

3RD ANNUAL REPORT: DEVELOPMENTS IN THE UK INTERNAL MARKET

2024-25

31 March 2025
OIM15



Office for the Internal Market

Competition and Markets Authority

3rd Annual Report: Developments in the UK Internal Market 2024-2025

Presented to Parliament, the Scottish Parliament, Senedd Cymru, and the Northern Ireland Assembly pursuant to section 33(5) of the United Kingdom Internal Market Act 2020



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OIM PANEL CHAIR'S FOREWORD

I am pleased to present the OIM's third annual report, covering developments in the UK internal market from April 2024 to March 2025.

As the OIM prepares to mark its fourth anniversary on 1 September 2025 and given the UK Government's ongoing review of the UK Internal Market regime, I would like to reflect on the OIM's role and its achievements. The OIM is now well established to advise on the robustness of trade relations between the four nations of the UK. Our founding legislation recognises the importance of monitoring arrangements to support the operation of the UK internal market and the need for reporting and advice on the economic impact of regulatory differences between the UK nations.

The OIM's analysis supports governments in providing regulatory stability for businesses to invest and grow, and those who seek to innovate to achieve wider policy objectives. We are required to have regard to the need to act even-handedly and this helps us to inform the conversation about economic relationships within the UK.

We apply an evidence-based approach to public policy issues as they affect the UK Internal Market. Since launching in 2021, we have produced an overview report on our initial understanding of UK internal market issues, four statutory monitoring reports, and reports on horticultural peat and single use plastic (SUP). To support our work the OIM has advocated for better data about trade between UK nations. This includes our Data Strategy Roadmap which brings together initiatives by our partners to improve the evidence base on intra-UK trade and our successful data event held on 19 September 2024, to strengthen the OIM's relationship with the data community.

As in previous years, we were pleased to give evidence to committees of the legislatures in the UK, including the Scottish Parliament Constitution, Europe, External Affairs and Culture Committee and the Senedd Cymru Legislation, Justice and Constitution Committee. These gave an opportunity to explain and take views on our work, enabling us to gain valuable insight into the opinions of elected representatives.

In last year's annual report, I was delighted to welcome the appointment of the OIM Panel. Members of the Panel have made a significant contribution in its first full year, engaging with stakeholders to strengthen our relationships and gather insights. The Panel have met representatives from the four governments and business groups, and participated extensively in our data event. In addition to their external-facing role, Panel members have contributed their advice and insight to the OIM's projects, providing a sounding board for ideas and generously sharing their expertise. I am grateful to Panel members for their support and hard work.

In this year's report, in addition to providing an update on the operation of the UK internal market for 2024-25, we have commented on the trends that are emerging from the OIM's body of statutory reporting since 2022. In summary, these show that the operation of the

UK internal market is stable. Intra-UK trade remains important to the four nations of the UK and in particular to Scotland, Wales and Northern Ireland, relative to external trade. Our analysis shows that the proportion of businesses that engage in intra-UK trade is steady at around 15% with around 40% of large businesses making intra-UK sales. The majority of businesses that trade within the UK do not experience challenges when selling to other UK nations. Our analysis this year also takes into account recently published estimates of interregional trade from the Office for National Statistics (ONS), covering all four UK nations. The OIM is grateful for the work of officials in the ONS and devolved nations in producing these important statistics.

Across the 2024-25 reporting period, we have observed little impact on the internal market of regulatory developments in the four nations. This contributes to the overall picture that the operation of the UK internal market is stable, but is also likely to reflect the impact of several changes in political leadership which occurred during the first half of 2024. We will continue to monitor changes to the regulatory landscape, including through our innovative regulatory developments dashboard and to complete further reports for the governments as required.



**Murdoch
MacLennan** Chair
of the Office for the
Internal Market
Panel

EXECUTIVE SUMMARY

1. This is the Office for the Internal Market’s third annual report on the operation of the UK internal market. It covers the period from April 2024 to March 2025. OIM’s role is to assist the four governments across the UK by applying economic and other technical expertise to support the effective operation of the internal market.

Key findings

2. In this year’s report, we continue to build the evidence base on the operation of the UK internal market. On this basis, including consideration of evidence in our previous reports, our assessment is that

the operation of the UK internal market is stable and that the internal market continues to function consistently. There is no evidence of a substantial adverse impact on trade arising from regulatory developments across the nations.

Measuring the effective operation of the UK’s internal market

3. This year our assessment of how the UK internal market is operating benefits from the new ONS interregional trade dataset, covering trade between the four nations (intra-UK trade) for 2019 and 2020.¹ Based on this dataset, we estimate that the total value of intra-UK trade was £129 billion in 2019, which represented 5.8% of GDP. (Paragraph 2.4)

The total value of intra-UK trade was £129 billion in 2019, which represented 5.8% of GDP.

4. The ONS data shows that intra-UK trade is particularly important to Scotland, Wales and Northern Ireland. In 2019, intra-UK sales as a share of GDP was over 19% for Scotland, Northern Ireland and Wales, while the equivalent figure for England was 3%.
5. Devolved nation trade surveys show that intra-UK trade accounts for a high proportion of all external trade for Scotland, Wales and Northern Ireland.²
 - (a) Estimates of intra-UK sales of goods and services as a proportion of total external sales for the years between 2019 and 2022 ranged in value between

¹ See paragraph 2.7 for a more detailed discussion of the ONS Interregional Trade Estimates dataset.

² External trade refers to all trade outside of a respective nation. This includes trade to other UK nations, or intra-UK trade, and international trade.

43% and 63% for Wales³ and between 48% and 54% for Northern Ireland. Scotland data shows that the same metric over the period 2019 to 2021 ranged between 57% and 61%.

- (b) Estimates of intra-UK purchases of goods and services as a proportion of total external purchases between 2019 and 2022 ranged in value between 64% and 66% for Scotland; 45% and 62% for Wales,⁴ and 59% to 66% for Northern Ireland.⁵

6. A significant proportion of UK businesses continue to engage in intra-UK trade. Survey data between August 2022 and October 2024 shows that around 15% of businesses and 42% of large businesses report making intra-UK sales over 12-month periods. As noted in previous Annual Reports, firms in the manufacturing and the wholesale and retail sectors are the most likely to engage in intra-UK trade.

Around 15% of businesses and 42% of large businesses report making intra-UK sales over 12-month periods.

7. Consistent with previous years, survey data between August 2022 and October 2024 shows most UK businesses that sell to other UK nations do not report facing any challenges in doing so, while less than 10% report facing challenges relating to differences in regulation.

Less than 10% report facing challenges relating to differences in regulation.

Regulatory developments

8. We observed a slowing down of regulatory developments in the period covered by this report, alongside changes in political leadership of the governments across the four nations. We have identified one new area of potential regulatory difference since April 2024 (electronic tagging of livestock – Annex 2 paragraph 6), with other regulatory developments in policy areas where changes have already occurred or are ongoing. Fewer new potential regulatory differences of any kind have been reported than in previous years.

³ Some of the variation in Welsh figures could be due to varying levels of unallocated trade between years. See paragraph 2.16 for further discussion. Note: the reporting of unallocated trade is unique to Welsh data from Trade Survey for Wales.

⁴ Some of the variation in Welsh figures could be due to varying levels of unallocated trade between years. See footnotes of paragraph 2.18 for further discussion.

⁵ For goods trade from GB to Northern Ireland, we also take insights from customs declarations data. The value of goods associated with full declarations moving into Northern Ireland in 2023 was £17.8 billion.

9. In this year's report we highlight findings from our work examining the internal market effects of regulatory differences in relation to single-use plastics (SUP).⁶ Annex 2 to this report provides an overview of other regulatory developments in the reporting period, including updates on high fat, salt and sugar foods, precision breeding, deposit return schemes and regulation of non-surgical cosmetic procedures.

The OIM Regulatory Developments Dashboard



⁶ Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market <https://www.gov.uk/government/publications/report-on-the-impact-of-restrictions-on-the-sale-of-single-use-plastics-on-the-operation-of-the-uk-internal-market>

1. DEVELOPMENTS IN THE UK INTERNAL MARKET

- 1.1 In this section of the report, we note recent and ongoing developments in the UK internal market regime.

Statutory review of the United Kingdom Internal Market Act 2020

- 1.2 The UK Government formally launched a consultation into the United Kingdom Internal Market Act 2020 (UKIMA) on 23 January 2025.⁷ This followed a Written Statement on 12 December 2024 where the UK Government announced its intention to launch the statutory review of UKIMA, seeking the views of a wide range of public stakeholders. The aim is to complete the review by summer 2025.⁸ The scope of the review includes the practical operation of Parts 1, 2 and 3 of UKIMA and the role and functions of the OIM set out in Part 4.

Exclusions

- 1.3 UKIMA contains provisions that allow the Market Access Principles (MAPs) to be switched off for particular regulations or policy areas. These provisions are known as exclusions. Any of the governments can propose a new exclusion from the MAPs and there is a process to consider these proposals.⁹ In its statement on 12 December 2024 the UK Government agreed an exclusion from the MAPs regarding the sale of rodent glue traps, in response to the Scottish Government's proposal.¹⁰ See Annex 2 paragraph 15.
- 1.4 The UK Government consultation on its statutory review of UKIMA is seeking stakeholder views on the exclusions process.

Common Frameworks

- 1.5 Common Frameworks are non-statutory agreements between the UK Government and the Devolved Governments to establish how devolved or transferred matters previously governed by EU law are to be regulated after the UK's withdrawal from the EU. They typically set out intergovernmental working arrangements in a defined policy area. Of 32 Common Frameworks in total, one has been finalised (Hazardous Substances: Planning), 27 are published on a provisional basis and four are subject to further development. The process agreed under the Common

⁷ UK Government launches UK Internal Market Act consultation, 23 January 2025

<https://www.gov.uk/government/news/uk-government-launches-uk-internal-market-act-consultation>

⁸ Written Statement, The Review of the United Kingdom Internal Market Act 2020, 12 December 2024

<https://questions-statements.parliament.uk/written-statements/detail/2024-12-12/HCWS299>

⁹ Process for considering UK Internal Market Act exclusions in Common Framework areas

<https://www.gov.uk/government/publications/process-for-considering-ukim-act-exclusions-in-common-framework-areas/process-for-considering-uk-internal-market-act-exclusions-in-common-framework-areas>

¹⁰ Defra is the lead department responsible for taking the relevant legislation through the UK Parliament to bring the exclusion into force.

Frameworks by the four governments requires scrutiny by all four legislatures. In its statement of 12 December 2024, the UK Government stated its aim of finalising the Common Frameworks programme.

- 1.6 The UK Government’s consultation on its statutory review of UKIMA reinforces its commitment to use Common Frameworks as the main fora for the four governments to discuss and collaborate on new ideas and policies in the areas they cover, and to consider the impact these may have on the internal market. The consultation reiterates the importance of Common Frameworks as a means to find shared approaches or to manage different approaches, to support the cohesion of the UK internal market.

Figure 1: Current and upcoming Common Frameworks by responsible Department:

Department for Environment, Food and Rural Affairs

Agricultural Support	Animal Health and Welfare	Air Quality	Best Available Techniques
Chemicals and Pesticides	Fertiliser Regulation	Fisheries Management and Support	Food Compositional Standards
Organic Production	Resources and Waste	Plant Health	Plant Varieties and Seeds
Ozone Depleting Substances and Fluorinated Substances			

Department for Transport

Commercial Transport and Operator Licensing	Drivers Licensing	Motor Insurance	Rail Technical Standards
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Department for Health and Social Care

Blood Safety and Quality	Organs, Tissues and Cells	Public Health Protection and Health Security	Nutrition Labelling, Composition and Standards
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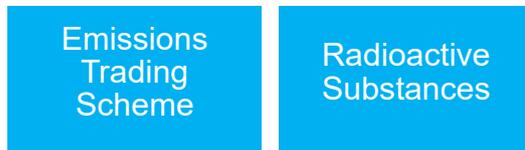
Department for Business and Trade



Food Standards Agency



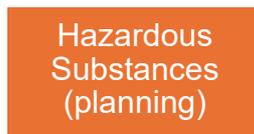
Department for Energy Security and Net Zero



Cabinet Office



Ministry of Housing, Communities and Local Government



- 1.7 The potential need for Common Frameworks has also been identified in the following areas but these have not been progressed to the provisional stage:
- (a) Zootechnics (Defra)
 - (b) Specific Quantities and Pre-packaged Goods (DBT)
 - (c) Provision of Services Regulation (DBT)
 - (d) Mutual Recognition of Professional Qualifications (DBT)

Developments relevant to Northern Ireland's place in the internal market

- 1.8 Legislative provisions which are necessary to give effect to the Windsor Framework fall outside the CMA's statutory remit.¹¹ However, Northern Ireland is part of the UK internal market, and the Windsor Framework may therefore be relevant when considering the operation of the UK internal market, particularly in relation to Northern Ireland. Whilst this report does not review the Windsor Framework (or any legislation necessary to implement them) we note below some

¹¹ We note that following Joint Declaration No 1/2023 of the Union and the United Kingdom, the Protocol on Ireland/Northern Ireland is commonly referred to as the 'Windsor Framework'.

developments in the 2024-25 reporting period which may be relevant to Northern Ireland's place in the internal market:

- New arrangements for goods and parcels moving from Great Britain to Northern Ireland are expected to be implemented by 31 March 2025. These were originally intended to be introduced in October 2024.
- On 30 September 2024 the Northern Ireland Office and Cabinet Office issued guidance for appropriate authorities on complying with s.46 of UKIMA.¹² This guidance is intended to assist appropriate authorities in their duty to have 'special regard' to Northern Ireland's place in the UK internal market and customs territory.
- On 11 December 2024 the House of Commons Northern Ireland Affairs Committee opened an inquiry on the operation of the Windsor Framework. The terms of reference for the inquiry included areas where legislative divergence between Great Britain and Northern Ireland is likely to occur and the mechanisms in place to monitor or manage this, as well as customs procedures and the movement of goods.¹³

¹² Northern Ireland's place in the UK internal market and customs territory, 30 September 2024

<https://www.gov.uk/government/publications/northern-irelands-place-in-the-uk-internal-market-and-customs-territory>

¹³ Northern Ireland Affairs Committee, 11 December 2024

<https://committees.parliament.uk/work/8737/the-operation-of-the-windsor-framework/>

2. MEASURING THE EFFECTIVE OPERATION OF THE UK INTERNAL MARKET

Key 2024-25 findings

- The total value of intra-UK trade represented 5.8% of GDP in 2019, or £129 billion. In 2020, the same figure was 5.4% of GDP, or £108 billion after an adjustment for inflation.¹⁴
- Intra-UK trade accounts for a significant proportion of all external trade for Scotland, Wales and Northern Ireland. Intra-UK sales' share of total external sales for the years between 2019 and 2022 ranged in value from 43% to 63% for Wales and 48% to 54% for Northern Ireland. The same metric for Scotland between 2019 and 2021 ranged from 57% to 61%.
- Around 15% of all businesses and 42% of large businesses reported making intra-UK sales over 12-month periods between August 2022 and October 2024. The available evidence suggests that firms in the manufacturing sector and wholesale and retail sector are more likely to engage in intra-UK trade.
- Less than 10% of businesses engaging in intra-UK trade reported facing challenges arising from regulatory differences between nations between August 2022 and October 2024.
- Overall, these findings are broadly consistent across 2019 to 2022 (the period for which intra-UK trade value data is currently available), suggesting the operation of the UK internal market is stable.

2.1 In this section we present analysis of trade and other data relevant to understanding the operation of the UK internal market. Further information on the OIM's analytical framework and the data sources used for this report is in Annex 1.

