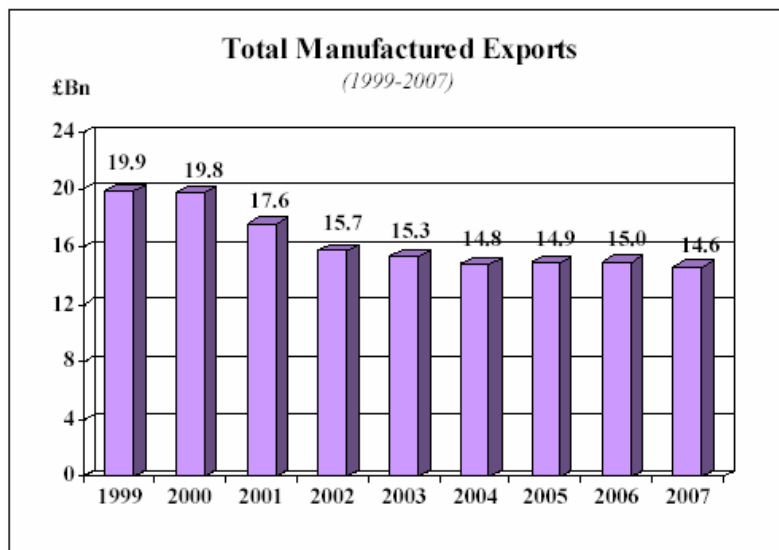


PRESS RELEASE

SCOTLAND'S MANUFACTURED EXPORTS DROP FOR FIRST TIME IN THREE YEARS

- **2.4% drop in manufactured exports to £14.6bn**
- **Non-electronics up by 8% to £10.3bn**

Scottish manufactured exports dropped by 2.4 per cent to £14.6billion in 2007/8 – the first fall following three consecutive years of growth, according to figures published today by the Scottish Council for Development and Industry (SCDI).



As in previous years, 2007-08 saw a large fall in electronics exports, which are now worth £4.4billion – down from sales of £11.2bn in 1999. Despite this, electronics still accounts for 30% of all manufactured foreign sales.

However, non-electronics exports showed a strong 8% increase year on year, taking the figures for non-electronic goods to a record £10.3bn. Much of this was accounted for by the food and drink sector, with an 8% rise to £3.5bn, mainly driven by another significant increase in sales of whisky to all its key markets in Europe, North America, and Asia.

Strong growth was also seen in energy, transport, chemicals and recycling, all offsetting much of the loss from electronics, and showing the changing profile of Scotland's key export sectors.



Scottish Council for
Development and Industry

PRESS RELEASE

In all, sixteen sectors recorded increased exports activity and only eight fell below previous levels. Recycling has been an area of significant growth with exports between 2005 and 2007/8 increasing by almost two thirds to £69.3million.

The USA continues to be the largest single overseas market, representing 15% of total Scottish exports. The EU markets follow, with mixed results. Although Germany, the Netherlands and Italy have all seen decline, Spain, Belgium and Hungary all recorded increased exports from Scotland.

Looking to the future, Asia, particularly India and China, was identified as the top potential new market of interest, identified by nearly 30% of respondents. However, despite policy-makers focus on China, there was an 8.5% fall in the value of its Scottish imports.

Commenting on the figures, SCDI's Chief Executive Lesley Sawers said:

"We're disappointed to see a decline in manufactured exports in 2007-08 after three years of growth. However, the overall decline masks a record performance for non-electronics exports, with an incredible 8% annual increase.

"The figures show some incredibly strong performances in sectors such as food and drink, recycling, specialist vehicles, medical equipment and chemicals. So while some sectors are struggling, it is clear that many Scottish businesses continue to grow their international sales. These are all areas where Scotland has real strengths and potential to grow in the future.

"Our bulk electronics manufacturing sector is struggling to compete with lower cost countries in Asia and Eastern Europe, and with further high profile job losses it's likely this sector will continue to contract in the future.

"That's why it's so important that we capitalise on new and growing markets such as food and drink and chemicals, and support more companies in these areas with potential for the future.

"At SCDI we are seeing growing demand for our trade visit programme, with increasing numbers of Scottish businesses looking to access new markets.

"These figures were collected before the worst of the economic downturn, but with slowing demand at home and the opportunities presented by the cheaper pound, government at all levels must look to support more firms sell goods and services into markets around the world.

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