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<b>Title:</b>	<b>Quarterly Statistical Bulletin - October 2002</b>

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## **I N T R O D U C T I O N**

This bulletin provides a summary of the economic and labour market statistics released in recent months.

The bulletin is divided into quarterly and annual data sections. The quarterly data section provides the latest quarterly (or monthly) data and shows the change since the previous quarter as well as on the same period a year ago. The annual data section provides a summary of any data compiled on an annual basis that have been released since the last bulletin in May; a summary table of headline indicators is also given in this section.

# 1 QUARTERLY DATA

## 1.1 THE LABOUR MARKET

**Table 1 Employment, unemployment and inactivity: Wales and the UK**

*thousands, seasonally adjusted*

	Jun - Aug 2001	Mar - May 2002	Jun - Aug 2002	Change on:	
				previous quarter	previous year
<b>Employment<sup>1</sup></b>					
<b>Wales</b> <i>level</i>	1,255	1,262	<b>1,273</b>	12	18
<i>rate (%)</i>	68.7	69.0	<b>69.9</b>	0.9	1.2
<b>UK</b> <i>level</i>	28,319	28,511	<b>28,530</b>	19	211
<i>rate (%)</i>	74.6	74.7	<b>74.6</b>	0.0	0.1
<b>ILO unemployment<sup>2</sup></b>					
<b>Wales</b> <i>level</i>	77	82	<b>71</b>	-11	-6
<i>rate (%)</i>	5.8	6.1	<b>5.3</b>	-0.8	-0.5
<b>UK</b> <i>level</i>	1,522	1,572	<b>1,568</b>	-5	46
<i>rate (%)</i>	5.1	5.2	<b>5.2</b>	0.0	0.1
<b>Economic Inactivity<sup>3</sup></b>					
<b>Wales</b> <i>level</i>	475	468	<b>463</b>	-5	-12
<i>rate (%)</i>	27.0	26.5	<b>26.2</b>	-0.3	-0.8
<b>UK</b> <i>level</i>	7,848	7,822	<b>7,848</b>	26	1
<i>rate (%)</i>	21.3	21.1	<b>21.2</b>	0.0	-0.1

1. Levels are for those aged 16 and over, rates are for those of working age (males aged 16-64, females aged 16-59).
2. Levels and rates are for those aged 16 and over. Rate is as a proportion of economically active (employed plus ILO unemployed). The International Labour Organisation (ILO) definition of unemployment covers those who are out of work and want a job, have actively sought work in the last 4 weeks and are available to start work in the next two weeks; plus those who are out of work, have found a job and are waiting to start in the next 2 weeks.
3. Levels and rates are for those of working age (males aged 16-64, females aged 16-59).

**Source: Labour Force Survey (LFS)**

Compared with the same period a year ago:

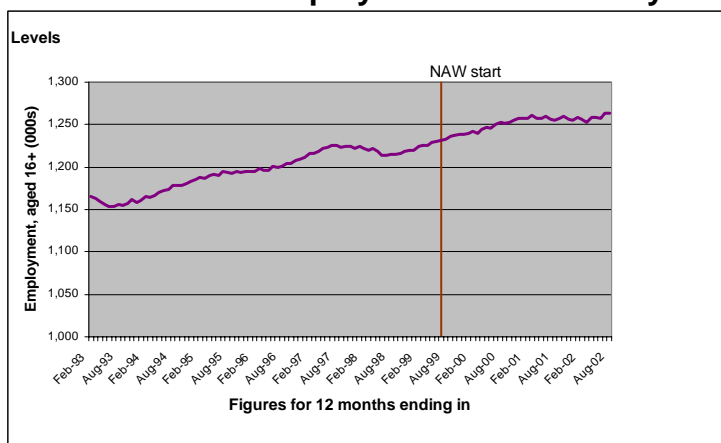
- in the three months to August 2002, employment increased in Wales while ILO unemployment and economic inactivity decreased;
- employment also increased for the UK as a whole, but proportionately less than in Wales, while unemployment also increased and economic inactivity remained unchanged.

Compared to the previous quarter:

- employment increased in Wales while unemployment and inactivity decreased;
- all three measures remained broadly static in the UK.