Insights from intra-UK trade statistics

2.2 This section sets out our analysis of data on trade between UK nations (intra-UK trade). We first provide an overview of the data we have analysed and some key

¹⁴ It should be noted that 2020 estimates will have been impacted by the disruption to trade and business activity caused by the Covid-19 pandemic. In 2020, the value of intra-UK trade in current prices was £114 billion. We have deflated using the GDP deflator (source: GDP deflator <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts>) see paragraph 2.8 for further discussion of this adjustment.

conclusions that can be drawn from the data taken as a whole. We then present results from specific data sources.

2.3 The following should be considered when interpreting our analysis of trade data:

- (a) In our analysis of intra-UK trade, we explore the relative values of intra-UK sales (exports to other UK nations) and intra-UK purchases (imports from other UK nations) over time. During this period, varying levels of inflation were observed. This means some of the variation over time may be caused by inflation rather than changes in the real terms value of trade.¹⁵ This is particularly relevant for years 2022 and 2023, where historically high rates of inflation were observed.¹⁶
- (b) When exploring trends in the nominal values of intra-UK trade over time, some of the variation observed is likely to be caused by inflation rather than by changes in the real terms value of trade. Therefore, when reporting the absolute value of intra-UK trade over time, we deflate values using the GDP deflator. It should be noted that this adjustment does not perfectly remove the effect of inflation on intra-UK trade values, and that there does not currently exist a set of deflators which does this.¹⁷ We plan to continue working with partners to find the most appropriate way of controlling for the effect of inflation in future reports.
- (c) The Covid-19 pandemic caused significant disruption to trade and business activity,¹⁸ with data from 2020 and 2021 being the most significantly impacted by this.

Overview: value of intra-UK trade

2.4 Data provided by the ONS and national statistical agencies enables us to identify the key findings shown in this paragraph. The remainder of this chapter then presents a more detailed analysis of intra-UK trade data.

- (a) Intra-UK trade represented 5.8% of gross domestic product (GDP) in 2019, which was £129 billion. In 2020, the same figure was 5.4% of GDP, which,

¹⁵ Note, we report intra-UK trade values as proportions of total external trade (intra-UK trade plus international trade). This shows the importance of intra-UK trade relative to total trade, and to some extent controls for the impact of inflation.

¹⁶ Consumer Price Index percentage change over 12 months: 1.8% in 2019, 0.9% in 2020, 2.6% in 2021, 9.1% in 2022 and 7.3% in 2023. Source: ONS Consumer price inflation tables (<https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>).

¹⁷ See paragraph 2.8 for additional discussion.

¹⁸ For example, the Northern Ireland Economic Trade Statistics <https://datavis.nisra.gov.uk/economy-and-labour-market/northern-ireland-economic-trade-statistics-2023.html> found the majority of Northern Irish businesses that reported a decrease in total trade in 2020 was because of the impact of COVID-19 on business operations.

after an adjustment for inflation, was £108 billion.¹⁹ The reduction in value of intra-UK trade from 2019 to 2020 is likely to, at least partially, be driven by the impact of Covid-19 on trade and economic activity.

- (b) Intra-UK trade is relatively more important to Scotland, Northern Ireland, and Wales than England. In 2019, intra-UK sales as a share of GDP was over 19% for Scotland, Northern Ireland and Wales, while the equivalent figure for England was 3%.
- (c) Intra-UK trade accounts for a high proportion of all external trade for Scotland, Wales and Northern Ireland:²⁰
 - (i) Intra-UK sales as a proportion of total external sales for the years between 2019 and 2022 ranged in value from 43% to 63% for Wales and 48% to 54% for Northern Ireland. Scotland data shows that the same metric over the period 2019 to 2021 ranged from 57% to 61%.
 - (ii) Intra-UK purchases as a proportion of total external purchases for the years between 2019 and 2022 ranged in value from: 64% to 66% for Scotland; 45% to 62% for Wales; and 59% to 66% for Northern Ireland.
 - (iii) It should be noted the variation over time seen in the Wales figures is likely to be at least partially explained by varying levels of trade that is unallocated to a destination or source country, rather than solely to changes in the relative importance of intra-UK trade to Wales.²¹
- (d) Around 15% of businesses engage in intra-UK trade. BICS survey waves²² between August 2022 and October 2024 show around 15% of businesses report making intra-UK sales over 12-month periods, while waves between October 2023 and October 2024 show around 14% of firms report making intra-UK purchases over 12-month periods.
- (e) Larger businesses are more likely to engage in intra-UK trade. BICS waves between August 2022 and October 2024 show around 42% of large

¹⁹ It should be noted that 2020 estimates will have been impacted by the disruption to trade and business activity caused by the Covid-19 pandemic. In 2020, the value of intra-UK trade in current prices was £114 billion. We have deflated using the GDP deflator (source: GDP deflator <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> see paragraph 2.8 for further discussion of this adjustment.

²⁰ Total external sales/purchases defined as all sales/purchases made outside of the given nation (i.e. *external sales/purchases*= *intra-UK sales/purchases* + *international sales/purchases*).

²¹ Unallocated values exist where businesses made sales or purchases but were not able to allocate it to a destination or source location. Unallocated trade values for years 2020 and 2021 were significantly higher than in other years. The value of unallocated sales was £4 billion in 2019, £20 billion in 2020, £22 billion in 2021 and £4 billion in 2022. The value of unallocated purchases was £8 billion in 2019, £23 billion in 2020, £27 billion in 2021 and £10 billion in 2022.

²² The Business Insights and Conditions Survey (BICS) <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheukconomy> is sent to businesses twice a month, with each set of questions being referred to as a 'wave'. The BICS has a large number of questions, not all of which are asked in every wave. The OIM's intra-UK sales and purchase questions are currently asked every six waves, although this has varied over time. This is why we generally report three new BICS waves in each Annual Report.

businesses report making intra-UK sales over 12-month periods, compared to 14% of micro-businesses.

- (f) Businesses in some industries are more likely to engage in intra-UK trade than others. BICS waves between August 2022 and October 2024 show that firms in the manufacturing and the wholesale and retail sectors are the most likely to engage in intra-UK trade on average.
- (g) Most businesses that engage in intra-UK trade do not report facing challenges when doing so. BICS waves between August 2022 to October 2024 show more than half of businesses do not face any challenges when selling to customers in other UK nations, while less than 10% face challenges arising from regulatory differences between nations.

Intra-UK trade data

- 2.5 In paragraph 2.8 we explore in greater detail the value of intra-UK trade over time using the best available evidence.
- 2.6 We begin by exploring the total value of intra-UK trade and its relative importance to each of the four UK nations using the ONS Interregional Trade dataset. We then explore country-specific evidence for Scotland, Wales and Northern Ireland.
- 2.7 The most recent estimates of the value of intra-UK trade including England are provided by the ONS Interregional Estimates dataset.²³ The value of intra-UK trade reported in this dataset excludes the finance and insurance sector.²⁴ Consequently, the value (both as an absolute amount and as a share of GDP) of intra-UK trade reported below should be interpreted as a lower bound estimate.
- 2.8 Intra-UK trade represented 5.8% of gross domestic product (GDP) in 2019, which was £129 billion. In 2020, the same figure was 5.4% of GDP, which, after an adjustment for inflation, equates to approximately £108 billion in 2019 prices.²⁵

²³ See UK Interregional trade in goods and services 2019 to 2020 - Office for National Statistics <https://www.ons.gov.uk/releases/ukinterregionaltradeingoodsandservices2019to2020>. The estimates seek to enhance the quality and coherence of existing survey data by the devolved governments of Scotland, Wales and Northern Ireland. Other survey and administrative data are leveraged to fill known data gaps and estimate trade with and between the English ITL1 regions. For more information, see <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/methodologies/interregionaltradeingoodsandserviceukqmi>.

The ONS interregional trade estimates are not directly comparable to the devolved nation trade surveys or the 2015 estimates of intra-UK trade values from ESCoE (<https://www.escoe.ac.uk/projects/improving-the-quality-of-regional-economic-indicators/>) due to methodological differences, including different industry coverage.

²⁴ In 2019, the finance and insurance sector accounted for 8% of Gross Value added. The same figure in 2020 was 9%, 9% in 2021 and 8% in 2022. Data from ONS, Regional gross value added (<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancedbyindustry>).

²⁵ In 2020, the value of intra-UK trade in current prices was £114 billion. As noted at paragraph 1.8(b), ONS provides data in current prices (ie unadjusted for inflation) and does not provide inflation-adjusted (or constant price) figures. This is because, amongst other reasons, no inflation deflator exists that reflects the composition of goods and services

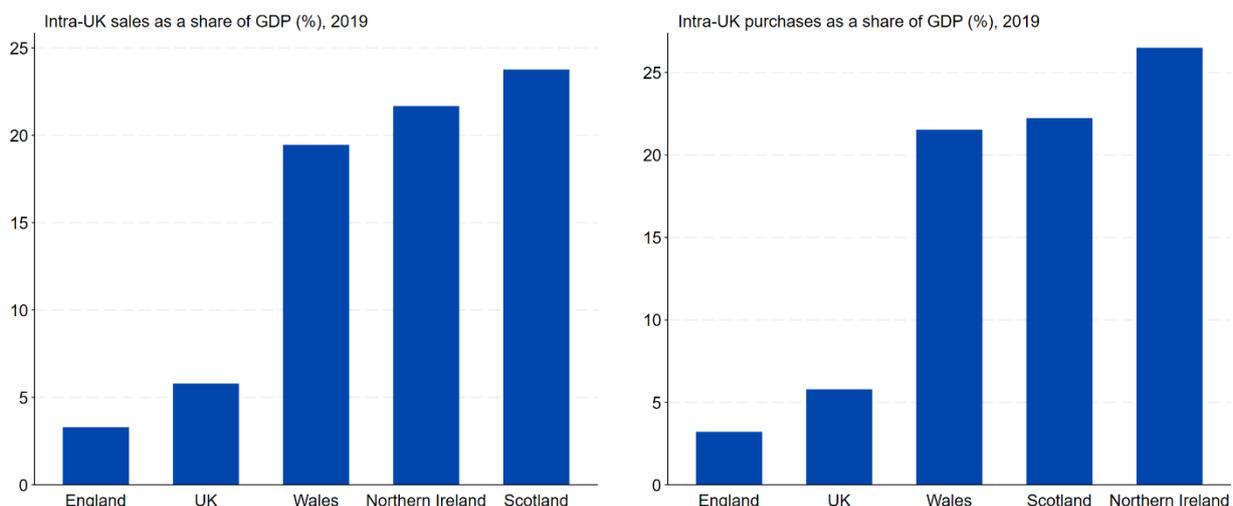
Due to the likely impact of Covid-19 on 2020 figures, we focus on the 2019 figures below.

- 2.9 Figure 2 shows that Intra-UK trade is relatively more important for Scotland, Wales and Northern Ireland than England. In 2019, intra-UK sales represented: 3.3% of GDP for England, 24% for Scotland, 19% for Wales and 22% for Northern Ireland. Similarly, intra-UK purchases in 2019 represented: 3.2% of GDP for England, 22% for Scotland, 22% for Wales and 26% for Northern Ireland.

Figure 2: Intra-UK trade is more important to Scotland, Wales and Northern Ireland than England

Left panel: Bar chart showing intra-UK sales as a proportion of gross domestic product (%) for each country in 2019. Data from ONS UK Interregional trade and ONS Regional gross domestic product.

Right panel: Bar chart showing intra-UK purchases as a proportion of gross domestic product (%) for each country in 2019. Data from ONS UK Interregional trade and ONS Regional gross domestic product.



Data from ONS UK Interregional trade and ONS Regional gross domestic product. Bars ordered from smallest to largest.

- 2.10 Figure 3 shows that values of intra-UK trade broadly reflect the size of the national economies, and that England is the largest trade partner for each devolved nation. In 2019, intra-UK sales to England made up over 72% of total sales for Scotland, Wales and Northern Ireland, and over 92% of total intra-UK purchases. In

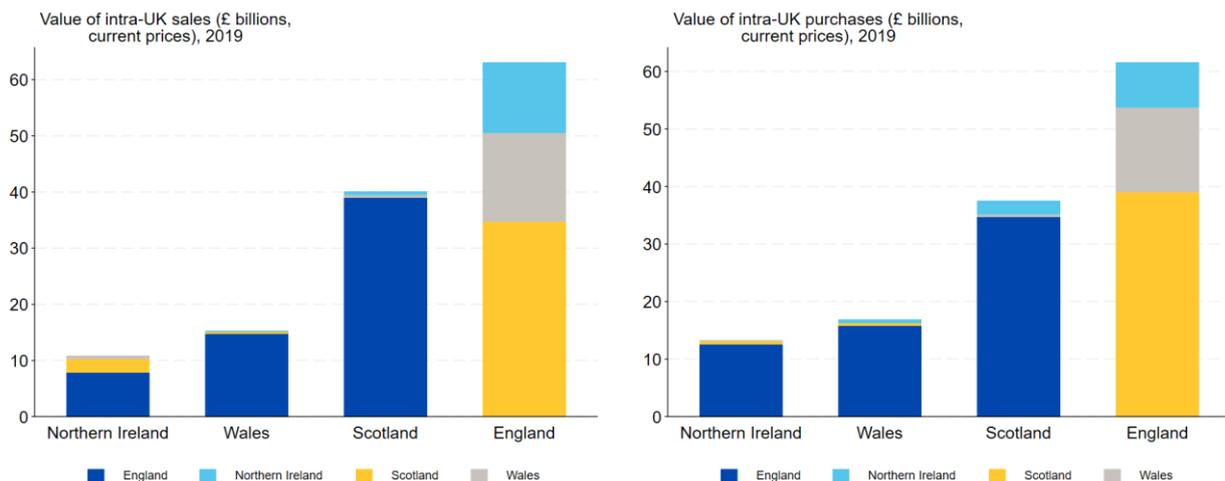
involved in intra-UK trade so that any adjustment for inflation will be imperfect. We consider that there is value in an imperfect adjustment to gain a sense of the likely scale of the impact of Covid-19 in 2020. However, this caveat should be noted when interpreting these figures. The adjustment has been made using the GDP deflator (source: GDP deflator <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts> <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2024-quarterly-national-accounts>) which we note is in keeping with the Treasury's recommended approach in the Green Book (<https://www.gov.uk/government/collections/the-green-book-and-accompanying-guidance-and-documents>).

comparison, over half of England’s intra-UK sales and purchases were to/from Scotland.

Figure 3: Intra-UK trade values are broadly reflective of the size of national economies

Left panel: Bar chart showing the value of intra-UK sales by destination for each UK country in 2019 (£billions, current prices). Data from ONS UK Interregional trade.

Right panel: Bar chart showing the value of intra-UK purchases by origin for each UK country in 2019 (£billions, current prices). Data from ONS UK Interregional trade.



Data from ONS UK Interregional trade. Bars ordered from smallest to largest.

Scotland data

2.11 We look first at data on sales from Scotland to the rest of the UK. The primary data source for Scotland’s sales is the “Export Statistics Scotland” (ESS) publication.²⁶ Purchases statistics are sourced from the Quarterly National Accounts.²⁷ ESS plan to publish estimates of intra-UK sales for 2022 in 2025, which means this year’s Annual Report is unable to directly update the primary measure of Scotland’s sales to the rest of the UK. However, we draw upon another data source which

²⁶ See <https://www.gov.scot/publications/exports-statistics-scotland-2021/pages/key-points/> and Export Statistics Scotland 2021 <https://www.gov.scot/publications/exports-statistics-scotland-2021/pages/key-points/>. Export Statistics Scotland (ESS) estimates the value of Scotland’s international exports and exports to the rest of the UK. The Global Connections Survey (GCS) is one of the main data sources informing the estimates of Scotland’s exports in Export Statistics Scotland. The Scottish Government sends the GCS to a sample of 6,000-10,000 companies with operations in Scotland to collect data on the value of sales and exports both internationally and to the rest of the UK. It is the primary source of information for estimates of the value of exports from Scotland to the rest of the UK. Where export information from the GCS is not available, Exports Statistics Scotland uses alternative sources of export information, or estimates the value of exports as a percentage of business turnover. ESS note the statistics do not cover offshore oil and gas extraction. For all excluded SIC codes, see excluded industries table <https://www.gov.scot/publications/export-statistics-scotland-methodology/pages/global-connections-survey-excluded-industries-sic-codes/>. ESS note future revisions are likely as new information comes available.

