

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