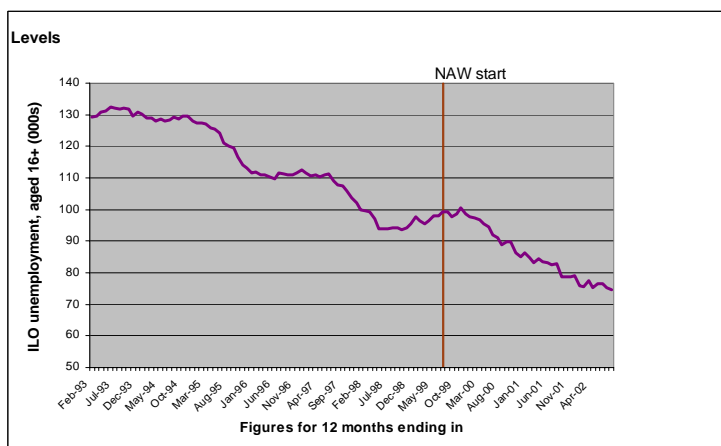
All of the estimates from the LFS are subject to sampling variation, which means that changes over time can be quite volatile, particularly for an area the size of Wales. It is therefore often more appropriate to examine the trend in a particular measure. The trend in the LFS measures given in table 1 can be seen from a 12 month rolling average and the results for Wales are shown in figure 1.

**Figure 1 Rolling 12 month average figures for LFS employment, ILO unemployment and inactivity: Wales**

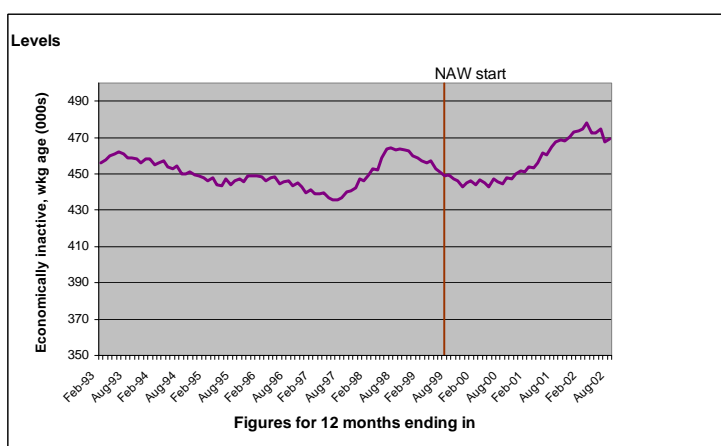


The position for the 12 months to August 2002 was that:

- Since July 1999, employment increased by around 32,000 (or 2.6%), compared to an increase of 909,000 or 3.3% for the UK as a whole.
- Since 1992, the start of the quarterly LFS series, employment increased by 98,000 (or 8%), compared to an increase of 2.8 million (or 11%) for the UK as a whole.



- Since July 1999, unemployment on an ILO basis fell by around 24,000 (or 24.6%), compared to a fall of 255,000 or 14.1% for the UK as a whole.
- Since 1992, the start of the quarterly LFS series, ILO unemployment fell by 55,000 (or 42%), compared to a fall of 1.4 million (or 47%) for the UK as a whole.



- Since July 1999, economic inactivity among those of working age increased by 20,000 (or 5%), compared to an increase of 192,000 (or 2.5%) for the UK as a whole.
- Since 1992, the start of the quarterly LFS series, economic inactivity among those of working age increased by 13,000 (or 3%), compared to an increase of 457,000 (or 6%) for the UK as a whole.

**Table 2 Employment, unemployment and inactivity:  
West Wales and the Valleys and East Wales**

*thousands, not seasonally adjusted*

		Jun - Aug 2001	Jun - Aug 2002	Change on previous year
<b>Employment<sup>1</sup></b>				
<b>West Wales and the Valleys</b>	<i>level</i>	<b>770</b>	<b>769</b>	-0
	<i>rate (%)</i>	<b>67.0</b>	<b>68.1</b>	1.1
<b>East Wales</b>	<i>level</i>	<b>497</b>	<b>518</b>	20
	<i>rate (%)</i>	<b>72.9</b>	<b>74.6</b>	1.7
<b>ILO unemployment<sup>2</sup></b>				
<b>West Wales and the Valleys</b>	<i>level</i>	<b>55</b>	<b>47</b>	-8
	<i>rate (%)</i>	<b>6.6</b>	<b>5.8</b>	-0.9
<b>East Wales</b>	<i>level</i>	<b>27</b>	<b>27</b>	-0
	<i>rate (%)</i>	<b>5.1</b>	<b>4.9</b>	-0.2
<b>Economic inactivity<sup>3</sup></b>				
<b>West Wales and the Valleys</b>	<i>level</i>	<b>310</b>	<b>305</b>	-5
	<i>rate (%)</i>	<b>28.1</b>	<b>27.7</b>	-0.4
<b>East Wales</b>	<i>level</i>	<b>152</b>	<b>143</b>	-9
	<i>rate (%)</i>	<b>23.1</b>	<b>21.4</b>	-1.6

