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Northern Ireland Manufacturing Sales & Exports Survey 2005/06, Supplement – Barriers to Trade

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Business Activity **Statistics Bulletin**

BARRIERS TO TRADE

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The Northern Ireland Manufacturing Sales and Exports Survey provides information on the value of sales and exports generated by businesses classified within the manufacturing industry in Northern Ireland. For the first time all businesses in the 2005/06 survey were asked to provide information on the main barriers to trade with countries outside the UK (Exports) and to identify those forms of assistance which would encourage them to develop or further develop export performance. This report presents the initial findings of what businesses perceive or experience as barriers to trade and also what forms of assistance would help businesses to export to international markets.

- Transport costs were the most commonly stated barrier to trade with 45.0% of respondents reporting this barrier.

- Current exporters and non-exporters have differing experiences and perceptions of the main barriers to trade, perhaps reflecting the benefit of experience developed within the export process.

- Market research information is the main form of assistance to develop or further develop export performance, noted by 38.3% of respondents.

- Manufacturing subsectors cite transport costs as the main barrier to trade whereas the most commonly noted barrier for those non manufacturing companies surveyed was lack of resources or managerial time.

- Large sized businesses reported currency/exchange rates as the main barrier to trade while small and medium sized businesses ranked this barrier 3rd.

- Introductions to potential overseas customers are important to all sizes of business (ranked 1st for small businesses and 2nd for medium and large sized businesses).

Department of Enterprise,
Trade and Investment

NI Manufacturing Sales & Exports Survey 2005/06, Supplement - Barriers to Trade

26 February 2007

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Executive Summary

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The Manufacturing Sales and Exports Survey (MSES) provides information on the value of sales and exports generated by businesses classified within the Manufacturing Industry in Northern Ireland. Provisional results from the 2005/06 NI Manufacturing Sales and Exports survey (MSES) estimated sales to international customers (exports) to account for almost a third (32.7%) of total sales.

The ability of businesses to compete internationally is recognised as vital to stimulating growth within the economy but to date there has been a lack of information regarding companies' perceptions and experiences of exporting. This report aims to provide information on the barriers to trade, either perceived or experienced, and the possible ways in which companies would like to be assisted to develop export performance.

Analysis of Barriers to Trade

The most commonly stated barrier to trade (with countries outside the UK) was transport costs, with 45.0% of respondents reporting this as a barrier. The majority of both current exporters (47.4%) and non-exporters (36.9%) stated transport costs as the main barrier to trade.

Analysis of Assistance to Trade

'Market research information' and 'introductions to potential overseas customers' were the most commonly stated forms of assistance noted by companies, with almost two-fifths of companies (38.3% and 37.2%, respectively) highlighting each of these as forms of assistance they would like to receive.

Analysis by Sector

The barriers to trade noted by manufacturing companies differed slightly to those noted by companies classified outside manufacturing. Transport costs were the main barrier to trade noted by each of the manufacturing subsections with the exception of the Textiles, Clothing & Leather sector (sic 17-19) where 'setting competitive prices' has been ranked as the top barrier to trade. The main barrier attributed to the service sector (all sectors outside manufacturing) is 'lack of resources/managerial time', cited by 36.9% of respondents.

Analysis by size of business

For the purpose of this analysis, businesses are defined as small (5-49 employees), medium (50-249 employees) and large (250+ employees). The barrier most frequently returned by large businesses is 'currency / exchange rates' with 46.2% of respondents citing this barrier, this differs from small and medium sized business where transport costs are noted as the main barrier to trade.

Each size of business have reported 'introductions to overseas customers' and 'market research information' as the two most frequently desired forms of assistance,

Analysis of Barriers to Trade affecting Northern Ireland companies

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Exports represent an important form of revenue for the NI economy. Provisional results from the 2005/06 NI Manufacturing Sales and Exports survey (MSES) estimated sales to international customers (exports) to account for almost a third (32.7%) of total sales (increasing from 25.8% in 1995/96).

The DETI Economic Vision stated the importance of encouraging NI businesses of all types and sizes to build on current strengths to become more globally competitive. Businesses are encouraged to 'become more market aware, outward looking and committed to business improvement'.

The NI MSES provides information on the levels of exports and the destination of sales but there was a lack of information regarding companies' perceptions/experiences of exporting. Statistics Research Branch (SRB) sought to find out what factors discouraged and what indeed helped businesses export to international markets.