²⁷ GDP Quarterly National Accounts: 2024 Quarter 2, (Other national accounts summary tables, table G1) <https://www.gov.scot/publications/gdp-quarterly-national-accounts-2024-q2/>

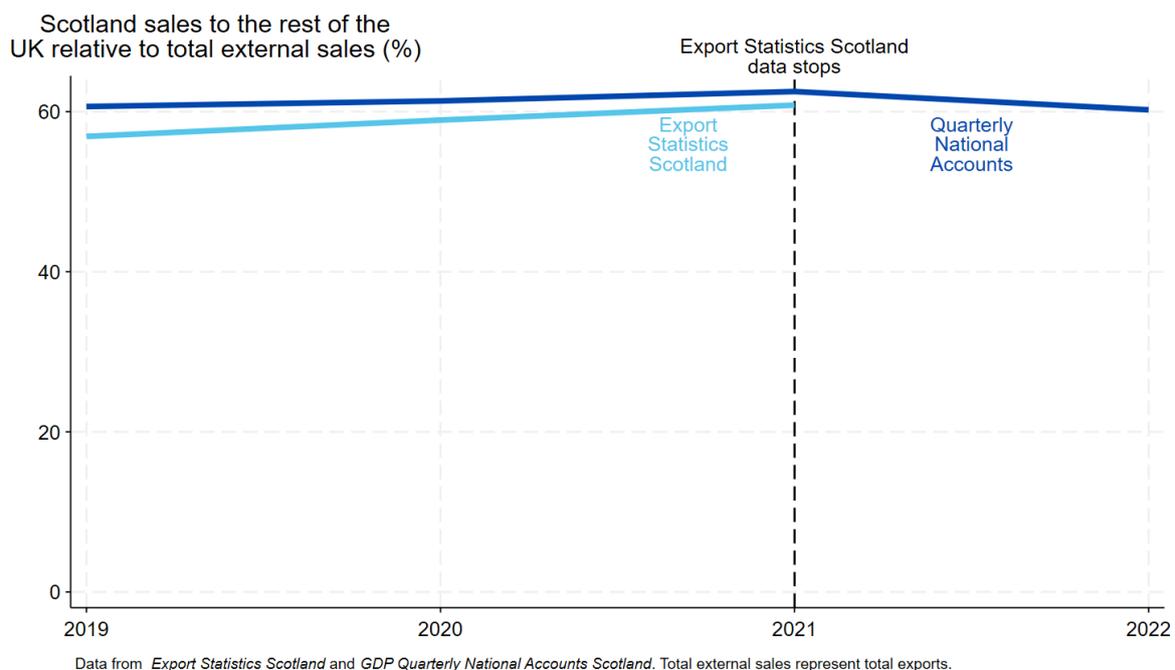
has followed a similar trend to ESS over the past three years (see figure 4), the Quarterly National Accounts,²⁸ to indicate what trends we might expect to see in Scotland's sales to the rest of the UK in 2022.²⁹

Scotland intra-UK sales

- 2.12 Figure 4 shows that Scotland's sales to the rest of the UK relative to total external sales remained broadly constant between 2019 and 2021. According to the primary measure (Exports Statistics Scotland, light blue line), the value of Scotland's intra-UK sales in 2021 was £49 billion. This figure represented 61% of total external sales, which was broadly consistent with 2019 and 2020. An alternative data source (Scotland's Quarterly National Accounts, dark blue line) shows that intra-UK sales as a share of total external sales remained broadly constant between 2019 and 2022.

Figure 4: Scottish intra-UK sales remained broadly constant relative total external sales between 2019 and 2021

Line graph of the value of Scotland's sales to the rest of the UK as a proportion of total external sales across alternative data sources. Data from Scotland's Quarterly National Accounts (dark blue line) and Export Statistics Scotland (light blue line)



²⁸ GDP Quarterly National Accounts: 2024 Quarter 2, (Other national accounts summary tables, table G1). <https://www.gov.scot/publications/gdp-quarterly-national-accounts-2024-q2/>

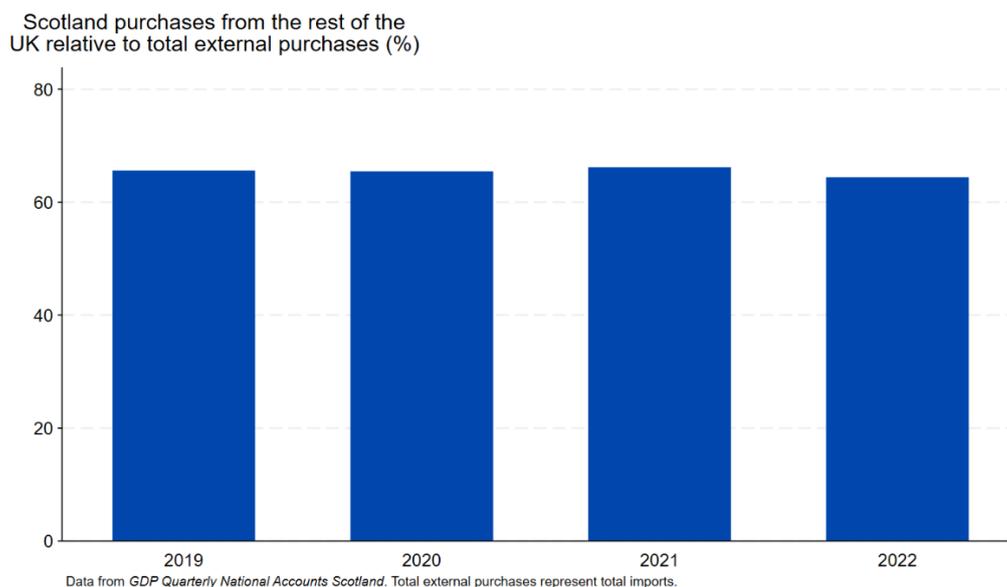
²⁹The ESS methodology document <https://www.gov.scot/publications/export-statistics-scotland-methodology/pages/comparison-with-gdp-quarterly-national-accounts-scotland-qnas/> which accompanied the 2021 statistical release shows the value of sales to the rest of the UK has differed between the publications in years 2019 to 2021, but the trends have been similar.

Scotland intra-UK purchases

2.13 Figure 5 shows that the value of Scotland’s purchases from the rest of the UK as a share of total external purchases remained broadly constant between 2019 and 2022. In 2022, the value of Scotland’s intra-UK purchases was £75 billion, which represented 64% of total external purchases. Between 2019 and 2021, intra-UK purchases accounted for around 66% of total external purchases.

Figure 5: Scotland’s intra-UK purchases as a share of total external purchases has remained broadly constant between 2019 and 2022

Bar chart showing Scotland’s purchases from the rest of the UK as a proportion of total external purchases. Data from Quarterly National Accounts.



Wales data

2.14 The Trade Survey for Wales (TSW) provides estimates for values of intra-UK trade conducted by businesses based in Wales.³⁰

³⁰ Data from Trade Survey for Wales (TSW) <https://www.gov.wales/trade-survey-wales-2022>. TSW is classified as “official statistics in development” since work to improve the methodology is ongoing. This means future revisions are likely and results should be treated as provisional (TSW 2022 release) <https://www.gov.wales/trade-survey-wales-tsw-2022-official-statistics-development-html#148747>. Indeed, significant revisions have been made to purchases figures for the years 2019 to 2021 in the latest data release. Purchases figures between 2019 and 2021 will therefore differ from those in last year’s Annual Report.

TSW acknowledges relatively low response rates whilst noting the across-year imputation methodology employed should allow for robust high-level comparisons over time. QMI <https://www.gov.wales/trade-survey-wales-2022-quality-and-methodology-information-html>.

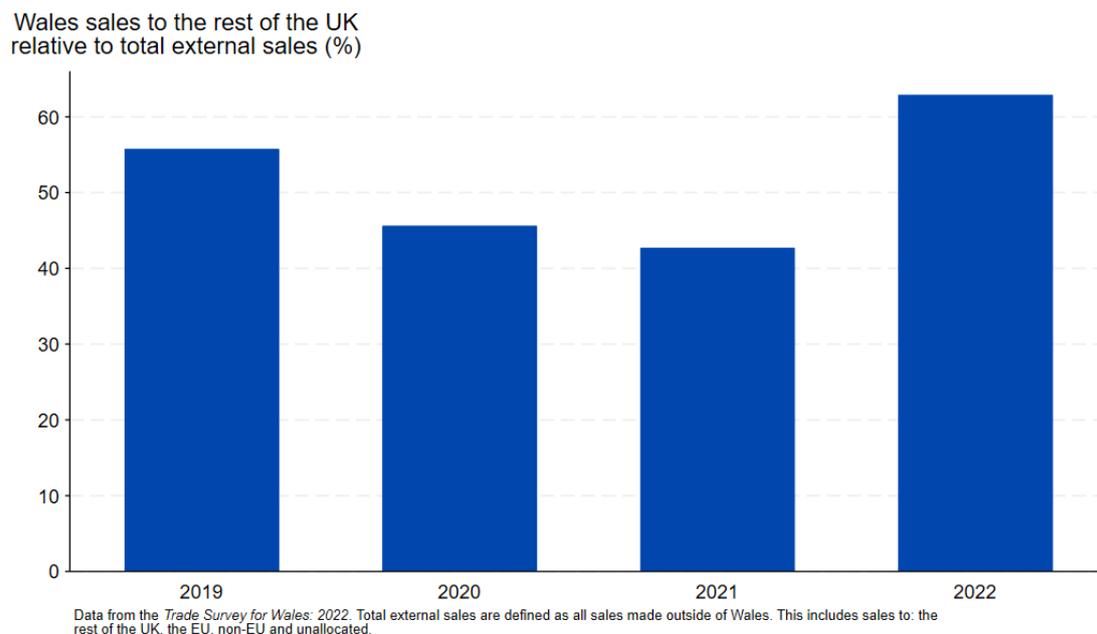
TSW acknowledge the existence of varying levels of unallocated trade values across years. Unallocated values exist where businesses made sales or purchases but were not able to allocate it to a destination or source location. Unallocated trade values for years 2020 and 2021 were significantly higher than in other years. See TSW 2022 <https://www.gov.wales/trade-survey-wales-tsw-2022-official-statistics-development-html#148747>. This should be

Wales intra-UK sales

2.15 Figure 6 shows that the estimated value of goods and services sold by Welsh businesses to the rest of the UK as a share of total external sales³¹ increased from 2021 to 2022. The estimated value of Welsh intra-UK sales was £48 billion in 2022. This represented 63% of total external sales, an increase from 43% in 2021.

Figure 6: The value of Welsh intra-UK sales increased relative to total external sales from 2021 to 2022

Bar chart showing Wales sales to the rest of the UK as a percentage of total external sales. Data from Trade Survey for Wales.



2.16 The significant increase in estimates of the relative values of sales to the rest of the UK between 2021 and 2022 is, at least partially, explained by unallocated sales from Wales falling from £22 billion in 2021 to £4 billion in 2022.³² That is, some of the increase in the relative value of sales to the rest of the UK seen from 2021 to 2022 may have arisen from more sales being allocated a destination within the TSW rather than a real world increase.

2.17 Figure 7 breaks down Welsh intra-UK sales by destination country in 2022. Sales to England accounted for 49% (£24 billion) of intra-UK sales in 2022, Scotland for

considered when making comparisons over time, since changes in sales or purchase values across years may be due to changes in how effectively trade is allocated destinations or origins, rather than real world changes.

³¹ Total external sales are defined as all sales made outside of Wales. This includes sales to: the rest of the UK, the EU, non-EU and unallocated.

³² The value of unallocated sales was £4 billion in 2019, £20 billion in 2020, £22 billion in 2021 and £4 billion in 2022.

5% (£2.5 billion), Northern Ireland for 8% (£4 billion) and sales to other UK nations that could not be allocated a destination country for 37% (£18 billion).³³

Figure 7: England was the biggest destination for Welsh intra-UK sales in 2022

Treemap of Wales intra-UK sales by destination in 2022. Values presented in £ billion (current prices) and as a share of total intra-UK sales. Data from Trade Survey for Wales.

Wales intra-UK sales by destination, 2022 (£billion, % of total intra-UK sales)



Data from *Trade Survey for Wales*.

Wales intra-UK purchases

2.18 Figure 8 shows that the estimated value of purchases³⁴ by businesses in Wales from the rest of the UK as a share of total external purchases³⁵ increased from 2021 to 2022.³⁶ The value of intra-UK purchases was £26 billion in 2022. This represented 56% of total external purchases, an increase from 45% in 2021. This

³³ Sales to other UK nations which could not be allocated a destination country, or “UK unallocated”, represent sales where the destination is known to be another UK country, but the specific UK country could not be identified. This differs from unallocated sales (discussed in footnote 31/33), which refer to sales where the destination is completely unknown.

³⁴ As mentioned, purchases data have been revised following the application of an across-years imputation methodology. Purchase figures between 2019 and 2021 will therefore differ from those in last year’s Annual Report.

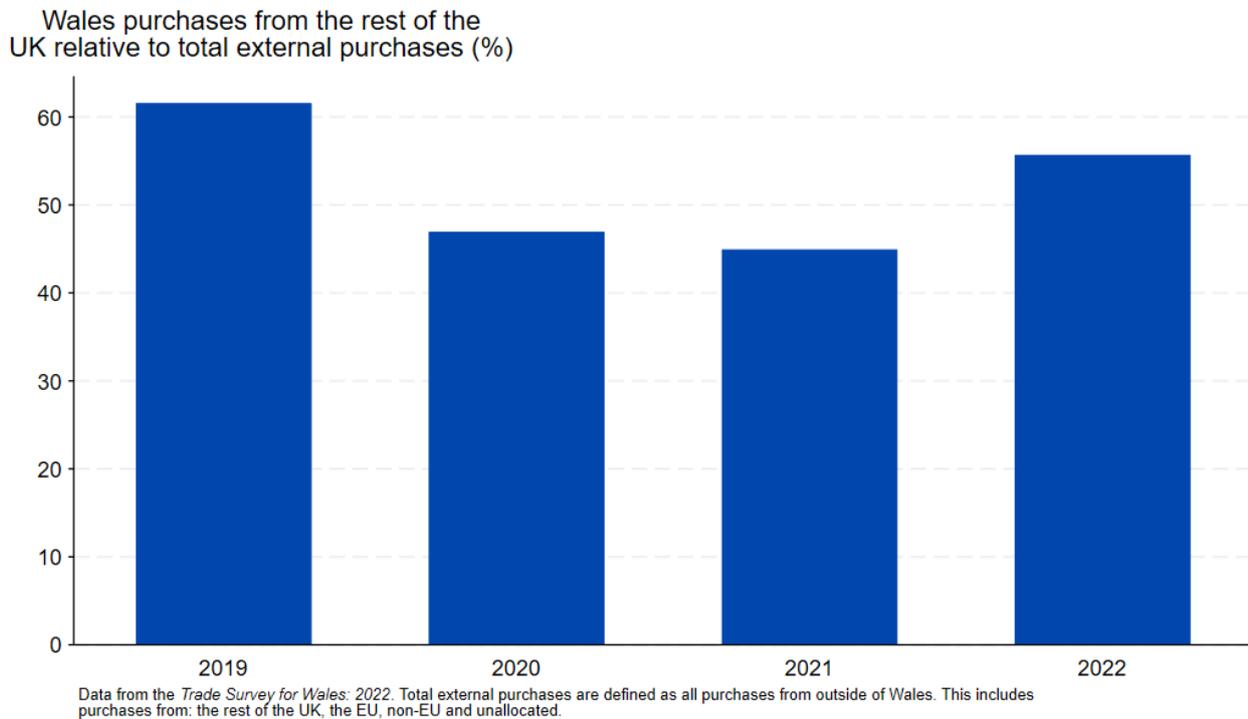
³⁵ Total external purchases are defined as all purchases from outside of Wales. This includes purchases from: the rest of the UK, the EU, non-EU and unallocated.