1. Levels are for those aged 16 and over, rates are for those of working age (males aged 16-64, females aged 16-59).

2. Levels and rates are for those aged 16 and over. Rate is as a proportion of economically active (employed plus ILO unemployed). The International Labour Organisation (ILO) definition of unemployment covers those who are out of work and want a job, have actively sought work in the last 4 weeks and are available to start work in the next two weeks; plus those who are out of work, have found a job and are waiting to start in the next 2 weeks.

3. Levels and rates are for those of working age (males aged 16-64, females aged 16-59).

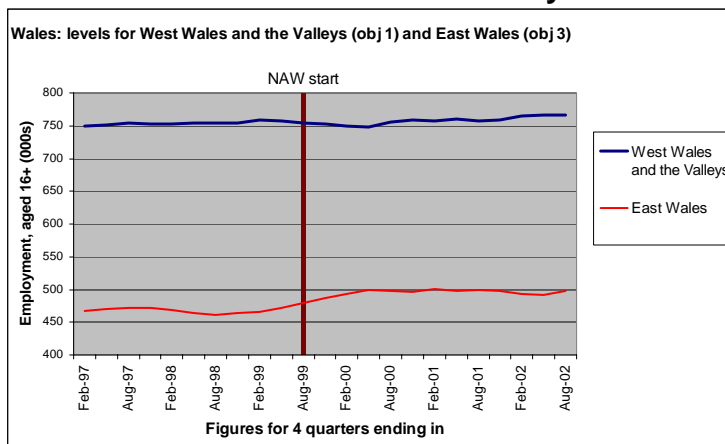
**Source: Labour Force Survey (LFS)**

The estimates given in table 2 are not seasonally adjusted and are therefore not strictly comparable to those given in table 1. A quarterly change is not shown, as this would be heavily affected by seasonal factors.

- In the three months to August 2002, the level of employment remained static in the Objective 1 area (West Wales and the Valleys) while there was an increase in East Wales compared to the same period a year ago.
- Over the same period, unemployment fell in West Wales and the Valleys and remained unchanged in East Wales.
- The level of inactivity fell in both areas, with a more pronounced fall in East Wales.

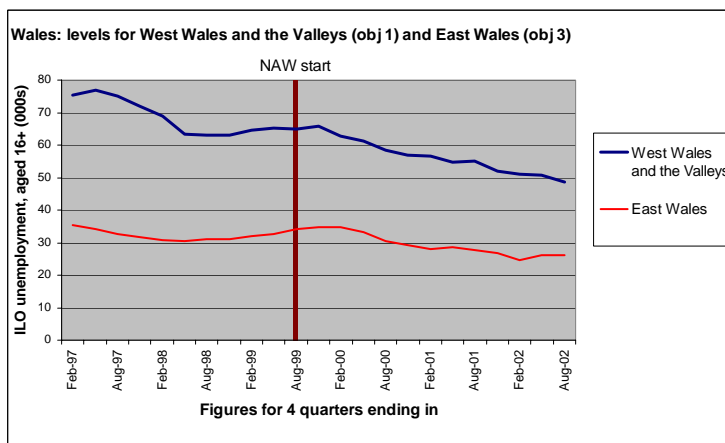
All of the estimates from the LFS are subject to sampling variation, which means that changes over time can be quite volatile, particularly when the areas in question are sub-divisions of Wales where the variability is more pronounced than that at the Wales level. Again, it is often more appropriate to examine the trend in a particular measure. The trend in the LFS measures given in table 2 can be seen from a 4 quarter rolling average and the results for West Wales and the Valleys and East Wales are shown in figure 2.