In the 2005/06 NI MSES businesses were asked, for the first time, to indicate from a predefined list of barriers 'the main barriers to trade with countries outside the UK'. Businesses were also asked to confirm 'which forms of assistance would encourage the company to develop/further develop export performance'.

Table 1 shows each of the barriers to trade affecting NI businesses. From the returns received each barrier has been ranked according to the number of businesses affected. The transport costs barrier has been ranked highest with 45.0% of responding businesses reporting this as a barrier.

Barriers to Trade with countries outside the UK

Table 1

Barriers to trade	% of respondents	rank
transport costs	45.0%	(1)
currency/exchange rates	33.7%	(2)
lack of resources/managerial time	31.4%	(3)
setting competitive prices	29.4%	(4)
lack of market information	26.1%	(5)
payment issues	20.8%	(6)
language/cultural differences	19.7%	(7)
products/services unsuitable for exports	17.3%	(8)
lack of government support	16.3%	(9)
legislation and standards	16.2%	(10)
no spare capacity	13.4%	(11)
lack of trained staff	12.1%	(12)
export documentation	11.7%	(13)
lack of bank support	7.5%	(14)
warranty of service support	5.2%	(15)
high import tariffs in target markets	5.0%	(16)

Please note: percentages do not add to 100 due to companies providing multiple responses

Each of the top five barriers to trade are reported to affect a high percentage of responding NI businesses with over a quarter of respondents reporting each of these barriers.

Exporters v Non-Exporters

Using information from the MSES, it was possible to analyse those companies currently exporting against those companies with no exports. This analysis sought to find whether the barriers perceived by non-exporters were the same as those experienced by current exporters.

Table 2 below shows the barriers to trade experienced by companies that currently export and the 'perceived' barriers to trade of those companies that do not currently export.

Comparing current exporters to non-exporters it is interesting to note that four of the top five barriers experienced by exporters are also perceived by non-exporters, to be the main barriers to trade. Both groups rank transport costs as the main barrier, with 47.4% of exporters and 36.9% of non-exporters affected. Current exporters rank currency/exchange rates (36.6%) and setting competitive prices (32.1%) second and third while non-exporters rank these barriers fifth (23.9%) and sixth (20.3%) respectively. Non-exporters perceive lack of resources /managerial time (33.1%) and lack of market information (25.6%) to be ranked within the top three barriers, most likely attributed to lack of knowledge and expertise.

Barriers to Trade, Exporters vs Non-Exporters'
Table 2

	Currently exporting		Currently not exporting	
Barriers to trade	% of respondents	rank	% of respondents	rank
transport costs	47.4%	(1)	36.9%	(1)
currency/exchange rates	36.6%	(2)	23.9%	(5)
setting competitive prices	32.1%	(3)	20.3%	(6)
lack of resources/managerial time	30.9%	(4)	33.1%	(2)
lack of market information	26.3%	(5)	25.6%	(3)
payment issues	21.3%	(6)	19.2%	(8)
language/cultural differences	20.3%	(7)	17.8%	(9)
lack of government support	16.6%	(8)	15.3%	(11)
legislation and standards	16.1%	(9)	16.7%	(10)
products/services unsuitable for exports	15.1%	(10)	24.4%	(4)
lack of trained staff	12.9%	(11)	9.7%	(13)
export documentation	12.2%	(12)	10.0%	(12)
no spare capacity	11.3%	(13)	20.0%	(7)
lack of bank support	7.0%	(14)	9.4%	(14)
warranty of service support	5.5%	(15)	4.2%	(15)
high import tariffs in target markets	5.5%	(15)	3.6%	(16)

Please note: percentages do not add to 100 due to companies providing multiple responses

While current exporters rank the barrier 'product/services unsuitable for exports' with rank 10, non-exporters cite this as one of the top five barriers (ranked 4), providing confirmation of why the businesses are within the non-exporting group.

A fifth of non-exporters perceive 'no spare capacity' to be ranked within the top ten (rank 7) while current exporters find this to be of less importance as a barrier (rank 13).

Similar research has been conducted in Scotland where similar trends have been found. Transport costs and lack of resources/managerial time have been ranked within the top 3 barriers to trade for Scottish companies.

Companies were also given the option of providing 'other' barriers to trade. Although this represents a small proportion of respondents the main themes were:

- no interest in exporting;
- part of multi national group - local agreements where companies agree not to target markets outside their geographical area;
- franchise agreements that do not permit trade in other countries.

