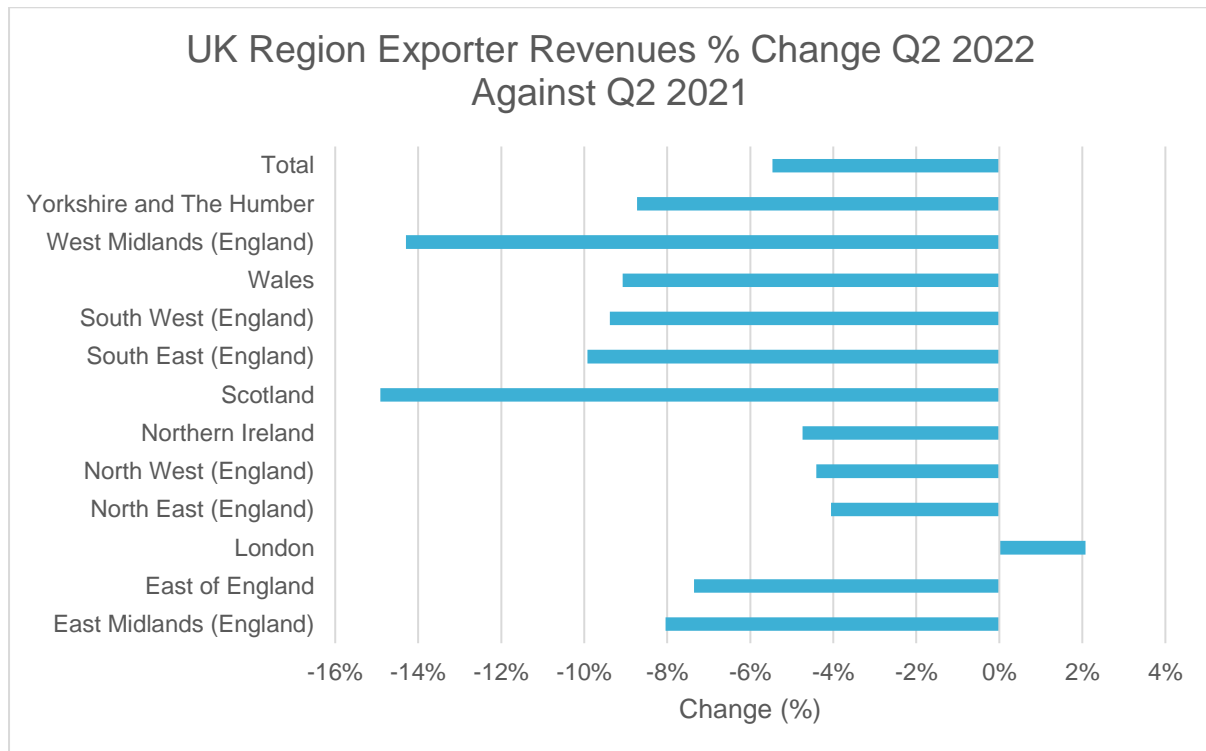


Figure A-7: UK Region Exporter Revenues % Change Q2 2022 Against Q2 2021

UK Sector Exporter Counts, Employment and Revenues Q2 2022 Against Q2 2021