**Figure 2 Rolling 4 quarter average figures for LFS employment, ILO unemployment and inactivity: West Wales and the Valleys and East Wales**

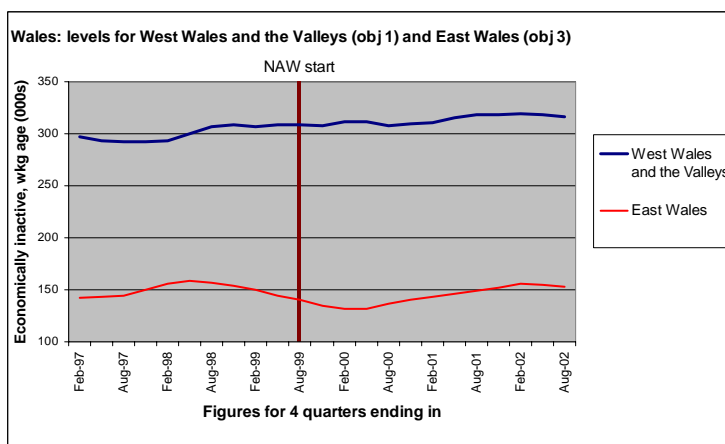


The position for the 4 quarters to August 2002 was that:

- Since July 1999, employment increased by around 13,000 (or 1.7%) for West Wales and the Valleys, compared to an increase of 18,000 (or 3.7%) for East Wales.



- Since July 1999, ILO unemployment decreased by around 16,000 (or 25.0%) for West Wales and the Valleys, compared to a decrease of 8,000 (or 23.7%) for East Wales.



- Since July 1999, economic inactivity among those of working age increased by around 8,000 (or 2.5%) for West Wales and the Valleys, compared to an increase of 12,000 (or 8.6%) for East Wales.

**Table 3 Employee jobs<sup>1</sup> by industry: Wales**

thousands

	Quarter ending in:			Change on:	
	Jun 2001	Mar 2002	Jun 2002	previous quarter	previous year
<b>All employee jobs</b> (seasonally adjusted)	1,073	1,070	<b>1,069</b>	-1	-4
<b>Employee jobs by industry</b> (not seasonally adjusted)					
Agriculture, Forestry and Fishing	15	..	<b>14</b>	..	-1
Mining, Energy and Water Supplies Industries	8	..	<b>8</b>	..	0
Manufacturing Industries	197	..	<b>187</b>	..	-10
Construction	56	..	<b>62</b>	..	5
Service Industries	413	..	<b>406</b>	..	-7
Other Industries	383	..	<b>392</b>	..	9

.. A quarterly change is not shown, as this will be heavily affected by seasonal factors.

1. Employee jobs are a measure of jobs rather than people; if a person holds two jobs, each job will be counted in the employee jobs total. Employee jobs are collected on a workplace basis.

**Source: Employer surveys**

- Over the year to June 2002, employee jobs in Wales remained fairly stable, showing just a slight reduction.
- Employee jobs in manufacturing fell by 10,000 (or 5.1%) over the same period.
- The largest increases over the period were in other industries (which include the public sector), up 9,000 or 2.3%, and in construction, up 5,000 or 8.9%.

**Table 4 Distribution of employee jobs by industry: Wales**

% of total employee jobs, not seasonally adjusted

	Quarter ending in:		Change on previous year
	Jun 2001	Jun 2002	
Agriculture, Forestry and Fishing	1.4	<b>1.3</b>	-0.1
Mining, Energy and Water Supplies Industries	0.7	<b>0.7</b>	0.0
Manufacturing Industries	18.4	<b>17.5</b>	-0.9
Construction	5.2	<b>5.8</b>	0.6
Service Industries	38.6	<b>38.0</b>	-0.5
Other Industries	35.8	<b>36.7</b>	0.9

**Source: Employer surveys**

- 38.0% of all employee jobs in Wales were in service industries in the quarter ending June 2002.
- The next largest industry group in terms of employee jobs was 'other industries', with 36.7% of the total. This category is predominantly public administration, education and health.
- Manufacturing industries accounted for 17.5% of all employee jobs, a fall on the June 2001 figure of 18.4%.

