

(Press Release 4th May 2016)

## **Brief Analysis of Quarterly National Accounts Scotland (QNAS) 2015 Fourth Quarter statistics**

The latest published statistics cover the final quarter of 2015 and so also allows us to look at the performance over 2015 as a whole.

### **Key points (see also Table 1)**

(Please note that all figures are in **cash terms** rather than real, inflation adjusted, terms)

### **GDP**

- Excluding offshore (North Sea) activity, **cash terms Scottish GDP** grew in Quarter 4 (+0.3%). However, once a geographical share of the offshore (North Sea) sector is included it fell by (-0.4%).
- Over 2015 as a whole, the onshore economy grew by 2% while the overall economy (onshore and offshore) fell by 1%.
- Since the 2008 recession the Scottish economy has grown in cash terms by only 4%, in contrast to the UK growth of almost 23%, highlighting the Scottish economy's far greater dependency on declining North Sea fortunes.
- This poor overall Scottish performance, in contrast to the continued growth of the UK economy, has led to **Scottish GDP per head of population** (including the North Sea) moving from well above the level seen in the UK, 15% higher in 2008, to a little below it in 2015 (-1%).

(Note: Using GDP per capita may give an exaggerated picture of Scotland's relative decline, due to ownership issues, and the use of Gross National Income would be a better measure, but is currently not available for Scotland.)

### **TRADE IN GOODS AND SERVICES**

- **Scotland's (onshore) Net Trade (in goods and services) position** in Quarter 4 was -£3.8 billion, a slight improvement on Q3.
- For 2015 as a whole Scotland's deficit was almost £15 billion, well above the previous record annual deficit level seen in 2007 (£-11.7 billion) and over £5 billion worse than was seen in 2013.
- This rising deficit is due in large part to a deteriorating trade position with regards to the Rest of the UK, with imports rising and exports down in 2015.
- In terms of the trade balance as a % of GDP, 2015 was also the highest figure seen post devolution, at -9.8%, well above the previous high seen in 2007 (-8.5%).

## PUBLIC SECTOR REVENUES

- Compared to the fourth quarter of 2014, overall Scottish Public Service Revenues have fallen by £214 million, due to declining North Sea receipts outpacing the rise in onshore receipts.
- Looking at 2015 as a whole, total Scottish Public Sector revenues (onshore and offshore) have fallen for the fourth year in a row and are now 5% lower than they were in 2011. In real (inflation adjusted) terms this fall is closer to 12%.

**Table 1: key statistics and comparison with 2008**

	Scotland	UK	Difference (Sc -UK)
<b>GDP growth</b>			
2015	-1.0%	2.6%	-3.6%
<b>GDP per head</b>			
2008	28,169	24,579	3,590
2015	28,385	28,634	-249
change	216	4,055	-3,839
<b>Public Revenues (£, bn)</b>			
2008*	56.9	446	n/a
2015	53.4	528	n/a
change	-3.5	82	n/a
<b>Net Trade as % of GDP</b>			
2015	-9.8%	-2%	-7.8%

Source: QNAS, May 2016, ONS National Accounts, HMRC

\* UK figure relates to financial year 2008-09

### Quotes:

*“Scotland’s economy continues to show worrying signs of North Sea related distress.*

*Due to falling oil revenues, overall Scottish Public Sector revenues were lower in 2015 than at the height of the downturn in 2008.*

*There has also been a virtual standstill in GDP per capita since 2008 which has resulted in it falling below the level seen for the UK.*

*The worsening trade position, largely with respect to the UK, is also a big worry, especially the fall in exports last year to the rest of the UK.”*

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