The 'export ban on beef' was also cited as a barrier but as the ban was lifted in March 2006 this may no longer be a barrier in future years.

Analysis of Assistance to Trade to countries outside the UK

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In section 2, information was provided on the barriers to trade noted by NI companies. This section of the report presents information on the assistance which companies would like to receive to encourage/facilitate them to develop or further develop their export sales.

Information was again collected via the MSES where businesses were asked to confirm what forms of assistance would encourage companies to develop/further develop export performance. Of the respondents (1550) over 23% do not currently export potentially resulting in significant export opportunities not being utilised.

Table 3 overleaf shows the ranking of the forms of assistance that would encourage companies to export. Almost two fifths of respondents ranked 'market research information' as the main form of assistance (38.3%) followed closely by 'introduction to potential overseas customers' (37.2%).

Finding export agents, exhibiting at trade fairs and entering new markets were ranked in the top five forms of assistance while language training was the least popular form of assistance with only 8.2% of respondents confirming a preference for this option.

Businesses in Scotland have returned the same top 4 forms of assistance as Northern Ireland businesses. While 'Introductions to potential overseas customers' ranks second in NI, it is the most frequently rated form of assistance in Scotland.

Assistance to Trade to countries outside the UK
Table 3

Assistance to trade	% of respondents	rank
market research information	38.3%	(1)
introductions to potential overseas customers	37.2%	(2)
finding export agents and/or distributors	25.6%	(3)
exhibiting at trade fairs	23.9%	(4)
entering new markets	21.2%	(5)
finding joint venture partners	18.5%	(6)
international marketing	16.3%	(7)
overseas trade missions	15.5%	(8)
export training	15.4%	(9)
translation assistance	14.2%	(10)
developing an international trade strategy	10.8%	(11)
e-commerce training for international trade	9.5%	(12)
export documentation	9.4%	(13)
language training	8.2%	(14)
Please note: percentages do not add to 100 due to companies providing multiple responses		

Exporters v Non-Exporters

Both exporters and non-exporters have ranked 'market research information' and 'introductions to potential overseas customers' as the two main forms of assistance to trade (Table 4 below). Companies that are within the exporting group have indicated 'market research information' as the main form of assistance that would encourage and further develop export performance while the non-exporting group have returned 'introductions to potential overseas customers' as rank 1.

The views of companies that are currently exporting differ from those of non-exporters in that 'exhibiting at trade fairs', 'international marketing' and 'overseas trade missions' are ranked higher for exporters compared to non-exporters.

Non-exporters have confirmed a preference for 'export training' (rank 6) and 'translation assistance' (rank 8) which differs in importance as a form of assistance for those businesses with export expertise (rank 9 & 10 respectively).

Assistance to Trade, 'Exporters vs Non-Exporters'
Table 4

	Currently exporting		Currently not exporting	
Assistance to trade	% of respondents	rank	% of respondents	rank
market research information	39.7%	(1)	33.9%	(2)
introductions to potential overseas customers	37.9%	(2)	34.7%	(1)
finding export agents and/or distributors	27.1%	(3)	20.8%	(3)
exhibiting at trade fairs	26.6%	(4)	15.3%	(7)
entering new markets	22.5%	(5)	16.9%	(4)
finding joint venture partners	19.0%	(6)	16.9%	(4)
international marketing	17.6%	(7)	11.7%	(9)
overseas trade missions	16.8%	(8)	11.4%	(10)
export training	15.4%	(9)	15.6%	(6)
translation assistance	14.4%	(10)	13.6%	(8)
developing an international trade strategy	11.9%	(11)	7.2%	(11)
e-commerce training for international trade	10.3%	(12)	7.2%	(11)
export documentation	10.2%	(13)	6.7%	(13)
language training	8.7%	(14)	6.7%	(13)
Please note: percentages do not add to 100 due to companies providing multiple responses				

Analysis by Sector

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Manufacturing

This section provides an analysis of both barriers and assistance to trade by manufacturing subsector. Analysis is based on 1550 responses, full details of the numbers of responses within each subsector can be found in section 6.

Table 5 below provides information on barriers to trade; proportions have been expressed in terms of the number of companies noting each barrier divided by the total number of respondents. Ranking has been stated according to these proportions. Transport costs have been ranked as the main barrier to trade for each of the manufacturing subsectors with the exception of the Textiles, Clothing & Leather sector (sic 17-19) where 'setting competitive prices' has been ranked as the top barrier to trade (transport costs ranked 2nd).