**Table 5 Claimant count: Wales and the UK***thousands, seasonally adjusted*

		Sep 2001	Aug 2002	Sep 2002	Change on:	
					previous month	previous year
<b>Wales</b>	<i>level</i>	49.8	47.0	<b>47.0</b>	0.0	-2.8
	<i>rate (%)</i>	3.8	3.6	<b>3.6</b>	0.0	-0.2
<b>UK</b>	<i>level</i>	951.8	946.2	<b>946.0</b>	-0.2	-5.8
	<i>rate (%)</i>	3.2	3.1	<b>3.1</b>	0.0	0.0

**Source: Benefits Agency administrative system**

- In September 2002, the claimant count fell in both Wales and the UK compared to the same period a year ago, although the fall was more marked in Wales.
- Compared to the previous month, the claimant count remained static in both Wales and the UK as a whole.
- In September 2002, the claimant count rate in Wales was 0.5 percentage points higher than the UK figure.

**Table 6 Claimant count: West Wales and the Valleys and East Wales***thousands, not seasonally adjusted*

		Sep 2001	Sep 2002	Change on previous year
<b>West Wales and the Valleys</b>	<i>level</i>	32.7	<b>30.4</b>	-2.3
	<i>rate (%)</i>	4.4	<b>4.1</b>	-0.3
<b>East Wales</b>	<i>level</i>	16.0	<b>16.1</b>	0.1
	<i>rate (%)</i>	2.9	<b>2.9</b>	0.0

**Source: Benefits Agency administrative system**

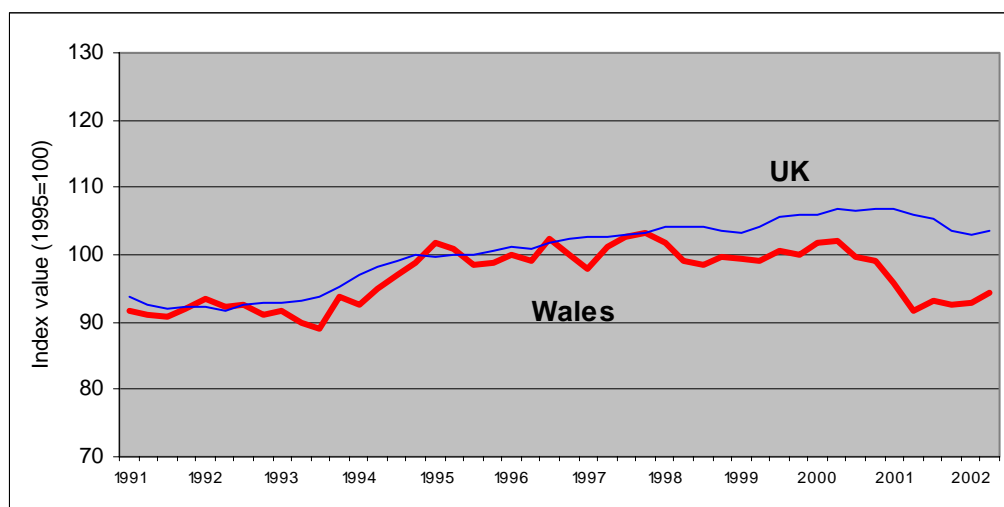
The figures given in Table 6 are not seasonally adjusted and are therefore not strictly comparable to those given in Table 5. A monthly change is not shown, as this would be heavily affected by seasonal factors.

- In September 2002, the claimant count fell in the Objective 1 area (West Wales and the Valleys) but rose slightly in East Wales compared to the same period a year ago. The claimant count rate in West Wales and the Valleys fell by 0.3 percentage points over the same period, but remains 1.2 percentage points higher than in East Wales.



## 1.2 THE ECONOMY

**Figure 3 Index of production<sup>1</sup> and construction: Wales and the UK**



1. Production industries are manufacturing, mining and quarrying and electricity, gas and water.

**Source: National Assembly for Wales, ONS**

- Output of Welsh production industries and the construction sector fell by 3.5% in the four quarters ending in June 2002 compared with same period a year ago. Output for the UK fell by 2.6% over the same period.
- There is evidence of stabilisation and a modest recovery over recent quarters following sharp falls through the second half of 2000 and the first half of 2001. In particular, output in the second quarter of 2002 was 1.4% higher than in the first quarter. Output for the UK rose by 0.4% over the same period.
- Falls in the overall index since the middle of 2000 and growth in the most recent data mainly reflect movements in manufacturing output.