³⁶ When interpreting Wales intra-UK purchases figures, it is important to consider the impact of varying levels of purchases that have unallocated as origin. This could result in some changes in both the absolute and relative value of intra-UK purchases over time being driven by more/less purchases being allocated an origin, rather than a real-world change. The value of purchases unallocated an origin was £8 billion in 2019, £23 billion in 2020, £27 billion in 2021 and £10 billion in 2022.

reverses the trend observed between 2019 and 2021 of intra-UK purchases as a share of total external purchases falling.

Figure 8: The value of purchases from the rest of the UK relative to total external purchases increased from 2021 to 2022

Bar chart showing Wales purchases from the rest of the UK as a percentage of total external purchases. Data from Trade Survey for Wales.



2.19 Figure 9 breaks down intra-UK purchases by country in 2022. Purchases from England accounted for 83% (£21 billion) of total purchases from the rest of the UK in 2022, Scotland for 1% (£262 million), Northern Ireland for 0.5% (£133 million) and purchases from the rest of the UK that could not be allocated to a specific nation for 15% (£4 billion).³⁷

Figure 9: England was the biggest destination for Welsh intra-UK purchases in 2022

Treemap of Wales intra-UK purchases by destination in 2022. Values presented in £ billion (current prices) and as a share of total intra-UK purchases. Data from Trade Survey for Wales.

³⁷ Purchases from other UK nations which could not be allocated an origin country, or “UK unallocated”, represent purchases where the origin is known to be another UK country, but the specific UK country could not be identified. This differs to unallocated purchases (discussed in footnote 37), which refer to purchases where the origin is completely unknown.

Wales intra-UK purchases by origin, 2022 (£billion, % of total intra-UK purchases)



*A= Scotland: £0.262bn, 1%
 *B= Northern Ireland: £0.133bn, 0.5%
 Data from *Trade Survey for Wales*.

Northern Ireland data

- 2.20 We draw upon three data sources which provide information on Northern Ireland's trade with the rest of the UK. Northern Ireland Economic Trade Statistics provide information of trade values, while the Business Insights and Conditions Survey and HMRC Customs Data provide additional information on trade in goods. Although these sources are not directly comparable, they can be used in combination to provide a more comprehensive picture of Northern Ireland's intra-UK trade.
- 2.21 The Northern Ireland Economic Trade Statistics³⁸ publication provides estimates of values of Northern Irish businesses trade with the rest of the UK.

Northern Ireland intra-UK sales

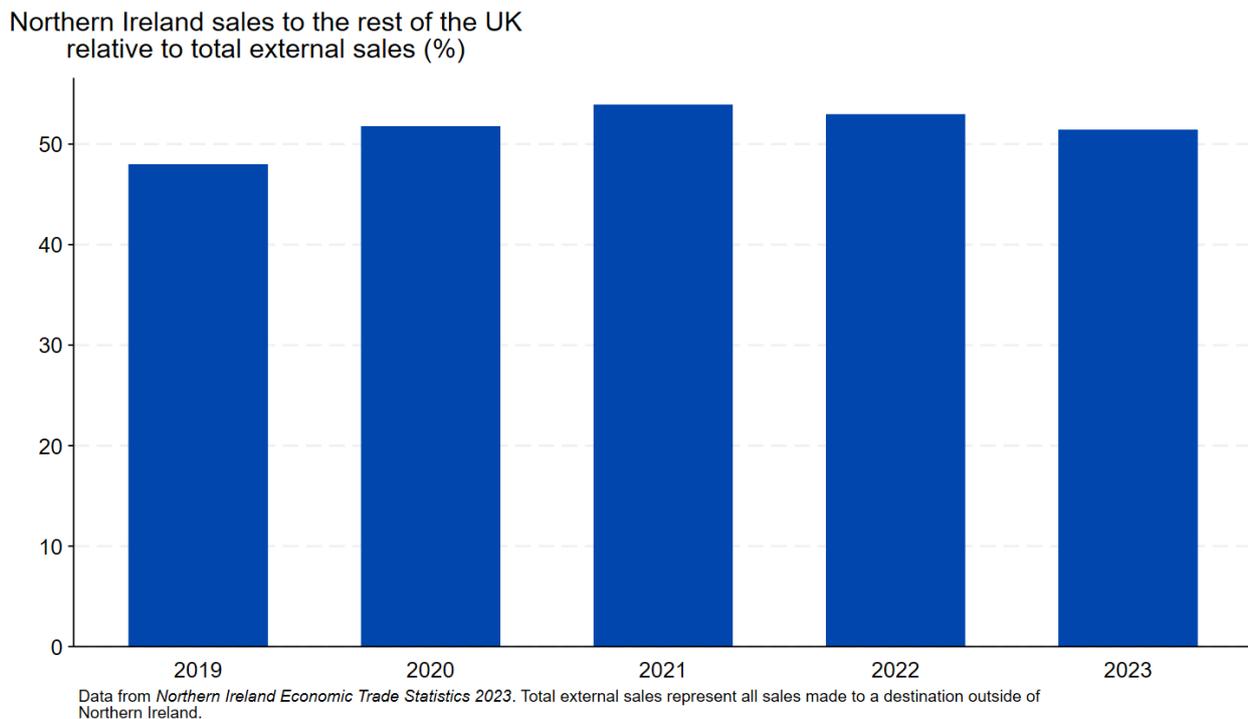
- 2.22 Figure 10 shows that the estimated value of Northern Ireland's sales to the rest of the UK relative to total external sales remained broadly constant between 2019 and 2022. The value of Northern Ireland's intra-UK sales was £15 billion in 2022,

³⁸Northern Ireland Economic Trade Statistics, <https://www.nisra.gov.uk/statistics/business/ni-economic-trade> The NIETS is a survey-based measure of businesses' trade with markets outside Northern Ireland. Data is gathered through the Northern Ireland Annual Business Inquiry. The most recent data published are provisional and subject to revision in the next reporting period.

which represented 53% of total external sales. Over the period 2019 to 2021, this figure had ranged between 48% and 54%. NIETS also provides provisional 2023 data, which estimates the value of Northern Ireland's intra-UK sales as a share of total external sales to be 51%.

Figure 10: The value of Northern Ireland's intra-UK sales relative to total external sales remained broadly constant at around half of total external sales between 2019 and 2023

Bar chart showing the value of Northern Ireland sales to the rest of the UK as a proportion of total external sales (%). Data from Northern Ireland Economic Trade Statistics, 2023.

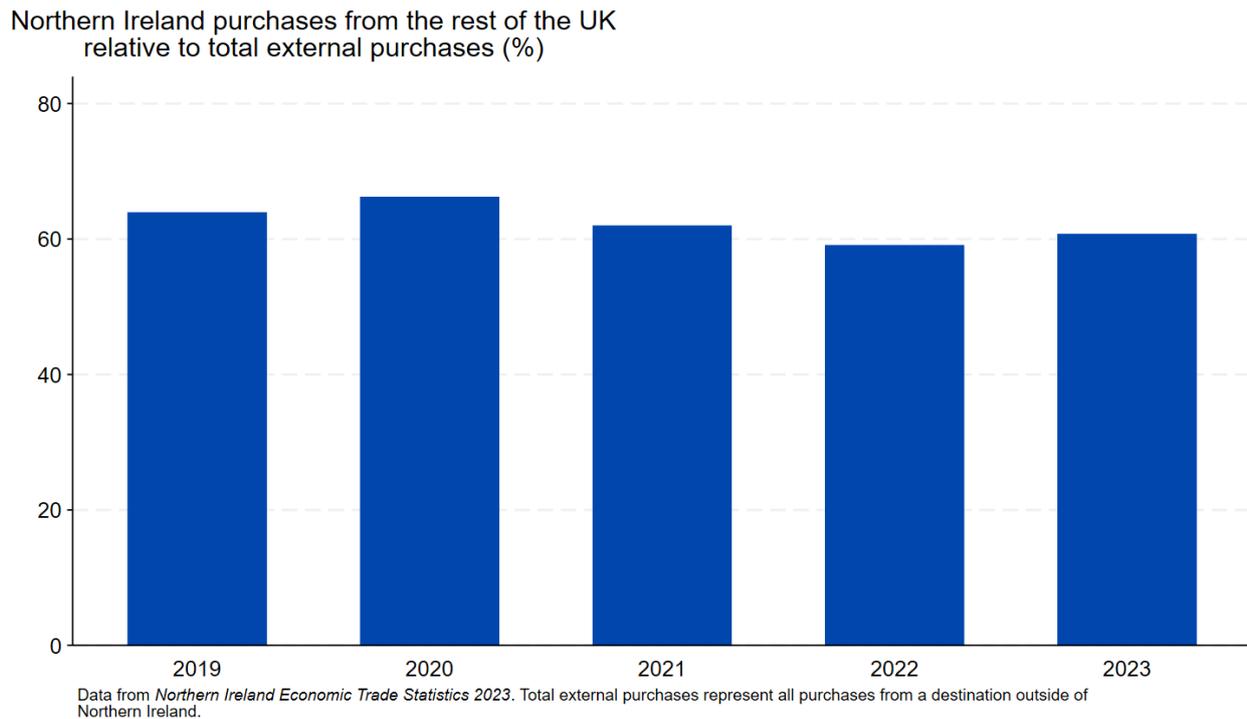


Northern Ireland intra-UK purchases

2.23 Figure 11 shows that the estimated value of purchases made by businesses in Northern Ireland from other UK nations remained broadly constant relative to total external purchases between 2019 and 2022. The value of Intra-UK purchases was £14 billion in 2022, which represented 59% of total external purchases. Between 2019 and 2021, this figure had ranged between 62% and 66%. Provisional 2023 data estimates that Northern Ireland's intra-UK purchases represented 61% of total external sales.

Figure 11: The value of Northern Ireland's intra-UK purchases relative to total external purchases remained broadly constant between 2019 and 2023

Bar chart showing the value of Northern Ireland purchases from the rest of the UK as a proportion of total external purchases (%). Data from Northern Ireland Economic Trade Statistics, 2023.



Business Insights and Conditions Survey

- 2.24 The ONS Business Insights and Conditions Survey³⁹ (BICS) asks businesses⁴⁰ whether they have sent goods from Great Britain to Northern Ireland, and vice-versa, in the last 12 months and how the volume of goods sent compared with the previous calendar month. This source is a useful cross-check for understanding any changes in business behaviour over time.
- 2.25 Figure 12 (dark blue) shows that over the period February 2021 to October 2024, the proportion of businesses that reported sending goods from Great Britain to Northern Ireland over 12-month periods was around 4.6%, although there is some variation between waves.⁴¹ Although this is a relatively small proportion of businesses, as shown below in the HMRC customs data, this represents a

³⁹ Business Insights and Conditions Survey (BICS)

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheconomy>

It should be noted that the frequency of which the questions of interest have been included in BICS waves has changed over time, and that sometimes responses are suppressed due to low counts.

⁴⁰ The cohort of businesses that participates in the BICS are firms that are registered for VAT and/or PAYE in the UK. They are, therefore, firms with operations in the UK.

⁴¹ Question: "Has your business sent goods from GB to Northern Ireland in the last 12 months?". 4.5% is the average proportion of "currently trading" businesses responding "yes" over 46 waves between waves 23 and 119. Proportions in each wave ranged from 3.6% to 5.8%.

significant value of goods from Great Britain to Northern Ireland. In terms of volumes, between November 2021 and September 2024, an average of 49% of businesses reported volumes of goods sent from Great Britain to Northern Ireland stayed the same compared with the previous month, 23% reported volumes decreased, and 5% reported volumes increased.⁴² These findings are consistent with those in last year's Annual Report.

- 2.26 Figure 12 (light blue) also shows that over the period May 2021 to July 2024, the proportion of businesses that reported sending goods from Northern Ireland to Great Britain over 12-month periods ranged between 1% and 1.6%.⁴³ In terms of volumes, between November 2021 and June 2023, an average of 51% of businesses reported the volumes of goods sent from Northern Ireland to Great Britain remained the same compared with the previous month, 3.1% reported volumes increased, and 28% reported volumes decreased.⁴⁴

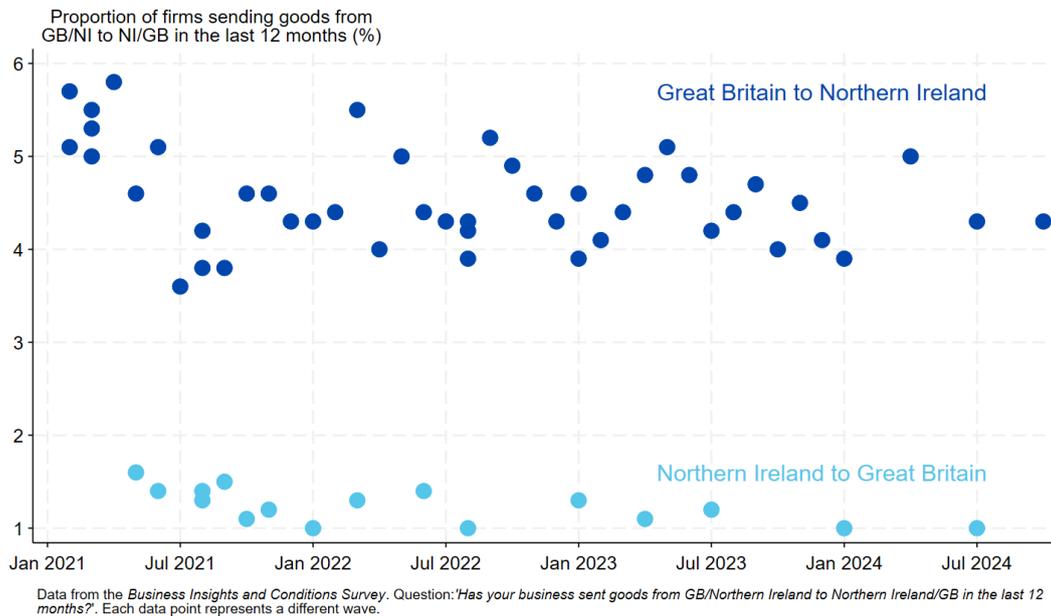
Figure 12: On average, 4.6% of firms send goods from Great Britain (GB) to Northern Ireland (NI), while less than 2% send goods from NI to GB

Scatterplot showing the proportion of firms that reported sending goods from GB/NI to NI/GB in the last 12 months (%). Data from the Business Insights and Conditions Survey.

⁴² Question: "In *month year*, how did the volume of goods your business sent from GB to Northern Ireland compare with the previous calendar month?". Average responses from "currently trading" businesses of waves including the question and where values were not suppressed over waves 44 to 119 (corresponding to reference months November 2021 and September 2024, respectively). We do not report responses "Not sure" and "Not applicable", and therefore figures will not add to 100%.

⁴³ Question: "Has your business sent goods from Northern Ireland to GB in the last 12 months?". Proportions of "currently trading" businesses responding "yes" over 16 waves between waves 30 and 113.

⁴⁴ Question: "In *month year*, how did the volume of goods your business sent from Northern Ireland to GB compare with the previous calendar month?". Average responses from businesses in waves including the question and where values were not suppressed over waves 44 to 88 (corresponding to reference months November 2021 and June 2023, respectively). Although the question has been included in 5 waves between 94 and 119, all values have been suppressed. We do not report responses "Not sure" and "Not applicable", and therefore figures will not add to 100%.