Currency and exchange rates have been ranked within the top 3 barriers for 9 out of the 12 manufacturing subsectors, with 7 subsectors ranking it as the second main barrier.

Barriers to Trade

Analysis of barriers to trade by manufacturing sub sector*

Table 5

Barriers to trade	15-16	17-19	20	21-22	24	25	26	27-28	29	30-33	34-35	36-37&23
transport costs	52.2%	48.4%	63.6%	39.8%	55.6%	54.7%	56.3%	52.0%	51.6%	39.4%	51.7%	47.0%
	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
currency/exchange rates	33.8%	39.1%	36.4%	22.6%	22.2%	37.3%	31.3%	33.5%	38.9%	37.9%	48.3%	32.2%
	(2)	(4)	(2)	(5)	(5)	(3)	(2)	(2)	(2)	(2)	(2)	(3)
lack of market information	29.3%	28.1%	29.9%	20.4%	22.2%	21.3%	18.8%	25.4%	29.5%	27.3%	24.1%	18.3%
	(3)	(6)	(4)	(7)	(5)	(7)	(5)	(5)	(4)	(6)	(4)	(11)
products/services unsuitable for exports	28.7%	3.1%	20.8%	31.2%	11.1%	18.7%	25.0%	15.6%	13.7%	13.6%	20.7%	20.0%
	(4)	(16)	(7)	(2)	(12)	(8)	(3)	(10)	(11)	(11)	(7)	(8)
setting competitive prices	26.1%	50.0%	31.2%	24.7%	29.6%	42.7%	25.0%	27.7%	29.5%	31.8%	41.4%	29.6%
	(5)	(1)	(3)	(3)	(4)	(2)	(3)	(4)	(4)	(3)	(3)	(4)
lack of resources /managerial time	24.2%	42.2%	28.6%	24.7%	37.0%	30.7%	13.8%	28.9%	34.7%	31.8%	24.1%	33.0%
	(6)	(3)	(5)	(3)	(2)	(5)	(7)	(3)	(3)	(3)	(4)	(2)
payment issues	15.9%	34.4%	19.5%	22.6%	22.2%	32.0%	16.3%	18.5%	15.8%	19.7%	20.7%	20.9%
	(7)	(5)	(9)	(5)	(5)	(4)	(6)	(7)	(9)	(7)	(7)	(6)
no spare capacity	15.3%	14.1%	24.7%	7.5%	11.1%	12.0%	11.3%	15.6%	6.3%	7.6%	6.9%	19.1%
	(8)	(9)	(6)	(10)	(12)	(12)	(12)	(10)	(16)	(15)	(13)	(10)
legislation and standards	13.4%	10.9%	10.4%	6.5%	22.2%	17.3%	12.5%	15.6%	20.0%	18.2%	10.3%	20.0%
	(9)	(11)	(13)	(11)	(5)	(9)	(10)	(10)	(8)	(8)	(11)	(8)
language/cultural differences	12.7%	14.1%	20.8%	17.2%	14.8%	22.7%	13.8%	19.1%	25.3%	30.3%	20.7%	20.9%
	(10)	(9)	(7)	(8)	(9)	(6)	(7)	(6)	(6)	(5)	(7)	(6)
export documentation	12.1%	10.9%	14.3%	5.4%	14.8%	14.7%	13.8%	16.2%	12.6%	13.6%	6.9%	17.4%
	(11)	(11)	(11)	(13)	(9)	(10)	(7)	(9)	(12)	(11)	(13)	(12)
lack of government support	10.2%	18.8%	16.9%	15.1%	33.3%	13.3%	12.5%	17.3%	21.1%	18.2%	13.8%	21.7%
	(12)	(7)	(10)	(9)	(3)	(11)	(10)	(8)	(7)	(8)	(10)	(5)
lack of trained staff	8.9%	15.6%	14.3%	5.4%	11.1%	12.0%	8.8%	11.0%	14.7%	12.1%	10.3%	13.9%
	(13)	(8)	(11)	(13)	(12)	(12)	(13)	(13)	(10)	(13)	(11)	(13)
lack of bank support	5.7%	9.4%	10.4%	6.5%	14.8%	9.3%	1.3%	5.8%	8.4%	9.1%	3.4%	11.3%
	(14)	(14)	(13)	(11)	(9)	(14)	(15)	(14)	(14)	(14)	(15)	(14)
high import tariffs in target markets	4.5%	10.9%	3.9%	1.1%	3.7%	9.3%	3.8%	5.2%	11.6%	6.1%	0.0%	7.0%
	(15)	(11)	(16)	(15)	(15)	(14)	(14)	(15)	(13)	(16)	(16)	(15)
warranty of service support	1.9%	4.7%	7.8%	1.1%	0.0%	9.3%	1.3%	3.5%	7.4%	15.2%	24.1%	5.2%
	(16)	(15)	(15)	(15)	(16)	(14)	(15)	(16)	(15)	(10)	(4)	(16)