**Table 7 Value of exports<sup>1</sup>: Wales**

	Apr - Jun 2001	Apr - Jun 2002	Value of exports, £m	
			Change on previous year	
			£m	percentage
<b>Exports to:</b>				
<b>the EU</b>	1,274	<b>1,185</b>	-89	-7%
<b>the rest of the world</b>	512	<b>406</b>	-106	-21%
<b>Total exports</b>	1,785	<b>1,591</b>	-194	-11%
<b>Total exports for UK regions<sup>2</sup></b>	40,703	<b>41,630</b>	927	2%

1. HM Customs and Excise figures exclude exports to the EU for companies that export less than the intrastat threshold (currently £233,000); the figures also exclude exports to the rest of the world for which the region of origin cannot be established. Some types of exports are not regionalised, for example oil and 'erratics'.
2. As some types of exports are not regionalised, exports from Wales are compared to the total of all regionalised exports rather than the overall UK total.

**Source: HM Customs and Excise**

- In the three months to June 2002, about three quarters of Welsh exports by value were to EU countries.
- The value of total exports fell by 11% on the same period a year ago. This compared to a rise of 2% for the total of the UK regions.
- Although the value of Welsh exports to EU countries fell over this period (7%), the fall was much more pronounced in the value of Welsh exports to the rest of the world (21%).

## 2 ANNUAL DATA

### 2.1 SUMMARY DATA

**Table 8 Headline economic indicators: Wales**

	1998	1999	2000	2001	2002
<b>GDP per head<sup>1</sup></b> (UK=100)	80.2	80.5	na	na	na
<b>Household income per head<sup>1</sup></b> (UK=100)	88.0	87.5	na	na	na
<b>Business start up rate<sup>2</sup></b>					
Wales	8.1	8.0	8.3	8.1	na
UK	11.5	10.8	11.1	10.5	na
<b>Businesses per head<sup>3</sup></b>					
Wales	325	323	318	315	316
UK	344	349	349	349	351
<b>Gross weekly earnings<sup>4</sup></b>					
Wales	343	354	368	382	400
GB	385	401	420	444	465
<b>Growth in exports on previous year<sup>5</sup></b>					
Wales	na	na	8.5%	4.2%	na
sum of UK regions	na	na	14.5%	1.4%	na

na These figures are not yet available.

- Source: ONS, Regional Accounts**
- VAT registrations as a percentage of the start year (1 April each year) stock of VAT registered businesses.  
**Source: Department of Trade and Industry (DTI)**
- Start year stock (1 April each year) of VAT registered businesses per 10,000 population aged 15 and over. Note the population data for each year are estimated for Wales on a basis consistent with the 2001 Census results. The data required for calculating these estimates are only available in five-year age bands, and so the population used is that aged 15 and above.  
**Source: DTI**
- Gross weekly earnings for full-time persons on adult rates, figures relate to April each year.  
**Source: ONS, New Earnings Survey**
- Growth in the total value of exports, EU plus non-EU, over the previous year.  
**Source: HM Customs and Excise**

Since 1998:

- The business start up rate in Wales has remained fairly static, whilst the UK rate has fluctuated, with an overall decrease. As a result, the Welsh rate has risen from 70% of the UK rate in 1998 to 77% of the UK rate in 2001.
- The number of VAT registered businesses per head in Wales has fallen (by 1.3%) while the figure for the UK has risen by 3.4%. There has been a divergence from the UK, falling from 94% of the UK figure in 1998 to 90% in 2002.
- Average gross weekly earnings have increased steadily over the period, although there has been a general divergence from the GB average, from 89% of the GB figure in 1998 to 86% in 2002. Much of this relative fall occurred between 2000 and 2001.

## 2.2 ANNUAL DATA RELEASED DURING THE LAST QUARTER

**Table 9 Gross earnings, full-time employees on adult rates:  
Regions, April 2002**

	Average gross weekly earnings (£) <sup>1</sup>		Percentage increase April 2001 - April 2002	Difference on GB average April 2002
	April 2001	April 2002		
Great Britain	444.2	464.7	4.6%	0%
England	451.3	471.7	4.5%	2%
<b>Wales</b>	<b>381.6</b>	<b>399.7</b>	<b>4.7%</b>	<b>-14%</b>
Scotland	404.8	427.0	5.5%	-8%
North East	379.7	399.3	5.1%	-14%
North West	408.2	426.8	4.6%	-8%
Yorkshire and Humberside	391.7	409.9	4.6%	-12%
East Midlands	393.4	413.0	5.0%	-11%
West Midlands	417.4	427.3	2.4%	-8%
East	438.0	459.6	4.9%	-1%
London	595.6	624.1	4.8%	34%
South East	472.5	496.7	5.1%	7%
South West	408.3	421.7	3.3%	-9%