HMRC Great Britain to Northern Ireland customs data

- 2.27 HM Revenues & Customs (HMRC) report on the movements of goods into Northern Ireland from Great Britain based on customs data.⁴⁵
- 2.28 The value of goods associated with full declarations⁴⁶ cleared by HMRC moving from Great Britain into Northern Ireland in 2023 was £17.8 billion. Figure 13 shows

⁴⁵ See links to HMRC data for

2021

<https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2021/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2021,2022>

<https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2022/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2022-commentary> and [2023](https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-commentary)

<https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-commentary> .

HM Revenues & Customs (HMRC) publishes administrative data on customs declarations for goods moving into Northern Ireland from Great Britain, which are required under the Northern Ireland Protocol following the UK's exit from the European Union. HMRC states this data is not directly comparable to the Northern Ireland Economic Trade Statistics publication due to methodological differences, including collection methodology, timeliness, and coverage differences (2023 QMI <https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-methodology-notes>).

HMRC note the UK and EU have agreed the Windsor Framework, which established a new UK internal trade scheme based on commercial data-sharing for the movement of goods. All data in this release applies to periods before the Windsor Framework was implemented, and therefore should not be used to draw conclusions about future trading arrangements see QMI <https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-methodology-notes>.

HMRC note that caution should be taken when comparing across years due to clearance dates being used to define calendar years rather than movement dates

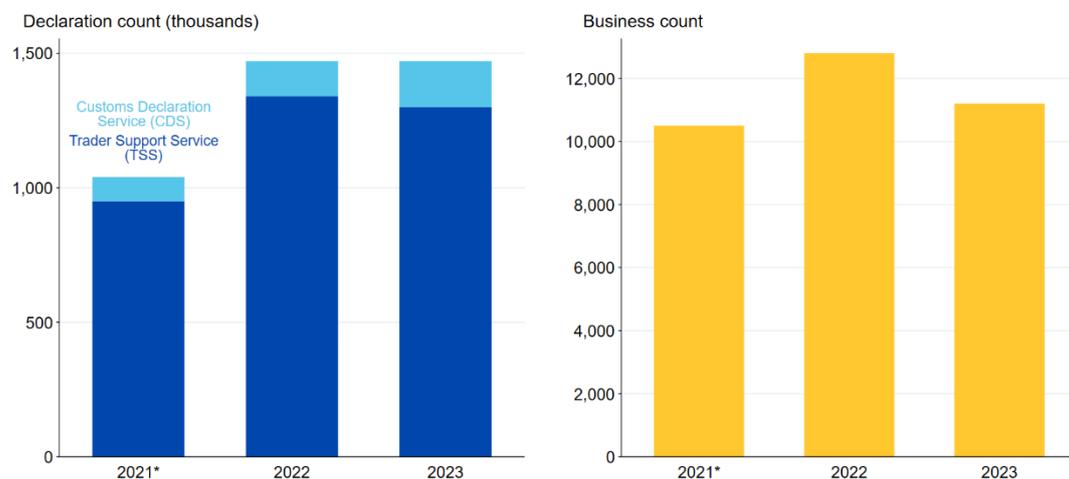
⁴⁶ A declaration is an electronic submission of data which provides the legally required information about the goods being imported. A full declaration has been defined as one of the following declaration types: standard customs declaration; supplementary declaration; or a supplementary declarations for Entry in Declarants Records (EIDR). Customs declarations are generally not required for postal and parcel movements sent from GB to consumers in NI, but

that the count of full declarations cleared by HMRC into Northern Ireland from Great Britain have remained constant at around 1,500,000 between 2022 and 2023, while the number of businesses associated with such declarations remains between 10,500 and 13,000 .

Figure 13: The count of declarations for goods moving from Great Britain into Northern Ireland remained constant between 2022 and 2023

Left panel: The count of full declarations cleared by HMRC into Northern Ireland from Great Britain, split by declaration system. Data from HMRC Customs Declaration Service (CDS), 2022 and 2023 releases.

Right panel: The count of businesses associated with full declarations cleared by HMRC into Northern Ireland from Great Britain. Data from HMRC Customs Declaration Service (CDS), 2022 and 2023 releases.



*2021 data not revised with updated methodology. Therefore, not directly comparable with subsequent years data. Data from the HMRC's Customs Declaration Service (CDS) administrative data.

Insights on who trades within the UK

2.29 In this section, we review the best available evidence to provide insights into the extent to which different types of business trade with other parts of the UK and the potential barriers they face, noting whether there has been a change since the 2023-2024 Annual Report. We rely on the ONS Business Insights and Conditions Survey⁴⁷ (BICS), which includes questions which show the proportion of

businesses may choose to voluntarily submit declarations which would appear in data. Items on a declaration with a value greater than £100 million are excluded as outliers see: 2023 QMI Summary of movements of goods into Northern Ireland from Great Britain 2023: methodology notes <https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-methodology-notes#definitions>.

⁴⁷ The ONS Business Insights and Conditions Survey (BICS) asks questions to businesses across the UK twice a month, with each set of questions being referred to as a 'wave'. The BICS has a large number of questions, not all of which are asked in every wave.

businesses that trade with other UK nations and the challenges faced when doing so,⁴⁸ and devolved nation's trade survey data.⁴⁹

- 2.30 A larger proportion of firms report engaging in intra-UK trade than international trade.
- (a) The left panel of figure 14 shows that in BICS waves between August 2022 and October 2024, around 15% of businesses reported selling to other UK nations over 12-month periods, although there was some variation between waves. For comparison, around 11% of businesses reported exporting internationally in the last 12 months over the same period.⁵⁰ These results are consistent with the findings in last year's Annual Report.
- (b) The right panel of figure 14 shows that in waves between October 2023 and October 2024, around 14% of businesses reported purchasing from other UK nations over 12-month periods. For comparison, around 12% of businesses reported importing internationally in the last 12 months over the same period.⁵¹

Figure 14: A larger proportion of firms report engaging in intra-UK trade than international trade

Left panel: Line graph showing the proportion of firms reporting making sales to other UK nations (blue line) and internationally (grey line) in the last 12 months (%). Data from the Business Insights and Conditions Survey.

Right panel: Line graph showing the proportion of firms reporting making purchases from other UK nations (blue line) and internationally (grey line) in the last 12 months (%). Data from the Business Insights and Conditions Survey.

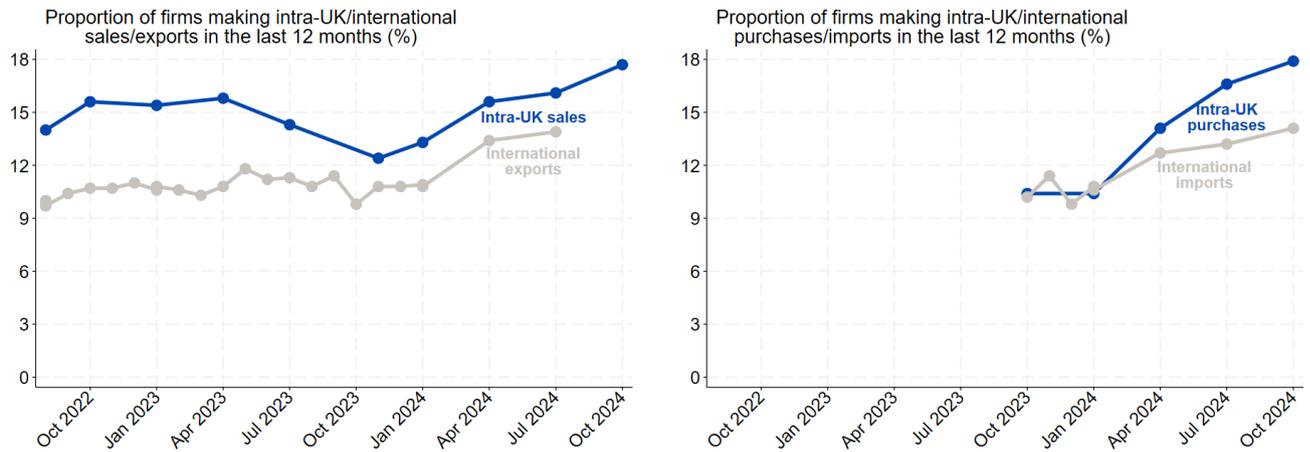
The BICS questions are included frequently between waves 63 and 119, which correspond to the periods of August 2022 and October 2024. It should be noted that sometimes a wave's results are suppressed by the ONS due to low observation counts.

⁴⁸ Questions of interest: "In the last 12 months, has your business sold goods or services to customers in other UK nations?", "In the last 12 months, has your business purchased goods or services from suppliers in other UK nations?" and "In the last 12 months, which of the following challenges, if any, has your business experienced when selling goods or services to customers in other UK nations?". The questions are currently asked every six waves, although this has varied over time.

⁴⁹ Scotland data from <https://www.gov.scot/publications/exports-statistics-scotland-2021/pages/key-points/> (see footnote 27 for more information), Wales data from <https://www.gov.wales/trade-survey-wales-2022> (see footnote 31 for more information) and Northern Ireland data from <https://www.nisra.gov.uk/statistics/business-statistics/broad-economy-sales-and-exports-statistics> (see footnote 39 for more information).

⁵⁰ Information obtained from questions: "Which of the following best describes your business's exporting status?" and "Has your business exported goods or services in the last 12 months?". It should be noted that the question on international exports between waves 63 to 101 (former) is different from the question between waves 107 and 119 (latter). Although the same information can be obtained from both, the change may affect the way in which businesses interpret and therefore respond to these questions.

⁵¹ Information obtained from questions: "Which of the following best describes your business's importing status?" and "Has your business imported goods or services in the last 12 months?". It should be noted that the question on international imports between waves 63 to 101 (former) is different from the question between waves 107 and 119 (latter). Although the same information can be obtained, the change may affect the way in which businesses interpret and therefore respond to these questions.



Data from the *Business Insights and Conditions Survey*. Questions: 'In the last 12 months, has your business sold goods or services to customers in other UK nations?', 'Has your business exported goods or services in the last 12 months?', 'Which of the following best describes your business's exporting status?', 'In the last 12 months, has your business purchased goods or services from suppliers in other UK nations?', 'Has your business imported goods or services in the last 12 months?' and 'Which of the following best describes your business's importing status?'. International exports/imports questions change over time. Although the same information can be obtained, the way businesses respond may be affected. Each data point represents a wave.

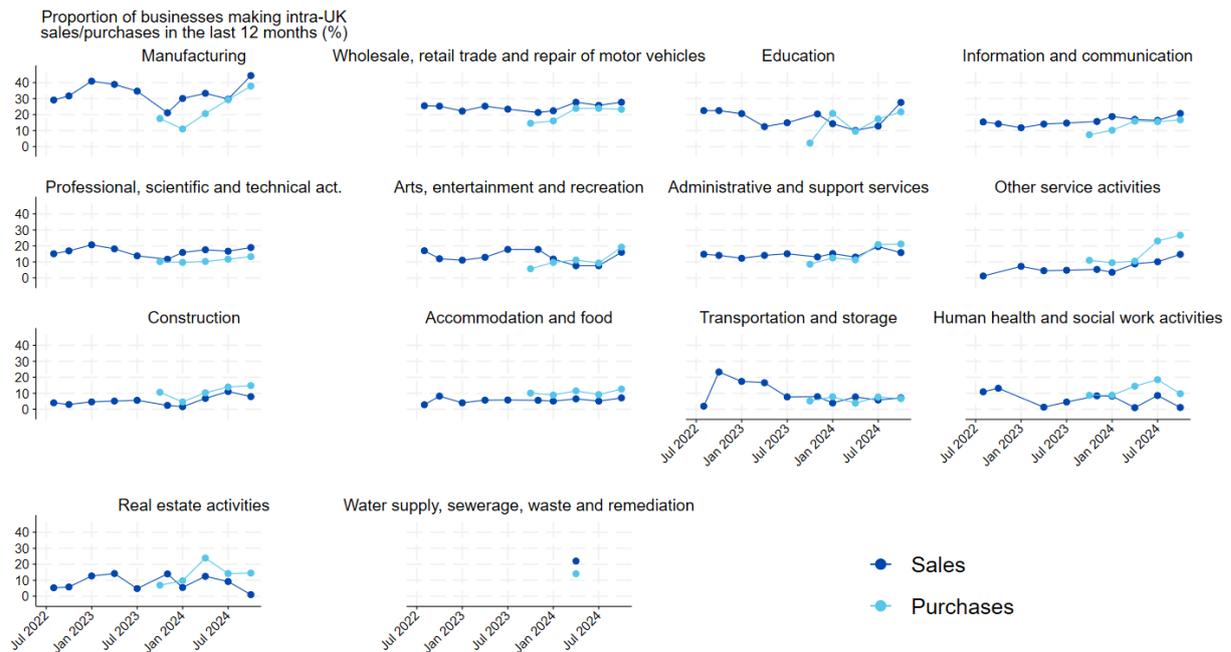
Trade by industry sector

2.31 BICS evidence suggests that businesses in the manufacturing and wholesale and retail trade sectors are generally more likely to trade with other UK nations, as seen in figure 15.

- In waves between August 2022 and October 2024, on average, 33% of businesses in the manufacturing industry reported selling to other UK nations over 12-month periods. This figure was around 25% for the wholesale and retail trade sector, and 15% for all business.
- In waves between October 2023 and October 2024, on average, 23% of businesses in the manufacturing industry reported purchasing from other UK nations over 12-month periods. This figure was around 20% for the wholesale and retail trade sector, and 14% for all businesses. These findings are consistent with those in last year's Annual Report.

Figure 15: Firms in the manufacturing and wholesale and retail trade sectors are most likely to conduct intra-UK trade

Line graph showing the proportion of firms reporting making intra-UK sales (dark blue) and purchases (light blue) by industry. Data from the *Business Insights and Conditions Survey*.



Data from the *Business Insights and Conditions Survey*. Each data point represents a wave. Questions: *In the last 12 months, has your business sold/purchases goods or services to/from customers/suppliers in other UK nations?* Panels ordered by the proportion of firms that reported making intra-UK sales in the most recent wave.

2.32 Devolved nation trade data shows that the sectors⁵² most involved in intra-UK trade varies by UK nation, as seen in figure 16. Each nation's intra-UK trade by industry sector is analysed below:

- (a) For Scotland, the business and other services sector consistently made up the largest share of sales to the rest of the UK between 2019 and 2021. Figure 16 shows that in 2021, the sector accounted for 36% of total intra-UK sales. Scotland does not release sectoral purchases data.
- (b) For Wales, between 2019 and 2022, the manufacturing sector was particularly important for intra-UK sales and purchases, while the trade, accommodation and transport sector was also important for intra-UK purchases. Figure 16 shows that in 2022, the manufacturing sector made up the largest proportion of intra-UK sales at 37%, while the same figure for the trade, accommodation and transport sector was 35%. Over the period 2019 to 2021, manufacturing also accounted for the largest share of intra-UK sales. Figure 16 shows that the trade, accommodation and transport sector accounted for the largest share of intra-UK purchases in 2022 at 42%, with manufacturing accounting for the second largest share at 36%. These two sectors also accounted for the largest shares of intra-UK purchases between

⁵² Industries are grouped into broad industry sectors following the approach taken by Trade Survey for Wales. For detailed breakdown, see TSW QMI <https://www.gov.wales/trade-survey-wales-2022-quality-and-methodology-information-html> under "Sector groupings".