*Subsector definitions are provided in section 6

Lack of resources/managerial time is quoted by 7 of the manufacturing sectors to rank within the top 3, while lack of market information and lack of government support rank third for sic 15-16 (Food, Drink & Tobacco) and sic 24 (Chemicals & Man-Made Fibres) respectively.

As previously mentioned, setting competitive prices is the main barrier to trade for the Textiles, Clothing & leather sector perhaps reflecting the difficulties faced by the sector in trying to compete against the increased level of cheap imports in NI.

The Transport Equipment sector (sic 34-35) rate warranty of service support quite highly (rank 4) in comparison to the rest of manufacturing subsectors who did not record this as a major barrier, rank 15 for 5 subsectors and rank 16 for 4 subsectors.

Assistance to Trade

Analysis of the forms of assistance revealed 'market research' and 'introductions to potential overseas customers' as the top methods to encourage companies to develop or further develop export performance (support for these methods of assistance ranged from 26.3% to 44.4%).

Finding export agents/distributors ranks within the top 3 forms of assistance for 8 out of the 12 manufacturing subsectors, with 2 further subsectors ranking this form of assistance 4th.

Although language training was ranked last as a form of assistance for all businesses (table 3) it is interesting to note that the manufacturing subsections have ranked this option between 9 and 14, responses ranging from 3.2% to 12.5%.

Analysis of assistance to trade by manufacturing sub sector

Table 6

Assistance to trade	15-16	17-19	20	21-22	24	25	26	27-28	29	30-33	34-35	36-37&23
market research information	38.9%	43.8%	37.7%	28.0%	40.7%	37.3%	32.5%	38.7%	36.8%	37.9%	31.0%	29.6%
	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)	(2)	(2)	(3)	(1)
finding export agents and/or distributors	31.8%	40.6%	23.4%	20.4%	37.0%	29.3%	20.0%	16.8%	34.7%	31.8%	24.1%	21.7%
	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(6)	(3)	(3)	(4)	(4)
introductions to potential overseas customers	31.2%	43.8%	37.7%	30.1%	44.4%	32.0%	26.3%	38.2%	44.2%	40.9%	41.4%	29.6%
	(3)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(1)	(1)	(1)
entering new markets	23.6%	31.3%	20.8%	11.8%	14.8%	17.3%	17.5%	23.7%	32.6%	21.2%	24.1%	18.3%
	(4)	(5)	(4)	(7)	(7)	(5)	(5)	(3)	(4)	(7)	(4)	(5)
exhibiting at trade fairs	19.1%	40.6%	18.2%	11.8%	14.8%	21.3%	18.8%	19.7%	28.4%	27.3%	34.5%	22.6%
	(5)	(3)	(6)	(7)	(7)	(4)	(4)	(4)	(5)	(5)	(2)	(3)
export training	16.6%	15.6%	19.5%	11.8%	25.9%	16.0%	11.3%	16.2%	12.6%	16.7%	10.3%	17.4%
	(6)	(9)	(5)	(7)	(4)	(7)	(7)	(7)	(12)	(8)	(9)	(6)
finding joint venture partners	12.7%	17.2%	14.3%	15.1%	11.1%	16.0%	6.3%	14.5%	20.0%	30.3%	17.2%	8.7%
	(7)	(8)	(8)	(4)	(10)	(7)	(14)	(8)	(8)	(4)	(6)	(11)
translation assistance	11.5%	9.4%	15.6%	10.8%	11.1%	10.7%	11.3%	17.3%	21.1%	15.2%	17.2%	14.8%
	(8)	(13)	(7)	(10)	(10)	(12)	(7)	(5)	(6)	(9)	(6)	(7)
overseas trade missions	11.5%	25.0%	10.4%	6.5%	22.2%	17.3%	8.8%	13.9%	21.1%	12.1%	6.9%	13.0%
	(8)	(6)	(9)	(12)	(5)	(5)	(10)	(9)	(6)	(10)	(12)	(8)
international marketing	10.8%	12.5%	10.4%	14.0%	18.5%	16.0%	12.5%	13.3%	17.9%	25.8%	10.3%	11.3%
	(10)	(10)	(9)	(5)	(6)	(7)	(6)	(10)	(9)	(6)	(9)	(9)
export documentation	8.9%	10.9%	9.1%	6.5%	11.1%	12.0%	10.0%	11.0%	15.8%	10.6%	13.8%	7.8%
	(11)	(12)	(13)	(12)	(10)	(10)	(9)	(11)	(10)	(12)	(8)	(12)
developing an international trade strategy	5.1%	7.8%	7.8%	8.6%	14.8%	9.3%	8.8%	9.8%	13.7%	12.1%	10.3%	10.4%
	(12)	(14)	(14)	(11)	(7)	(13)	(10)	(12)	(11)	(10)	(9)	(10)
language training	4.5%	12.5%	10.4%	3.2%	11.1%	9.3%	8.8%	8.7%	10.5%	10.6%	6.9%	6.1%
	(13)	(10)	(9)	(14)	(10)	(13)	(10)	(14)	(13)	(12)	(12)	(13)
e-commerce training for international trade	4.5%	18.8%	10.4%	14.0%	11.1%	12.0%	7.5%	9.2%	9.5%	9.1%	3.4%	6.1%
	(13)	(7)	(9)	(5)	(10)	(10)	(13)	(13)	(14)	(14)	(14)	(13)