1. Full time employees on adult rates, whose pay for the survey period was unaffected by absence.

**Source: ONS, New Earnings Survey**

- Average gross weekly earnings for full-time adults in Wales in April 2002 were £399.70, compared to a GB average of £464.70.
- The region with the lowest earnings was the North East at £399.30, just below Wales. The only regions above the GB figure were London at £624.10 and the South East at £496.70. These two areas impact significantly on the overall GB average and Wales was not as different from most regions of England as implied by the average (e.g. Yorkshire and Humberside £409.90, East Midlands £413.00, and the South West £421.70).
- Average earnings in Wales increased by 4.7 per cent between April 2001 and April 2002, similar to the 4.6 per cent increase for GB as a whole.
- The lowest increases were for the West Midlands at 2.4 per cent and the South West at 3.3 per cent.

**Table 10 Male and female gross earnings, full-time employees on adult rates: Regions, April 2002**

	Average gross weekly earnings (£) <sup>1</sup>		Female pay as a percentage of male pay <sup>2</sup>
	Male	Female	
Great Britain	513.8	383.4	81%
England	521.3	388.0	81%
<b>Wales</b>	<b>432.9</b>	<b>345.1</b>	<b>87%</b>
Scotland	473.7	360.1	81%
North East	439.1	332.1	85%
North West	471.1	354.3	83%
Yorkshire and Humberside	447.1	345.0	86%
East Midlands	454.2	334.8	81%
West Midlands	469.6	353.0	83%
East	506.3	375.1	81%
London	704.8	503.6	76%
South East	555.3	398.6	77%
South West	463.3	350.0	83%

1. Full time employees on adult rates, whose pay for the survey period was unaffected by absence.

2. Based on the *hourly* earnings of full time employees on adult rates, excluding overtime.

**Source: ONS, New Earnings Survey**

- In April 2002, Wales had the lowest average weekly earnings for men at £432.90. The North East (£439.10) and Yorkshire and Humberside (£447.10) were the next lowest. The GB average was £513.80.
- Average weekly earnings for women in Wales were £345.10; higher than the North East (£332.10), East Midlands (£334.80) and Yorkshire and Humberside (£345.00). The GB average was £383.40.
- The ratio of female to male earnings in Wales in April 2002 was 87 per cent, representing a narrower gap than in any other region. In GB as a whole the ratio was 81 per cent. This was not unequivocally positive as it was partly due to the low earnings for men in Wales relative to other areas of GB.

**Table 11 Number of VAT registrations and de-registrations during 2001-02: Regions<sup>1</sup>**

	VAT registered businesses April 2001	Registration rate <sup>2</sup> 2001-02	De-registration rate <sup>3</sup> 2001-02	VAT registered businesses April 2002	Change in number of VAT registered businesses during 2001-02
UK	1,664,370	10.5%	9.8%	1,677,100	12,730
England	1,416,525	10.9%	10.1%	1,428,175	11,650
<b>Wales</b>	74,265	<b>8.1%</b>	<b>8.0%</b>	<b>74,345</b>	<b>80</b>
Scotland	118,690	9.7%	9.1%	119,475	785
Northern Ireland	54,885	6.6%	6.2%	55,100	215
North East	41,990	9.6%	9.9%	41,865	-125
North West	161,780	10.9%	10.0%	163,170	1,390
Yorkshire and Humberside	116,270	10.0%	9.9%	116,460	190
East Midlands	111,120	10.4%	9.7%	111,900	780
West Midlands	136,755	10.4%	9.6%	137,735	980
East	164,240	10.6%	10.0%	165,245	1,005
London	277,240	12.6%	11.6%	280,000	2,760
South East	257,390	11.1%	9.6%	261,240	3,850
South West	149,765	9.7%	9.1%	150,585	820

1. Data are compiled from the Inter-Departmental Business Register (IDBR). The IDBR is a structured list of business units available for selection, mailing and grossing of statistical enquiries. It is supplied by the Office for National Statistics (ONS) and is mainly used as a sampling frame for official business surveys.