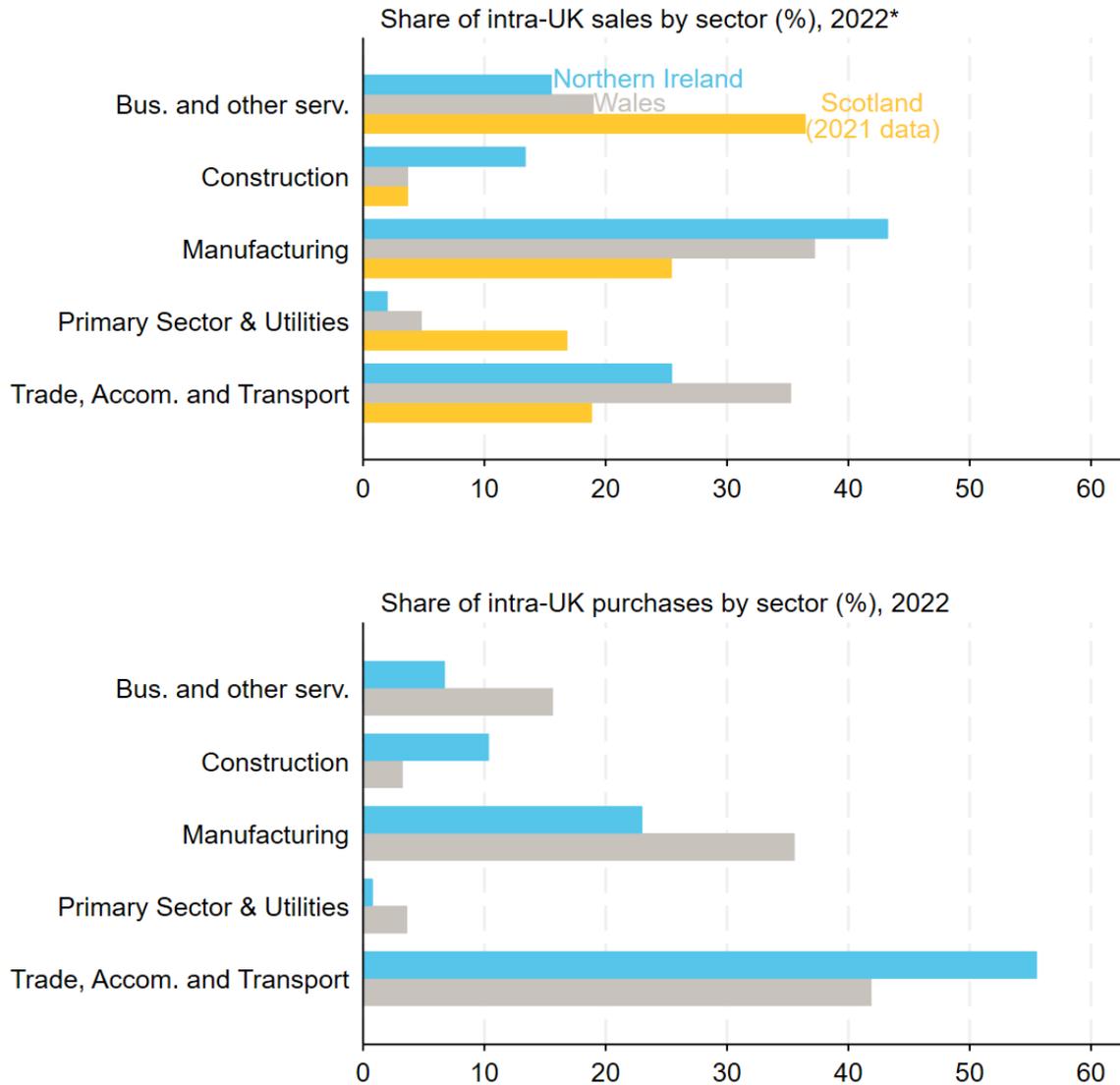
2019 and 2021, with the manufacturing sector's share being the larger of the two in these years.

- (c) For Northern Ireland, between 2019 and 2022, manufacturing was important to intra-UK sales, while the trade, accommodation and transport sector was important to intra-UK purchases. Figure 16 shows that in 2022, the manufacturing sector made up the largest proportion of intra-UK sales (43%). This figure was broadly stable between 2019 and 2022. The trade, accommodation and transport sector made up the largest proportion of total intra-UK purchases in 2022 at 56%. The picture was the same between 2019 and 2021.

Figure 16: The share of intra-UK trade by industry sector varied by nation in 2022

Top panel: Bar chart showing the share of intra-UK sales by industry sector (%) in 2022 for Northern Ireland and Wales, and in 2021 for Scotland. Data from Export Statistics Scotland, Northern Ireland Economic Trade Statistics and Trade Survey for Wales.

Bottom panel: Bar chart showing the share of intra-UK sales by industry sector (%) in 2022 across Northern Ireland and Wales. Data from Northern Ireland Economic Trade Statistics and Trade Survey for Wales.



*Top panel shows 2021 data for Scotland, as mentioned on the graph. Data from *Northern Ireland Economic Trade Statistics 2023*, *Trade Survey for Wales: 2022* and *Export Statistics Scotland 2021*. Scotland does not release sectoral purchases data. The latest Scotland sales data available is 2021.

Trade by business size

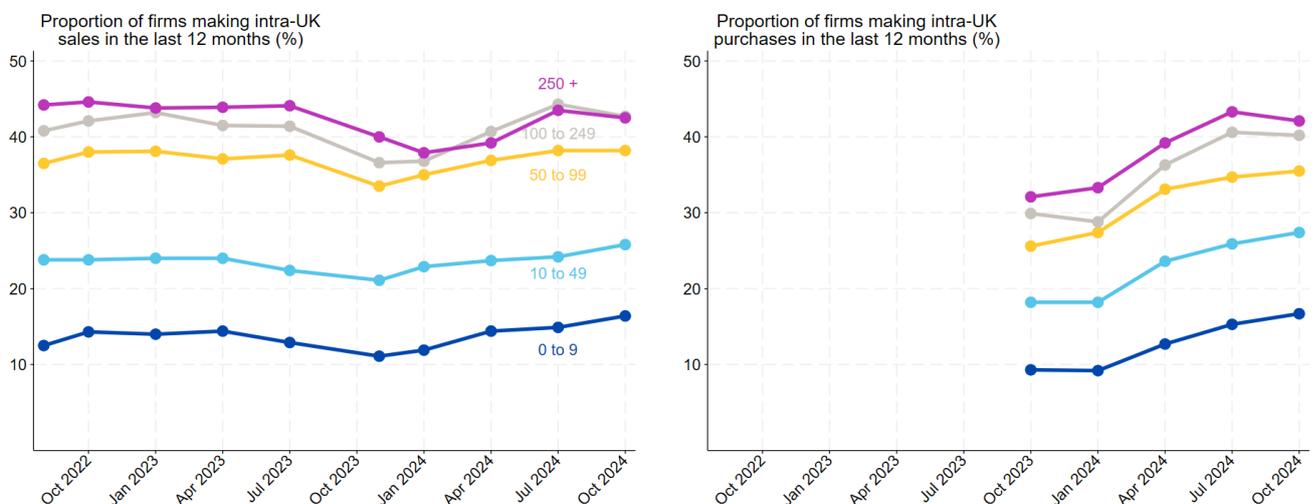
- 2.33 The available evidence suggests that larger firms are more likely to engage in intra-UK trade than smaller firms, while the share of intra-UK trade accounted for by businesses of different sizes varies across Scotland, Wales and Northern Ireland.
- 2.34 Evidence from the BICS suggests that larger businesses are more likely to make both sales and purchases across the UK than smaller ones, as shown in figure 17.

- (a) In waves between August 2022 and October 2024, on average, 14% of micro businesses (0 to 9 employees) made sales to other UK nations over 12-month periods, compared to 42% of large businesses (250+ employees).
- (b) For purchases, on average, 13% of micro businesses made purchases from other UK nations over 12-month periods in waves between October 2023 and October 2024, while this figure was 38% for large businesses.

Figure 17: Larger firms are most likely to engage in intra-UK trade

Left panel: Line graph showing the proportion of firms that reported making intra-UK sales in the last 12 months by employment size band. Data from the Business Insights and Conditions Survey.

Right panel: Line graph showing the proportion of firms that reported making intra-UK purchases in the last 12 months by employment size band. Data from the Business Insights and Conditions Survey.



Data from the Business Insights and Conditions Survey. Each data point represents a wave. Questions: 'In the last 12 months, has your business sold goods or services to customers in other UK nations?' and 'In the last 12 months, has your business purchased goods or services from suppliers in other UK nations?'.

2.35 Trade data from Scotland, Wales and Northern Ireland shows that the share of intra-UK trade conducted by business size⁵³ varies by nation, as seen in figure 18.

- (a) For Scotland, large businesses (250+ employees) make up the majority of intra-UK sales. In 2021, 59% of total intra-UK sales were made by large businesses. This has been consistent over the period 2019 to 2021. There is no available data on intra-UK purchases by size band for Scotland.

⁵³ Note, business sizes used in the analysis of trade data differ from those used in the BICS analysis. Trade data size bands: 0 to 49 employees for small, 50 to 249 employees for medium and 250+ for large.

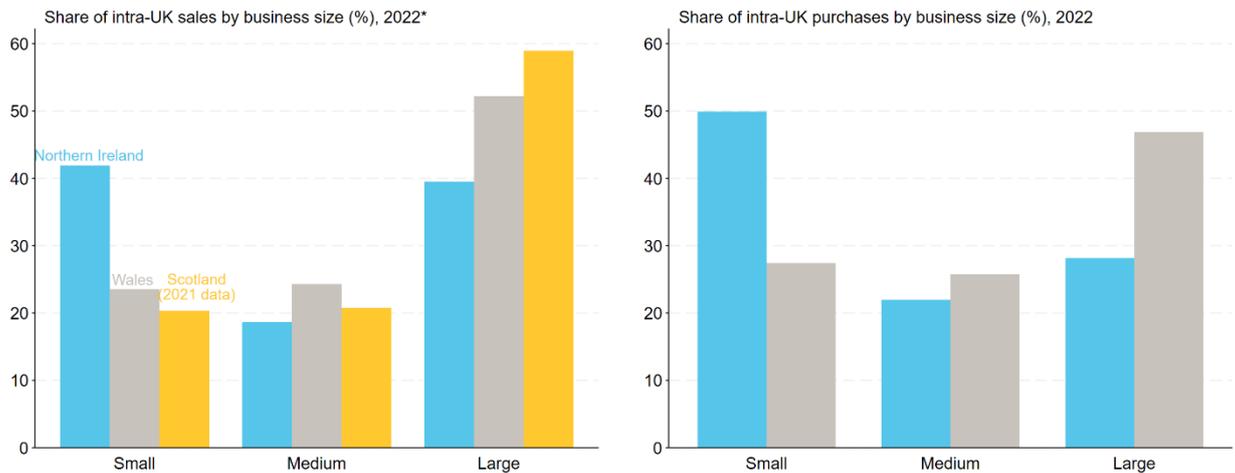
- (b) For Wales, large firms have generally accounted for the largest share of intra-UK trade between 2019 and 2022. Figure 18 shows that in 2022, large businesses accounted for over half of the value of all intra-UK sales. This has generally been the case between 2019 and 2021, although medium sized firms (50 to 249 employees) accounted for a marginally higher proportion of intra-UK sales (39%) than large firms (38%) in 2019.⁵⁴ Figure 18 shows that in 2022, large businesses accounted for the largest share of intra-UK purchases (47%). This has been consistent over the period 2019 to 2021.
- (c) For Northern Ireland, the share of total intra-UK trade by business size has changed over the period 2019 to 2022. Figure 18 shows that in 2022, small businesses held the largest share of intra-UK sales at 42%, compared to 39% for large businesses. Between 2019 and 2021, large businesses accounted for the greatest share of intra-UK sales. Figure 18 also shows that small businesses accounted for the largest share of intra-UK purchases in 2022 (50%). The picture was the same in 2021, but in 2019 and 2020, large firms accounted for the largest share of intra-UK purchases.

Figure 18: The share of intra-UK trade by business size varied by nation in 2022

Left panel: The share of total intra-UK sales made by business size (%), 2022 for Northern Ireland and Wales, 2021 for Scotland. Data from Export Statistics Scotland, Northern Ireland Economic Trade Statistics and Trade Survey for Wales.

Right panel: The share of total intra-UK purchases made by business size (%) across Northern Ireland and Wales in 2022. Data from Northern Ireland Economic Trade Statistics and Trade Survey for Wales.

⁵⁴ In 2020, small firms (0 to 49 employees) accounted for the largest share intra-UK sales (41%). However, this should be treated with caution given the impact of the COVID-19 pandemic and varying values of unallocated sales in the Welsh data (see footnote 31).



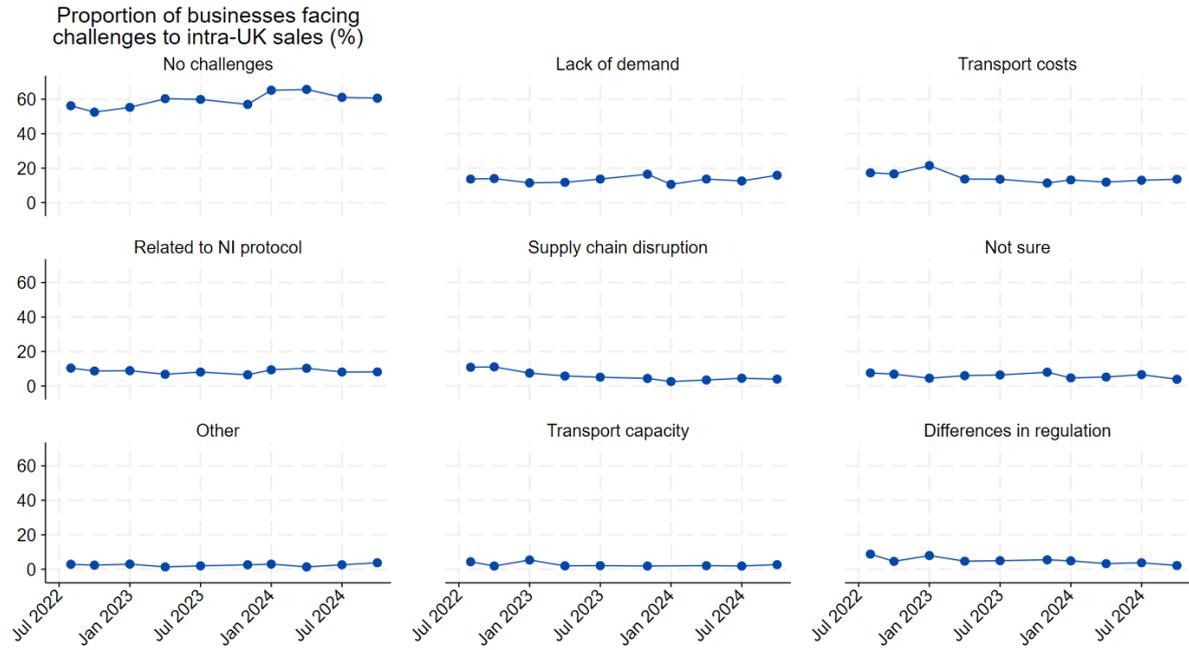
*Left panel shows 2021 data for Scotland, as mentioned on the graph. Data from *Northern Ireland Economic Trade Statistics 2023*, *Trade Survey for Wales: 2022* and *Export Statistics Scotland 2021*. Scotland does not release purchases data by sizeband. The latest Scotland sales data available is 2021. Business sizes are defined as: 0 to 49 employees for small, 50 to 249 for medium and 250+ for large.

Experiences of intra-UK trade

- 2.36 BICS evidence shows that the majority of firms did not face any challenges when selling to other UK nations in waves between August 2022 and October 2024, while a small proportion faced challenges relating to differences in rules or regulations, as seen in figure 19. This is explored in more detail below.
- 2.37 Of businesses that sold to other UK nations, over half reported not facing any challenges in waves between August 2022 and October 2024 (average of 59%), while less than 10% reported facing challenges relating to differences in rules or regulations. When averaging across all waves, transport costs were cited as the most common problem (15% of firms), followed by a lack of demand (13% of firms). In the 2023-24 Annual Report, a lack of demand was cited as the most common problem. An average of 9% of businesses reported facing challenges relating to the Northern Ireland Protocol when selling to customers in other UK nations.