E-commerce training for international trade ranks last for almost half of the manufacturing subsectors while the Paper & Printing sector (sic 21-22) rank this form of assistance joint 5th with international marketing.

Service / Non-manufacturing
Although the published results of the MSES refer only to manufacturing companies, information is also collected from Invest NI clients who fall within non-manufacturing sectors.

While the manufacturing data is based on all NI manufacturing companies with 5 or more employees the returns for the service sector relate to Invest NI clients only and are therefore not representative of all NI companies.

Of the respondents 32.2% operate within the Service sector (defined for these purposes as all sectors outside manufacturing). Invest NI actively encourage companies to compete in the export market through various programmes such as 'Passport to Exports' and facilitating trade missions so it is important to note that these figures may be biased towards those companies with export and assistance experience.

Barriers to Trade
Table 7 shows the barriers to trade affecting service sector companies. Analysis of the returns found that the rankings returned by the service sector can differ from the rankings of the manufacturing sector.

The main barrier attributed to the service sector is 'lack of resources/managerial time', cited by 36.9% of respondents. While this is the main barrier for the service sector it is ranked between 2nd and 9th by the manufacturing subsectors. Similar to manufacturing, the service sector respondents have ranked 'currency/exchange rates' and 'transport costs' within the top 3 barriers to trade (33.1% and 32.7% of respondents respectively).

Over a quarter of all service sector respondents ranked 'lack of market information' and 'setting competitive prices' 4th and 5th reflecting the need for further development of expertise in these areas.

High import tariffs in target markets was the barrier to trade reported least frequently of all service sector respondents (3.4%) resulting in rank 16, possibly indicating companies have established confidence and knowledge to incorporate this barrier into their export activities.

Barriers to Trade with countries outside the UK reported by Service Sector companies
Table 7

Barriers to trade	% of respondents	rank
lack of resources/managerial time	36.9%	(1)
currency/exchange rates	33.1%	(2)
transport costs	32.7%	(3)
lack of market information	28.9%	(4)
setting competitive prices	26.5%	(5)
language/cultural differences	21.2%	(6)
payment issues	21.2%	(6)
legislation and standards	19.2%	(8)
lack of government support	15.4%	(9)
lack of trained staff	13.8%	(10)
no spare capacity	13.0%	(11)
products/services unsuitable for exports	12.2%	(12)
export documentation	8.4%	(13)
lack of bank support	7.6%	(14)
warranty of service support	4.8%	(15)
high import tariffs in target markets	3.4%	(16)
Please note: percentages do not add to 100 due to companies providing multiple responses		

Assistance to Trade
Information on the assistance to trade which service companies would like to receive to encourage the company to develop/further develop export performance is provided in table 8 overleaf.