2. VAT registrations as a percentage of the start year stock (1 April 2001) of VAT registered businesses.

3. VAT de-registrations as a percentage of the start year stock (1 April 2001) of VAT registered businesses.

**Source: Department of Trade and Industry**

In 2001-02:

- Wales had the second lowest registration rate (8.1% of the start of year stock) within the UK. Northern Ireland had the lowest rate (6.6%) and London had the highest rate (12.6%).
- Wales also had the second lowest de-registration rate (8.0% of the start of year stock) within the UK. Again, Northern Ireland had the lowest rate (6.2%) and London had the highest rate (11.6%).
- Of those areas which saw a rise in the number of VAT registered businesses, Wales exhibited the lowest increase (0.1%).
- Only the North East of England showed a reduction in the number of VAT registered businesses during 2001-02.

**Table 12 Survival rates of VAT registered businesses, three years after registration<sup>1</sup>: Regions**

	Survival rates (per cent)					Survival rates (rank)				
	Year of registration:					Year of registration:				
	1993	1994	1995	1996	1997	1993	1994	1995	1996	1997
England	59.7	59.4	62.4	63.3	65.0	<i>out of 4</i>				
<b>Wales</b>	<b>58.7</b>	<b>60.7</b>	<b>62.9</b>	<b>63.6</b>	<b>65.4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Scotland	60.7	59.3	62.4	61.8	64.3	2	4	4	4	4
Northern Ireland	65.7	71.1	73.2	72.6	72.5	1	1	1	1	1
<b>Wales</b>	<b>58.7</b>	<b>60.7</b>	<b>62.9</b>	<b>63.6</b>	<b>65.4</b>	<i>out of 12</i>				
Scotland	60.7	59.3	62.4	61.8	64.3	5	6	6	9	9
Northern Ireland	65.7	71.1	73.2	72.6	72.5	1	1	1	1	1
North East	56.0	55.5	59.4	61.9	64.5	12	12	12	8	7
North West	56.9	56.9	60.1	60.9	61.7	11	11	10	11	12
Yorkshire and the Humber	58.1	58.4	61.7	61.5	64.4	10	9	8	10	8
East Midlands	60.3	59.1	62.4	62.1	64.8	6	7	7	7	6
West Midlands	58.9	58.8	60.3	62.2	63.1	8	8	9	6	10
Eastern	61.4	61.4	64.7	66.0	67.4	2	4	4	3	4
London	59.4	58.0	60.0	60.7	62.1	7	10	11	12	11
South East	61.3	61.7	65.8	67.0	68.7	3	2	2	2	2
South West	60.9	61.7	65.4	65.8	67.8	4	3	3	4	3

See note on methodology below<sup>1</sup>

**Source: Department of Trade and Industry**

- For businesses registered in 1997, Wales had the second highest survival rate of the UK countries and was ranked fifth out of the 12 Government Office Regions/ devolved administrations.
- For registrations between 1993 and 1997, the survival rate of VAT registered businesses in Wales increased faster than the 3 other countries in the UK.
- Over the 5 years, the survival rate of businesses in the North East region increased the most, resulting in a change in rank from 12th to 7th. Survival rates in Scotland and London increased the least, resulting in ranks falling from 5th to 9th and from 7th to 11th respectively.

1. Data are compiled from the Inter-Departmental Business Register (IDBR). The IDBR is a structured list of business units available for selection, mailing and grossing of statistical enquiries. It is supplied by the Office for National Statistics (ONS) and is mainly used as a sampling frame for official business surveys. The methodology for calculating survival rates has changed from that previously used. The new methodology uses VAT registrations at an enterprise level, rather than at a local level. This means that an enterprise with several units will be shown as surviving as long as one unit remains. The effect of this change is to increase the rates by around one or two percentage points. Business Survival rates are not 'actual' survival rates for businesses registered for VAT as some businesses registering may already have been in existence but below the VAT threshold, while some businesses de-registering may remain in business but with a turnover below the VAT threshold. The figures, therefore, tend to over-estimate survival rates because they do not include over one million of the smallest businesses with the lowest survival rates (as they are below the VAT threshold). Although estimates are available for the number of these smaller businesses, there are no sources of data that track the individual businesses and hence it is not possible to calculate comprehensive survival rates.