Figure 19: Over half of firms selling to other UK nations reported facing no challenges when doing so

Line graph showing the proportion of firms which sell to customers in other UK nations facing various challenges. Data from the Business Insights and Conditions Survey.



Data from the *Business Insights and Conditions Survey*. Question: 'In the last 12 months, which of the following challenges, if any, has your business experienced when selling goods or services to customers in other UK nations?'. Panels ordered on latest wave's value. Each data point represents a wave.

3. REGULATORY DEVELOPMENTS

Key findings

- We have observed a decreased level of regulatory developments in 2024-25.
- We have seen one new area of potential regulatory difference this reporting year (electronic tagging of livestock) and developments have taken place that relate to regulations previously reported in OIM annual reports.
- The developments that have occurred were mainly in policy areas that the OIM has previously identified as being more likely to see regulatory difference. These are environmental protection, health and rural affairs.
- The majority of regulatory developments in 2024-25 related to goods, followed by professional qualifications, then services.

The regulatory landscape in 2024-25

- 3.1 In the previous section we set out our findings from measuring the effectiveness of the UK internal market through tracking intra-UK trade data. Our data sources on intra-UK trade capture trends at a macro level, for example volumes of trade between two nations.
- 3.2 In this section we present an overview of regulatory developments relevant to the effectiveness of the internal market. This is intended to explore how, at a sectoral level, regulatory changes introduced or developed in the period 2024-25 could have an impact.

Criteria for considering regulatory developments

- 3.3 We consider the potential impact of regulatory developments on the internal market by reference to a range of factors. Regulatory developments could, amongst other things, affect trade or investment, prices, competition or the quality, composition or range of goods. Accordingly, many regulatory developments can, at least in principle, have impacts on the internal market.
- 3.4 In forming a view about the impact of specific regulatory developments, we consider:
- (a) the size of the affected market and

(b) the degree to which the regulation is likely to change existing intra-UK cross-border trading arrangements, looking both at the potential extent of any effect on trade and the likelihood of that effect materialising.

3.5 Both considerations are important: a regulation affecting a large market might not have extensive impacts if it is unlikely to change cross-border trading or investment substantially. Conversely, a regulation affecting a smaller market might have extensive impacts if, for example, it is likely to strongly influence cross-border trading or investment or have wider impacts on the supply chain.

Overview of regulatory developments

3.6 In our statutory role to monitor the internal market we have observed a decreased level of activity in 2024-25, compared to last year's report. It is possible that changes in political leadership affecting the four governments during the first half of the reporting period resulted in a slowing down of regulatory policymaking.

3.7 Our monitoring shows that fewer new potential areas of regulatory difference have been reported in the period between April 2024 and March 2025 than in previous years. In the OIM's first annual report, covering the period of April 2022 to March 2023, we identified 8 initial regulatory areas with potential differences between the nations. In the OIM's second annual report, covering the period of April 2023 to March 2024, we identified 22 areas of potential regulatory difference, the biggest increase compared to the previous year we have seen so far. We have identified one further new regulatory area of divergence since April 2024 (electronic identification tags for cattle), with all other developments covered in this report relating to regulatory areas we were already monitoring in previous reports.⁵⁵

3.8 Over the three years of our reporting, the OIM has tracked areas of active and potential regulatory difference. Of these, the majority of areas 18 relate to goods, 6 relate to services and 8 relate to professional qualifications.⁵⁶ While of interest, these numbers by themselves do not provide detailed insight on the performance of the internal market, which is why we undertake work such as our report on the impact of single-use plastic restrictions.

⁵⁵ Following the principles set out at paragraphs 3.3 to 3.5, in this Annual Report we present only a subset of the total set of the regulatory areas that we are tracking. The Annual Report for 23-24 covered 22 regulatory areas but if we had applied the principles we have applied in this Report it would have covered 15 regulatory areas.

⁵⁶ Some regulations relate to more than one category. To note, the OIM Regulatory Developments Dashboard tracks a larger set of regulations than those covered in the Annual Report, including some that we judge less likely to have an effect on the internal market.

Focus on Single-use plastics

- 3.9 The Scottish Government consulted in August 2024 on introducing a mandatory minimum charge on single-use disposable beverage cups.⁵⁷ No equivalent proposal has been made for the other UK nations.
- 3.10 On 12 February 2025 the OIM published an in-depth report examining the internal market effects of regulatory differences in relation to single-use plastics (SUP).⁵⁸ This report was the OIM’s key output during the year on regulatory differences between the nations.
- 3.11 Over the past decade, governments have been taking action to regulate SUP products, which are not commonly reused or recycled because of their impact on the environment. The OIM’s review considered different types of regulations, such as bans and pricing restrictions, covering a range of SUP products (eg drinking straws, plates, bowls and cutlery), looking across supply chains including manufacturers, wholesalers, distributors and retailers. The table below, which appears in the report, shows key legislative measures to restrict the supply of items by UK nation, since 2019.

Figure 20: Key legislative measures to restrict the supply of single-use plastic items by UK nation, since 2019

SUP item	England	Scotland	Wales	Northern Ireland	Scope of UKIMA
Plastic stemmed cotton buds ⁵⁹	Banned October 2020	Banned October 2019	Banned October 2023	Article 5 SUP Directive to be transposed in 2025	Not in scope - covered by exclusion
Plastic drinking straws ⁶⁰		Banned June 2022			
Plastic drinks stirrers ⁶¹					
Plastic cutlery or chopsticks	Banned/restricted	Article 5 SUP Directive to be transposed in 2025			
Polystyrene food containers, drinks containers or cups ⁶²					

⁵⁷ Single-use disposable beverage cup charge consultation
<https://www.zerowastescotland.org.uk/cups-consultation>

⁵⁸ Report on the impact of restrictions on the sale of single use plastics on the operation of the UK Internal Market
<https://www.gov.uk/government/publications/report-on-the-impact-of-restrictions-on-the-sale-of-single-use-plastics-on-the-operation-of-the-uk-internal-market>

⁵⁹ The restrictions on cotton buds in England have a medical exemption and exclusion.

⁶⁰ The restrictions on drinking straws in England have a medical exemption and exclusion.

⁶¹ The ban on plastic drink stirrers in England includes reusable drink stirrers.

⁶² The ban in England includes Expanded and Foamed Extruded Polystyrene, whereas the ban in Scotland includes Expanded Polystyrene and the ban in Wales includes Expanded and Foamed Extruded Polystyrene.

Plastic balloon sticks	October 2023			Article 5 SUP Directive to be transposed in 2025	In scope of UKIMA
Plastic plates					
Plastic bowls or trays ⁶³		Considering proposals	Considering proposals	Considering proposals	
Plastic carrier bags ⁶⁴	No ban proposals	Charge exists for single-use plastic cups. The government ran a call for evidence for some products e.g. food containers, bowls & trays, period products, sachets, tobacco filters and packaging on fruit and vegetables. The call for evidence sought information on the impact the products had on the environment, the market in Scotland, and actions taken elsewhere on them	To commence bans by May 2026	Considering proposals	
Polystyrene lids for cups (and food containers) ⁶⁵				SUP Directive Article 4 consumption reduction to be transposed in 2025	
Plastic tobacco filters			No proposals (<i>There is a requirement to report on whether consideration has been given to add plastic sauce sachets</i>)	SUP Directive Article 7 labelling to be transposed in 2025	
Plastic sachets				Proposal in EU Packaging and Packaging Waste Regulation	
Plastic single-use cups				SUP Directive Article 4 consumption reduction to be transposed in 2025	
Single-use vapes	Banned from 1 June 2025	Banned from 1 June 2025	Banned from 1 June 2025	Banned from 1 June 2025	
Wet wipes containing plastic	Considering ban in 2026	Considering ban in 2026	Considering ban in 2026	Considering ban in 2026	
Oxo-degradable plastic products	No proposals	Committed to a ban. Currently gathering evidence	To commence bans by Spring 2026	Article 5 SUP Directive to be transposed in 2025	
Single-use disposable beverage cups charge	No proposals	Consultation has been held	No proposals	Considering options to implement Article 6 of SUP Directive for a reduction in SUP beverage cups	

3.12 The OIM's key findings about the operation of the internal market from the SUP report were:

⁶³ This is a restriction rather than a ban. Businesses can supply single-use plastic plates, bowls and trays if either of the following apply (a) they are being supplied to another business or (b) the items are packaging, pre-filled or filled at the point of sale.

⁶⁴ Plastic carrier bag charges were introduced in the UK as follows: Wales (2011), Northern Ireland (2013), Scotland (2014) and England (2015).

⁶⁵ Food containers are included in Wales.

- (a) Businesses of all sizes strongly prefer alignment of SUP regulations, in terms of scope and implementation dates, both across the UK, and (where businesses sell into the EU and/or rely on EU supply chains) with EU regulations.
- (b) Whilst the cost of complying with SUP regulations has for some businesses been significant, the additional costs of complying with any internal market differences have been relatively small, because most SUP regulations to date have been aligned in terms of their scope.
- (c) Suppliers appear to take different approaches to compliance, with larger businesses often going further than SUP regulations require.
- (d) Governments are working effectively together on SUP restrictions having taken into consideration lessons learned from the introduction of previous SUP regulations.
- (e) Businesses told us that differences in SUP regulations to date had not significantly hindered nor contributed to product or process innovation.

The OIM Regulatory Developments Dashboard

- 3.13 Alongside publication of this report, we have launched the Regulatory Developments Dashboard.⁶⁶ The dashboard provides a regular snapshot of proposed policies which may create regulatory difference between the nations. Data to produce the dashboard is derived from our ongoing monitoring of policy development in the nations and from our engagement with the governments. The dashboard uses Power BI software to create a graphical representation of all the regulatory areas where differences between the nations are either expected or implemented.
- 3.14 Publication of the dashboard gives stakeholders enhanced visibility on the OIM's work to track regulatory developments across the UK nations. Annex 2 to this report provides details on developments in regulations in 2024-25.

⁶⁶ Office for the Internal Market
<https://www.gov.uk/government/organisations/office-for-the-internal-market>

ANNEX 1: ANALYTICAL FRAMEWORK AND DATA SOURCES

1. This Annex provides an update on the analytical framework applied by the OIM in evaluating the operation of the UK internal market, particularly in specific markets, and summarises the data sources used in this report.

Update to the OIM's analytical framework

Introduction

2. The refinements set out below will assist the OIM in evaluating some of the more complex situations that specific intra-UK regulatory differences can generate and, when combined, will produce a richer picture of how those situations can affect the operation of the internal market. Our focus remains on the technical approach to the measurement of impact on the internal market through identifying insightful indicators and effects that we can attempt to evaluate and measure, where data is available.

Indicators to understand the internal market

3. S.33(5) of UKIMA requires the OIM to prepare a report, no later than 31 March 2023 and at least once in every relevant 12-month period, on:
 - (a) The operation of the internal market in the United Kingdom, and
 - (b) Developments as to the effectiveness of the operation of that market.
4. S.33(8) of UKIMA sets out a non-exhaustive list of matters which the OIM may consider when assessing the effectiveness of the internal market. S.33(8) provides, 'So far as a report under ... [section 33] is concerned with the effective operation of the internal market in the United Kingdom, the report may consider (among other things):
 - (a) Developments in the operation of the internal market, for example as regards:
 - (i) Competition,
 - (ii) Access to goods or services,
 - (i) Volumes of trade (or of trade in any direction) between participants in different parts of the United Kingdom, and
 - (b) The practical implications of differences of approach embodied in regulatory provisions that apply to different parts of the United Kingdom.

5. It follows that an assessment of the impact of a particular or multiple regulatory development(s) on the operation of the internal market may do more than measure trade flows. However, expanding our analytical framework to include additional indicators should be both proportionate and robust. Recent work on peat and Single Use Plastics (SUP) has given us a better sense of which additional indicators are likely to yield the greatest insights.
6. That work included consideration of the effects on prices and investment as well as the range of goods that are available to consumers.
7. Based on this experience, we have identified the following measures that we can include in our analysis on either a qualitative or quantitative basis, depending on the availability of data:
 - (a) Quality and prices of goods and services. Although quality can be hard to measure, substantial effects of regulatory difference on quality may be sufficiently apparent to be included in any analysis;
 - (b) Customer understanding and/or confusion. Differing product standards and/or product availability in different nations may lead to confusion, especially if the application of the MAPs leads to similar products meeting different standards being sold in the same retail environments (because the MAPs allow some producers to avoid local standards);
 - (c) Investment/location decisions. Regulatory differences may influence where production capacity is located, which in turn may influence the pattern of cross-border trade.
 - (d) Reliability/resilience of supplies. For products where there is a sudden increase in demand there could potentially be some effects on the reliability of supplies in situations.
 - (e) The costs of meeting more than one regulatory standard. In some cases, businesses will incur additional costs if they are required to meet differing regulatory standards across the UK.
8. We will adopt a flexible approach to the metrics we choose to use. The degree to which effects of regulatory difference might be relevant will vary from case to case, as will the ease with which those they might be measured.

Indirect effects

9. The analysis we have undertaken to date has predominantly focused on direct effects of regulatory differences on the UK Internal Market. However, for some regulatory changes there may also be indirect effects.

10. In principle, we would aim to capture as many indirect effects as possible, but from a practical perspective the majority are likely to be either of limited significance or challenging to evidence. We will therefore only include in our assessments indirect effects of high significance and that are capable of being evaluated.
11. We consider that the following factors, amongst others, make it more likely that we would consider indirect effects (note that the indicators are not mutually exclusive):
- (a) **Clustering effects.** In certain industries, businesses and their suppliers locate in close geographic proximity to each other (sometimes referred to as ‘clustering’). In such industries, a regulation that directly affects some of the businesses in the cluster will likely also have indirect effects on other businesses (for example, if the directly affected businesses relocate to, or switch to suppliers based in a different jurisdiction);
 - (b) **Compliance effects.** This can occur when a regulation is introduced which prevents one business supplying to another compliant products using their existing processes and equipment. This may affect businesses that require key inputs from their supplier. The degree to which the regulation is complied with may also be a relevant factor in some cases.
 - (c) **(Indirect) International effects.** This may occur when a regulation aligns with/diverges from regulations in a large overseas market (most likely the EU) leading to greater/lesser international sales for the affected businesses with knock-on effects for those businesses’ suppliers.

Data sources used in this report

12. We draw upon a variety of data sources to provide insights into intra-UK trade:
- (a) Devolved government trade surveys⁶⁷ allow us to monitor the value of intra-UK trade for Scotland, Wales and NI over time. There is no equivalent survey for England.
 - (b) The ONS Interregional Trade dataset⁶⁸ provides estimates of intra-UK trade values for each UK nation on a consistent basis, including, for the first time, England.

⁶⁷ Data sources: *Trade Survey for Wales, Northern Ireland Economic Trade Statistics, Export Statistics Scotland (Scottish sales, 2019 to 2021) and the Scottish Quarterly National Accounts (Scottish purchases, 2019 to 2022)*.