A high percentage of respondents in the service sector reported 'market research information' (43.1%) and 'introductions to potential overseas customers' (40.9%) as the main forms of assistance, (ranked 1 and 2), that would encourage their company to develop or further develop export performance.

As stated earlier INI encourage companies to export through various programmes where contacts with international companies and countries can be established. Returns to this survey show that over 40% of respondents would like assistance via introductions to overseas customers. Just over a quarter of respondents are interested in exhibiting at trade fairs (28.1%) and finding joint venture partners (26.5%) as forms of assistance.

Assistance to Trade with countries outside the UK reported by Service Sector companies
Table 8

Assistance to Trade	% of respondents	rank
market research information	43.1%	1
introductions to potential overseas customers	40.9%	2
exhibiting at trade fairs	28.1%	3
finding joint venture partners	26.5%	4
finding export agents and/or distributors	24.2%	5
international marketing	21.2%	6
entering new markets	20.0%	7
overseas trade missions	19.6%	8
export training	15.0%	9
translation assistance	14.4%	10
developing an international trade strategy	14.0%	11
e-commerce training for international trade	10.2%	12
language training	8.6%	13
export documentation	7.4%	14
Please note: percentages do not add to 100 due to companies providing multiple responses		

Over a fifth of service sector respondents have ranked ‘finding export agents and/or distributors’ and ‘international marketing’ 5th and 6th confirming the importance of developing good links with the international market.

Similar to manufacturing, a small proportion of respondents in the service sector report language training (8.6%) and export documentation (7.4%) as a way of developing export performance.

Analysis by Size of Business

5

This section provides information on small, medium and large sized businesses and seeks to find out if there are any differences in the barriers to export, experienced or perceived, by different sizes of businesses. Forms of assistance to encourage the development of export activity is also analysed by size of business.

Barriers to Trade
Table 9 (overleaf) details the rankings of barriers to trade by Small (5-49 employees), Medium (50-249 employees) and Large (250+ employees) sized businesses. Both small and medium size businesses report transport costs as the main barrier to export with 44.3% and 50.9% of respondents reporting this barrier while 33.3% of large businesses stated transport costs as a barrier (rank 2). The most frequently returned barrier by large businesses is ‘currency / exchange rates’ with 46.2% of respondents citing this barrier, differing from small and medium sized business where this barrier is ranked 3rd.

Although ‘lack of resources/managerial time’ has been ranked 2nd (33.0%) for small businesses this barrier is ranked 4th and 9th by medium (25.2%) and large sized businesses (12.8%), respectively.

Medium and large businesses have returned ‘setting competitive prices’ within the top 3 barriers while small businesses differ in the rank of this barrier, citing it as rank 4.

Barriers to Trade by Size of Business
Table 9

	small	0-49	medium	50-249	large	250+
Barriers to trade	% of respondents	rank	% of respondents	rank	% of respondents	rank
transport costs	44.3%	(1)	50.9%	(1)	33.3%	(2)
lack of resources/managerial time	33.0%	(2)	25.2%	(4)	12.8%	(8)
currency/exchange rates	32.3%	(3)	39.4%	(3)	46.2%	(1)
setting competitive prices	27.5%	(4)	40.4%	(2)	28.2%	(3)
lack of market information	27.1%	(5)	22.0%	(5)	15.4%	(7)
payment issues	20.8%	(6)	22.0%	(5)	12.8%	(8)
language/cultural differences	20.1%	(7)	17.9%	(9)	17.9%	(4)
lack of government support	17.3%	(8)	12.8%	(11)	0.0%	(15)
products/services unsuitable for exports	16.9%	(9)	19.3%	(8)	17.9%	(4)
legislation and standards	15.5%	(10)	20.2%	(7)	17.9%	(4)
no spare capacity	14.2%	(11)	8.7%	(13)	12.8%	(8)
lack of trained staff	12.7%	(12)	9.6%	(12)	7.7%	(11)
export documentation	11.3%	(13)	14.7%	(10)	7.7%	(11)
lack of bank support	8.9%	(14)	0.9%	(16)	0.0%	(15)
warranty of service support	5.1%	(15)	6.0%	(15)	5.1%	(13)
high import tariffs in target markets	4.6%	(16)	7.8%	(14)	5.1%	(13)

Please note: percentages do not add to 100 due to companies providing multiple responses

Assistance to Trade

Table 10 overleaf provides information on the forms of assistance that each size of business has returned as ways of encouraging their company to develop or further develop export performance. Although all three sizes of business have reported 'introductions to overseas customers' and 'market research information' as the two most frequently returned forms of assistance, small businesses rank these 1st and 2nd while medium and large sized businesses rank these in the opposite order, with 'market research information ranked 1st.