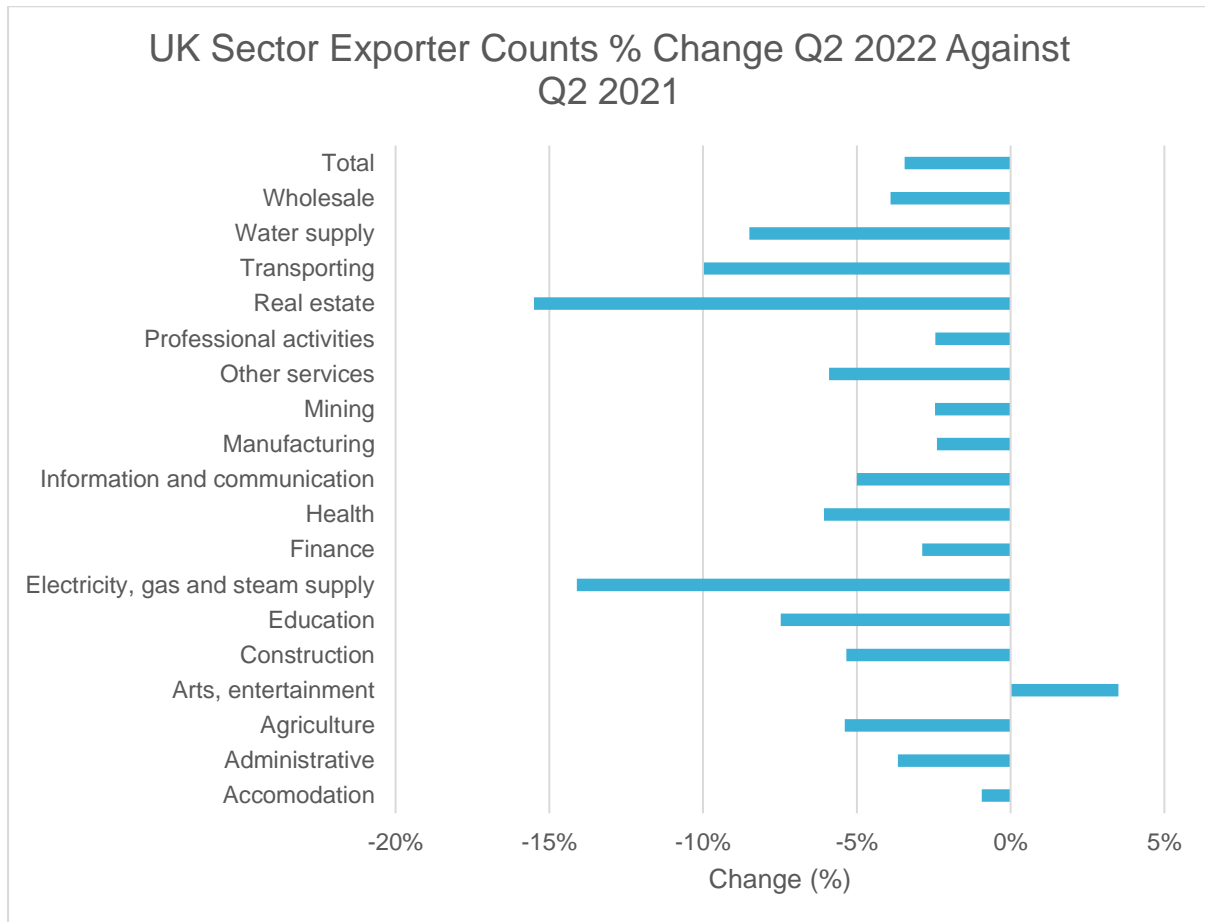


Figure A-8: UK Sector Exporter Counts % Change Q2 2022 Against Q2 2021



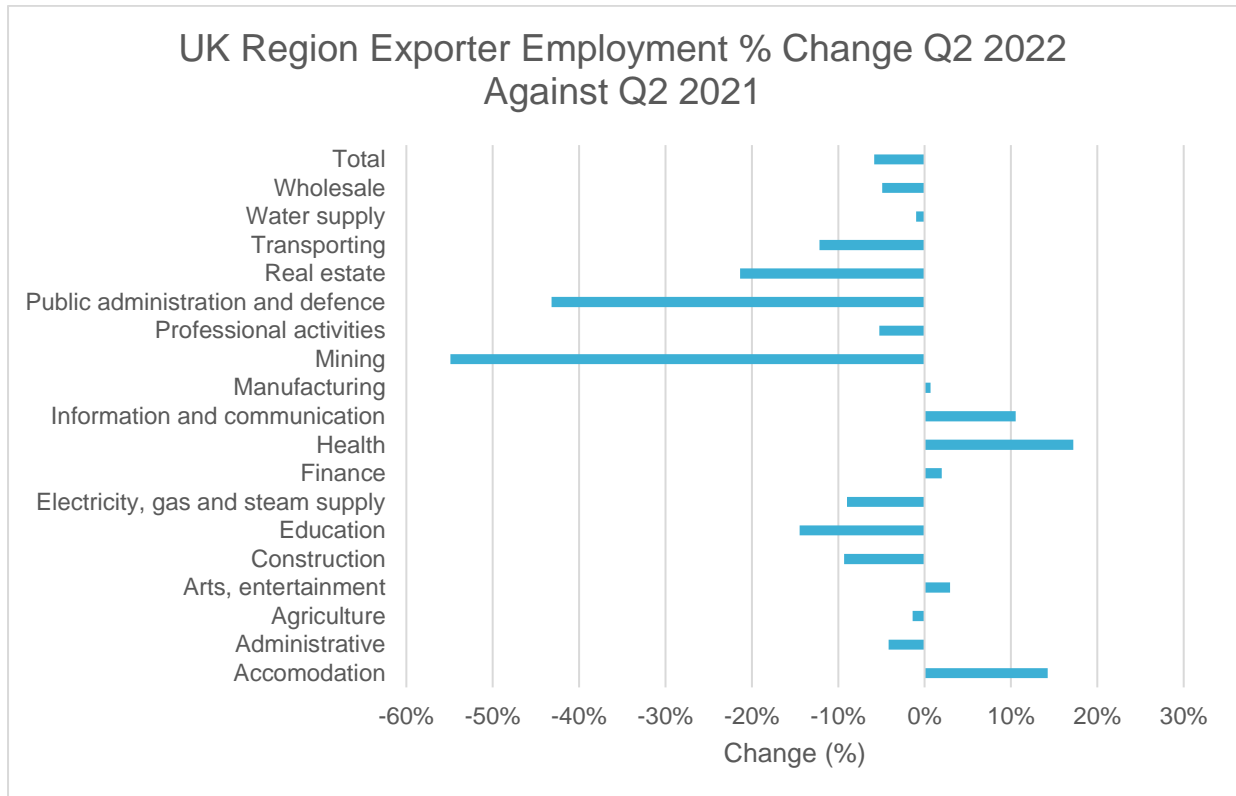


