



The United Kingdom



Business Support on Your Doorstep

Enterprise Europe Network London Country Profile May 2008

The United Kingdom



Country's full name: United Kingdom of Great Britain and Northern Ireland.

Capital city: London (population: 7.51 million).

Population: 60.7 million.

Official language: English.

Currency: British Pound Sterling (GBP) (100 pence).

Religion: Christianity is the main religion in the UK, Muslims are the largest religious group after Christians and Hindus the second largest non-Christian religious group.

Area: 244,820 sq. km.

Terrain: Mostly rugged hills and low mountains; level to rolling plains in east and southeast.

Climate: Temperate, winter temperatures average 4.4°C, and summer temperatures average around 15.6°C.

Administrative divisions: Local governments in the UK are administered at regional, county, district and parish levels.

Weights and measures: Metric (a few imperial units are still in official use).

Time zone: GMT. From late March to late October a daylight saving scheme is in operation which is one hour ahead of GMT.

International dialling code: + 44.

GOVERNMENT ¹

The UK has a Constitutional Monarchy. The UK Parliament, which represents the ultimate legislative authority, consists of two houses: an elected House of Commons and an appointed House of Lords. A Parliament in Scotland and assemblies in Northern Ireland and Wales have been established. They debate and approve legislation on devolved matters affecting them but they are not sovereign bodies and can be abolished by the UK Parliament. The Prime Minister and the Cabinet exercise executive power; they are formally appointed by the Monarch to form Her Majesty's Government. Gordon Brown, formerly Chancellor of the Exchequer, has been Prime Minister since 27 June 2007.

ECONOMIC OVERVIEW ²

The United Kingdom represents the fifth largest economy in the world for market exchange rates, and the sixth largest by purchasing power parity (PPP). It is the second largest economy in Europe after Germany and is a leading trading power and financial centre. In the 1980s, most State enterprises were privatised under the government of Margaret Thatcher. Over the last two decades, the UK has experienced a long period of sustained economic growth. The services sector in the UK is dominated by the financial sector, especially in banking and insurance. London is the world's largest financial centre. The UK chose not to join the Eurozone at its launch in 2002. In 2005, a public referendum was held on the question of joining the single currency: 55% of the population were against adopting the currency (while 30% were in favour).

ECONOMIC INDICATORS	
Population (2008 est.)	61.2 million
Unemployment rate (2007)	5.3%
GDP per head in purchasing power standards (2006)	117,9
Real GDP growth rate (2007)	3.0%
Inflation rate (2007)	2.3%
Total exports (billion euro) (2007)	319.45
Total imports (billion euro) (2007)	452.08
Internet usage rate (2007)	67% of the population

INFRASTRUCTURE / ENVIRONMENT

Roads ³

The motorway network in the UK amounts to 3,609 km. There is no toll for motorways. Most of the motorways and major roads are managed by the Highways Authority.

Railways ⁴

The National Rail Network in the UK covers 17,052 km. It carries more than 18,000 passenger trains and 1,000 freight trains every day.

Shipping ⁵

The shipping industry in the UK is well-developed, as the maritime industry is very important to the UK economy. The number of vessels registered in the UK has recently been increasing. The main reason is the introduction of the Tonnage Tax in 2000, which is an alternative method of calculating corporation tax, using the net tonnage of the ship operated. It is linked to an obligation on shipping companies to provide training.

Civil Aviation ⁶

Aviation represents a major branch of the UK economy. It carries over 180 million passengers and 2.1 million tonnes of freight every year. The air travel industry has continued to develop due to increased demand. Heathrow Airport (London) is the world's busiest international airport.

Energy ⁷

British Energy is the UK's largest producer of electricity and the lowest carbon emitter of the major UK electricity generators. The UK has large coal, natural gas, and oil reserves. In 2005, the UK depended on energy imports to the tune of 13.9% to meet its energy needs.