Forms of Assistance to Trade by Size of Business
Table 10

	small	0-49	medium	50-249	large	250+
Assistance to Trade	% of respondents	rank	% of respondents	rank	% of respondents	rank
introductions to potential overseas customers	37.8%	(1)	33.9%	(2)	33.3%	(2)
market research information	37.7%	(2)	42.7%	(1)	35.9%	(1)
finding export agents and/or distributors	25.4%	(3)	29.4%	(3)	10.3%	(9)
exhibiting at trade fairs	23.9%	(4)	26.1%	(4)	12.8%	(6)
entering new markets	20.3%	(5)	26.1%	(4)	23.1%	(3)
finding joint venture partners	19.1%	(6)	16.5%	(8)	10.3%	(9)
export training	16.3%	(7)	12.4%	(10)	2.6%	(13)
international marketing	15.9%	(8)	17.4%	(7)	20.5%	(4)
overseas trade missions	15.1%	(9)	18.8%	(6)	12.8%	(6)
translation assistance	14.5%	(10)	12.4%	(10)	15.4%	(5)
developing an international trade strategy	10.9%	(11)	11.5%	(12)	5.1%	(11)
e-commerce training for international trade	10.0%	(12)	8.3%	(13)	2.6%	(13)
export documentation	8.9%	(13)	12.8%	(9)	5.1%	(11)
language training	8.1%	(14)	7.8%	(14)	12.8%	(6)

Please note: percentages do not add to 100 due to companies providing multiple responses

Small and medium sized businesses rank ‘finding export agents and/or distributors’ third (25.4 % and 29.4% of respondents) unlike large companies where this form of assistance is ranked 9th. This form of assistance is ranked lower by large company respondents (10.3% of respondents) possibly due to large companies already having established export agents/distributors.

Large companies are more interested in receiving assistance to enter new markets, ranked 3rd (23.1% of respondents), followed closely by international marketing (rank 4) and translation assistance (rank 5).

Background Notes

6

Coverage of the survey

The Northern Ireland Manufacturing Sales and Exports Survey (MSES) is an annual survey of all businesses classified within the Manufacturing industry in Northern Ireland (SIC (03) divisions 15-37). The sample includes all manufacturing companies with 5 or more employees and a number of Invest NI clients that operate in the service sector (non-manufacturing).

Method for producing results

In the 2005/06 NI MSES businesses were asked, for the first time, to indicate 'the main barriers to trade with countries outside the UK' and to confirm 'which forms of assistance would encourage the company to develop/further develop export performance'. From the responses received, counts for each of the barriers to trade and assistance to trade were totalled and expressed as a percentage of the responses. These proportions were then ranked for the purposes of this analysis. The results were analysed to identify the main barriers and forms of assistance by all respondents, exporters v non-exporters, sector and size of business.

Response Rates

Results produced for this report have been based on the number of actual responses received to the barrier question in the 2005/06 survey (1550 respondents). The following table shows the number of responses by manufacturing subsector. For the purpose of this report 'Services' is defined as all sectors outside manufacturing.

Number of responses by subsector

Table 11

SIC(03) Division	Industrial sector	number of respondents
15-16	Food, Drink & Tobacco	157
17-19	Textiles, Clothing & Leather	64
20	Wood & Wood Products	77
21-22	Paper & Printing	93
24	Chemicals & Man-Made Fibres	27
25	Rubber & Plastics	75
26	Other Non-Metallic Mineral Products	80
27-28	Basic Metals & Fabricated Metal Products	173
29	Other Machinery & Equipment	95
30-33	Electrical & Optical Equipment	66
34-35	Transport Equipment	29
36-37 & 23	Other Manufacturing not elsewhere classified	115
services	service / non-manufacturing	499
total		1550

Further information

Further information on the Northern Ireland Manufacturing Sales and Exports Survey are available on the following link:

http://www.detini.gov.uk/cgi-bin/downdoc?id=2595

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