Figure A-9: UK Sector Exporter Employment % Change Q2 2022 Against Q2 2021

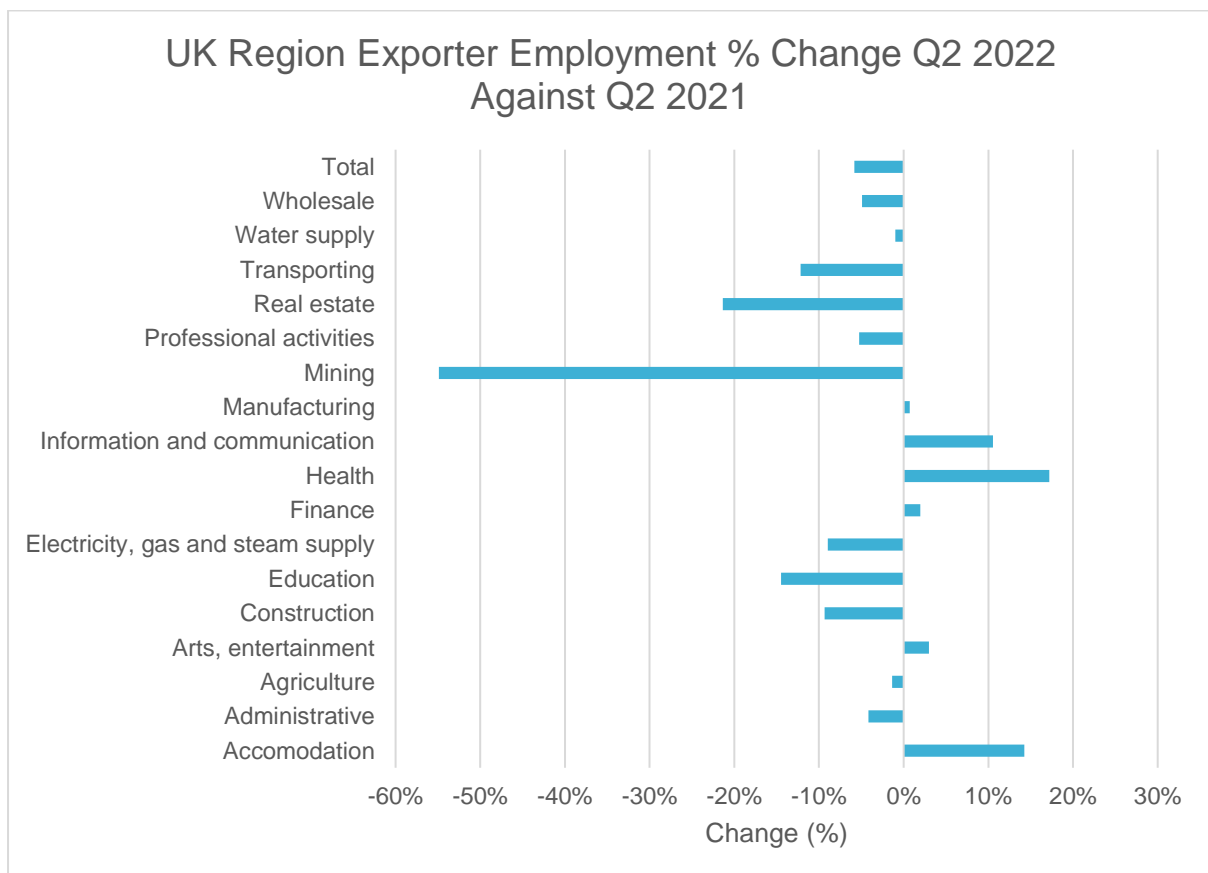


Figure A-10: UK Sector Exporter Revenues % Change Q2 2022 Against Q2 2021