⁶⁸ UK Interregional trade in goods and services 2019 to 2020, 13 January 2025

<https://www.ons.gov.uk/releases/ukinterregionaltradeingoodsandservices2019to2020>

- (c) HMRC customs data⁶⁹ provides additional information on the trade in goods from Great Britain to Northern Ireland.
 - (d) ONS Business Insights and Conditions Survey (BICS)⁷⁰ provides information on the share of businesses engaging in intra-UK trade, as well as the challenges faced when doing so.
13. Data on intra-UK trade is limited, with only three of the four UK nations (Scotland, Wales, and Northern Ireland) publishing statistics on the value of sales and purchases to the other UK nations. Lags in the publication of the datasets differ, as do their respective methodologies for data collection and production plus wording of questions. This makes comparability challenging. The ONS Interregional Trade dataset attempts to address these comparability issues, while also providing an estimate for the value of intra-UK trade for England. In our Data Strategy Roadmap we discuss the factors that make analysing intra-UK trade flows challenging and the initiatives being delivered by our partners in the data community to address these challenges.⁷¹
14. Further information on the size and methodology of the devolved nation trade surveys is available in Appendix A of OIM's Annual Report 2022-23.⁷²

⁶⁹ Summary of movements of goods into Northern Ireland from Great Britain 2023: commentary <https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2023-commentary> and Summary of movements of goods into Northern Ireland from Great Britain 2022: commentary <https://www.gov.uk/government/statistics/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2022/summary-of-movements-of-goods-into-northern-ireland-from-great-britain-2022-commentary>.

⁷⁰ The Business Insights and Conditions Survey <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheconomy>

⁷¹ OIM Data Strategy Roadmap, 22 March 2023 <https://www.gov.uk/government/publications/oim-data-strategy-roadmap>

⁷² OIM Annual Report 2022-23 <https://www.gov.uk/government/publications/oim-annual-report>

ANNEX 2: REGULATORY DEVELOPMENTS

1. This Annex provides an overview of the regulatory developments we have seen since the publication of our last annual report, which have some potential relevance to the UK internal market.

High fat, salt and sugar foods (HFSS)

2. Following a Scottish Government consultation between February and May 2024 which sought views on plans to restrict promotion of HFSS food,⁷³ there has been no update since the consultation closed. The products in scope are aligned with those in the regulations applying in England, however, the Scottish Government proposed to also include some additional location and promotion restrictions.⁷⁴ Regulations on pricing are intended to come into force in line with the implementation dates for the equivalent regulations governing England.⁷⁵
3. On 11 February 2025, the Welsh Government laid The Food (Promotion and Presentation) (Wales) Regulations 2025, which largely mirror equivalent existing regulations in England. The regulations will be made in March 2025, subject to Senedd approval.

Precision breeding

4. On 30 September 2024, the UK Government announced that it will pass secondary legislation required to implement the Genetic Technology (Precision Breeding) Act 2023 as soon as parliamentary time allows.⁷⁶ The Act applies to England and removes precision bred plants and vertebrate animals produced through precision breeding technologies, and the food and feed derived from them, from the Genetically Modified Organism (GMO) regulatory system,⁷⁷ instead putting them under their own regulatory class.

⁷³ Supporting documents - Restricting promotions of food and drink high in fat, sugar or salt - proposed regulations: consultation

<https://www.gov.scot/publications/restricting-promotions-food-drink-high-fat-sugar-salt-consultation-detail-proposed-regulations/documents/>

⁷⁴ Restricting promotions of food and drink high in fat, sugar or salt – Consultation on the detail of proposed regulations <https://www.gov.scot/publications/restricting-promotions-food-drink-high-fat-sugar-salt-consultation-detail-proposed-regulations/>

⁷⁵ Restricting promotions of products high in fat, sugar or salt by location and by volume price: implementation guidance <https://www.gov.uk/government/publications/restricting-promotions-of-products-high-in-fat-sugar-or-salt-by-location-and-by-volume-price/restricting-promotions-of-products-high-in-fat-sugar-or-salt-by-location-and-by-volume-price-implementation-guidance#>

⁷⁶ New legislation to support precision breeding and boost Britain's food security

<https://www.gov.uk/government/news/new-legislation-to-support-precision-breeding-and-boost-britains-food-security>

⁷⁷ The GMO regulatory system is the framework of regulations that controls the use and deliberate release of GMOs.

5. The other UK nations have not made changes that would remove precision bred organisms from the GMO regulatory system.^{78,79} Northern Ireland is required by the Windsor Framework to follow EU regulations in relation to GMOs.

Bovine electronic tags

6. On 8 January 2025 the Scottish Government published its analysis of the responses to a consultation on the introduction of electronic identification tags for cattle. The consultation ran from 4 April to 27 June 2024.⁸⁰ The consultation sought views, amongst other things, on replacing paper passports for cattle with electronic ones. The consultation indicated that the UK and Welsh Governments are currently developing proposals on bovine EID for England and Wales respectively.

Deposit return schemes (DRS)

7. On 18 November 2024 the Welsh Government announced that it would not proceed with a joint process to establish a UK Deposit Management Organisation (DMO). The DRS being introduced by the Welsh Government will cover PET plastic, steel, aluminium, and glass drink containers.⁸¹ The timetable for the introduction of the Welsh scheme is yet to be confirmed.
8. On 19 November 2024, the UK Government announced that, working with the Scottish Government and the Department for Agriculture, Environment and Rural Affairs in Northern Ireland, a DRS scheme for England, Scotland and Northern Ireland would be introduced in October 2027.⁸² The scheme in England and Northern Ireland will not include glass and the scheme in Scotland will not include glass on day one.^{83,84} The UK Government laid regulations for the scheme in England and Northern Ireland during November 2024, to permit the appointment of

⁷⁸ Legislative consent memorandum - Genetic Technology (Precision Breeding) Bill

<https://www.parliament.scot/bills-and-laws/legislative-consent-memorandums/genetic-technology-precision-breeding-bill>

⁷⁹ The Welsh Government's Legislative Consent Memorandum on the Genetic Technology (Precision Breeding) Bill

<https://business.senedd.wales/mglIssueHistoryHome.aspx?Ild=39869&Opt=0>

⁸⁰ Cattle identification and traceability: consultation analysis

<https://www.gov.scot/publications/consultation-cattle-identification-traceability-analysis-consultation-responses/pages/1/>

⁸¹ Written Statement: The Development of a Deposit Return Scheme for Wales (18 November 2024)

<https://www.gov.wales/written-statement-development-deposit-return-scheme-wales>

⁸² UK government update: Deposit Return Scheme for drinks containers

<https://www.gov.uk/government/publications/uk-government-update-deposit-return-scheme-for-drinks-containers/uk-government-update-deposit-return-scheme-for-drinks-containers>

⁸³ Deposit Return Scheme: glass drinks containers UK government policy statement

<https://www.gov.uk/government/publications/deposit-return-scheme-for-drinks-containers-policy-statements/deposit-return-scheme-glass-drinks-containers-uk-government-policy-statement>

⁸⁴ Deposit return scheme - Managing waste

<https://www.gov.scot/policies/managing-waste/deposit-return-scheme/>

the Deposit Management Organisations in April 2025.⁸⁵ The regulations came into force on 24 January 2025.⁸⁶

Regulation of non-surgical cosmetic and special procedures

9. The UK, Scottish and Welsh governments have each implemented or are considering implementing differing measures to regulate the provision of certain (cosmetic) procedures. The schemes also provide for the licensing of practitioners, and in Wales the approval of premises or vehicles within which special procedures are performed.⁸⁷
10. The Welsh special procedures licensing scheme came into force on 29 November 2024. The Scottish Government published a consultation in December 2024 seeking views on regulation and licensing of certain non-surgical procedures.⁸⁸

Heating systems⁸⁹

11. In Scotland, the Building (Scotland) Amendment Regulations 2023 (New Build Heat Standard) came into effect from 1 April 2024, banning heating systems that cause direct emissions from being installed in new-build homes.⁹⁰ An amendment, permitting wood, bioenergy and peat heating came into force on 1 January 2025. The Scottish Government intends to consult on detailed proposals for specific changes to performance targets and supporting compliance processes in summer 2025. The new standard is intended to be mandated in 2028.⁹¹
12. Between July and December 2023, the Department of Finance (Northern Ireland) consulted on further uplifts to the energy efficiency requirements for new homes set out in the Building Regulations (Northern Ireland) 2012. Further uplifts are planned

⁸⁵ UK government update: Deposit Return Scheme for drinks containers

<https://www.gov.uk/government/publications/uk-government-update-deposit-return-scheme-for-drinks-containers/uk-government-update-deposit-return-scheme-for-drinks-containers>

⁸⁶ Draft Deposit Scheme for Drinks Containers (England and Northern Ireland) Regulations 2024 - Commons' votes in Parliament

<https://www.gov.uk/government/publications/uk-government-update-deposit-return-scheme-for-drinks-containers/uk-government-update-deposit-return-scheme-for-drinks-containers>

⁸⁷ New licensing rules for special procedures

<https://www.gov.wales/new-licensing-rules-special-procedures>

⁸⁸ Regulation of non-surgical cosmetic procedures - Scottish Government consultations - Citizen Space

<https://consult.gov.scot/healthcare-quality-and-improvement/regulation-of-non-surgical-cosmetic-procedures/>

⁸⁹ We use 'heating systems' to refer to systems installed in individual properties and thereby distinct from heat networks. Heat networks are excluded from the MAPs, whereas heating systems are within their scope.

⁹⁰ The Building (Scotland) Amendment Regulations 2023

<https://www.legislation.gov.uk/ssi/2023/177/made>

⁹¹ Energy Standards Review – Scottish Passivhaus Equivalent: Working Group

<https://www.gov.scot/groups/energy-standards-review-scottish-passivhaus-equivalent-working-group/>

to promote low carbon heating and make certain carbon-intensive heating systems unviable for new buildings.⁹²

Wine: reforms to assimilated law

13. Regulations making amendments to assimilated legislation relating to the marketing of wine, including ice wine, and the oenological practices used to produce and conserve wine products came into force in England, Scotland and Wales on 15 July 2024.⁹³ Northern Ireland continues to follow EU law in this area.

Rodent glue traps and animal snares

14. In Scotland, the Wildlife Management and Muirburn (Scotland) Act 2024 passed into law on 19 March 2024 and included a ban on the sale, possession and use of glue traps, as well as the use of animal snares.⁹⁴ On 12 December 2024, the UK Government announced its intention to agree an exclusion from the market access principles for the Scottish sales ban, noting the limited market impact.⁹⁵
15. The Glue Traps (Offences) Act 2022 has made it illegal to use glue traps to catch rodents in England since 31 July 2024, unless an operator has a licence issued by Natural England. This Act does not make it an offence to sell glue traps.^{96,97}

Minimum unit pricing

16. In April 2024, the Scottish Government approved The Alcohol (Minimum Price per Unit) (Scotland) Amendment Order 2024,⁹⁸ which increased the minimum unit price for alcohol from 50p to 65p per unit from 30 September 2024.⁹⁹

⁹² Consultation on a review of energy efficiency requirements and related areas of Building Regulations
<https://www.northernireland.gov.uk/consultations/consultation-review-energy-efficiency-requirements-and-related-areas-building-regulations>

⁹³ The Wine (Amendment) (England) Regulations 2024
<https://www.legislation.gov.uk/ukxi/2024/115/made>
The Wine (Miscellaneous Amendment) (Scotland) Regulations 2024
<https://www.legislation.gov.uk/ssi/2024/11/made>
The Wine (Amendment) (Wales) Regulations 2024

<https://www.legislation.gov.uk/wsi/2024/83/made>

⁹⁴ Wildlife Management and Muirburn (Scotland) Act 2024
<https://www.legislation.gov.uk/asp/2024/4/part/1/crossheading/glue-traps/enacted>

⁹⁵ Written Statement made on 12 December 2024
<https://questions-statements.parliament.uk/written-statements/detail/2024-12-12/HCWS299>

⁹⁶ Glue Traps (Offences) Act 2022
<https://www.legislation.gov.uk/en/ukpga/2022/26/contents>

⁹⁷ Agriculture (Wales) Act 2023
<https://www.legislation.gov.uk/asc/2023/4/enacted>

⁹⁸ The Alcohol (Minimum Price per Unit) (Scotland) Amendment Order 2024
<https://www.legislation.gov.uk/sdsi/2024/9780111059388>

⁹⁹ Minimum unit pricing for alcohol in Scotland
<https://www.mygov.scot/minimum-unit-pricing>

17. On 17 October 2024, the Northern Ireland Minister of Health announced that he has asked officials to progress work on the introduction of minimum unit pricing for alcohol.¹⁰⁰

Licensing of activities involving animals

18. The Welsh Government consultation on proposals to license animal welfare establishments, animal activities and animal exhibits closed on 1 March 2024. A summary of responses was published on 18 December 2024.¹⁰¹ The proposed regulations cover a wider range of activities than the equivalent Scottish regulatory proposals which the Scottish Government began consulting on in July 2023.¹⁰²

Licensing of building inspectors in England and Wales

19. As of April 2024, building inspectors who carry out regulated building control activities in England and Wales must be registered as building inspectors with the Building Safety Regulator.¹⁰³

Vapes

20. On 24 October 2024, the UK Government announced a ban on the sale and supply of single use vapes from 1 June 2025 in England.¹⁰⁴ Similar announcements were made by the Welsh Government, Northern Ireland Executive and the Scottish Government, the later confirming a shift from their original 1 April 2025 commencement date.

Wet wipes containing plastic

21. On 22 April 2024, the governments of the UK, Scotland, Wales and Northern Ireland issued a joint statement that they would introduce bans on the supply and sale of wet wipes containing plastic across the UK.¹⁰⁵
22. The announcement in April indicated that each government would introduce regulations separately. From the point each separate piece of legislation is passed,

¹⁰⁰ Official Report: Health Reform Agenda: Mr Mike Nesbitt MLA, Minister of Health 17 October 2024 p.2
<https://aims.niassembly.gov.uk/officialreport/minutesofevidencereport.aspx?AgendaId=34008&eveID=17234>

¹⁰¹ <https://www.gov.wales/licensing-animal-welfare-establishments-activities-and-exhibits>

¹⁰² <https://www.gov.scot/publications/consultation-licensing-activities-involving-animals-analysis-responses-received/>

¹⁰³ Registered building inspectors <https://www.gov.uk/guidance/registered-building-inspectors>

¹⁰⁴ Government crackdown on single-use vapes

<https://www.gov.uk/government/news/government-crackdown-on-single-use-vapes>

The Environmental Protection (Single-use Vapes) (England) Regulations 2024

<https://www.gov.uk/government/publications/the-environmental-protection-single-use-vapes-england-regulations-2024-draft-si>

¹⁰⁵ Summary of responses and government response

<https://www.gov.uk/government/consultations/wet-wipes-containing-plastic-proposed-ban-on-the-manufacture-supply-and-sale/outcome/summary-of-responses-and-government-response>

there will be an 18-month transition period until the ban becomes effective. To date no regulations have been introduced.

Fireworks

23. In December 2024, the Scottish Government confirmed that the implementation of a firework licensing requirement and the implementation of Part 3 of the Fireworks and Pyrotechnic Articles (Scotland) Act 2022,¹⁰⁶ which would restrict the days on which fireworks can be sold, had been postponed to an unspecified date.¹⁰⁷

Chemicals

24. In January 2025, the UK Government indicated its intention to consult on a consistent approach across the UK on the classification, labelling and packaging regimes for chemicals with a view to avoiding new barriers arising from the EU Chemical Classification, Labelling and Packaging Regulation.¹⁰⁸ This is an outcome from scrutiny of the Regulation by the Windsor Framework Democratic Scrutiny Committee of the NI Assembly.

¹⁰⁶ Fireworks and Pyrotechnic Articles (Scotland) Act 2022

<https://www.legislation.gov.uk/asp/2022/9/contents>

¹⁰⁷ Letter from the Minister for Community Safety on the Fireworks and Pyrotechnic Articles (Scotland) Act 2022 Implementation Timetable

<https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-criminal-justice-committee/correspondence/2023/fireworks-and-pyrotechnic-articles-scotland-act-2022-implementation-timetable-response>

¹⁰⁸ Letter from the Secretary of State for Northern Ireland regarding Stormont Brake decision

<https://www.gov.uk/government/publications/letter-from-the-secretary-of-state-for-northern-ireland-regarding-stormont-brake-decision>

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