Telecommunications ⁸

The UK had 69.6 million mobile phone subscribers in 2006 and in 2007, 57% of the population had a broadband connection. The major operators are British Telecom (BT), O2 and Vodafone. Ofcom is the independent regulator and competition authority for the UK communications industries.

MAJOR SECTORS OF THE ECONOMY

Food and drinks ⁹

The UK Food and Drink Manufacturing sector has experienced a significant growth over the last decade. Rates of productivity and profitability have significantly increased. Driven by retailer pressure to cut prices and by growing international competition, in particular on the European single market, this sector has improved its efficiency. This has allowed consumers to benefit from lower prices and greater choice.

Retailing ¹⁰

In June 2005, there were 2.9 million people employed in the retail industry, which represents 11% of the total workforce in the UK. The same year, retail sales approximately amounted to £260 billion. The UK retail sector is expected to see the creation of 270,000 new jobs in the years leading up to 2012, and around 30% of these should be at managerial and professional level. Online selling, as a proportion of total retail sales, is around 7% in the UK.

Pharmaceuticals ¹¹

The UK Pharmaceuticals industry is the country's third most profitable after tourism and finance. The value of its exports in 2005 was £12.2 billion. It accounts for 10% of global pharmaceutical R&D expenditure and funds about 65% of all health-related Research and Development of the UK. It employs around 83,000 people directly and many more indirectly. Pharmaceuticals companies in the UK differ largely in size and have their own areas of specialisation. The largest pharmaceutical companies in the UK are GlaxoSmithKline (GSK) and AstraZeneca.

Shipbuilding¹²

The UK shipbuilding industry benefits from a worldwide reputation for repair & conversion work. It generates between £1.6 and £2 billion every year and UK yards build between 25 and 30 vessels per year. 24,000 people are directly employed in shipbuilding, ship repair and conversion, while 50,000 are employed in subcontracting, supplier and support industries. In the UK, the shipbuilding market is dominated by a few big and successful yards, but the industry mainly consists of small businesses specialised in the construction of small ships.

Oil and Gas¹³

By 1970, oil and gas had replaced coal as the main supplier of energy. The natural gas consumed in the UK comes from the North Sea, and the gas industry was privatised in 1986. Its development since the 1970s has had a significant impact on the British economy because of the revenues it created. There has been full competition since 1998 and companies other than British Gas have been competing with it to win customers.

Automotive¹⁴

The UK offers an attractive manufacturing base for car producers such as BMW, Ford (including Jaguar and Land Rover), Honda, Nissan, Toyota and GM (Vauxhall) as well as a range of smaller producers for specialist markets (sports, luxury cars, London taxis). The UK is also a centre for design engineering with companies such as Ford, Ricardo, Millbrook, Lotus, MIRA, Prodrive and Mahle. In 2006, 1.4 million cars and 208,000 commercial vehicles were manufactured in the UK. Over 77% of these were cars. 66% of the commercial vehicles were exported to a variety of markets around the world.

Construction¹⁵

The UK construction industry has been experiencing a period of strong growth, especially in the infrastructure and the commercial construction sectors. It provides one tenth of the UK's GDP. It employs 1.4 million people and amounts to around £65 billion per annum.

Tourism¹⁶

The tourism industry is an important sector of the UK economy. It is a fragmented sector, and includes a large number of small businesses. It is estimated that there are around 125,000 businesses in the UK tourism industry, 80% of which have a turnover of less than £250,000 per year. Due to its significance to the UK economy, governments have funded various bodies to promote tourism both at home and overseas. There are currently five tourist boards: the British Tourist Authority, the English Tourism Council, and the Tourist Boards for Scotland, Wales and Northern Ireland.

BANKING AND FINANCE

Banking¹⁷

The UK banking sector is the 3rd largest in the world after the United States and Japan. It has one of the largest commercial banking industries and is also a major international centre for investment and private banking. The UK banking sector has a strong international orientation, with a substantial foreign presence and sizeable assets of foreign banks in London. In April 2008, there were 157 incorporated banks in the UK. Barclays Bank Plc, Abbey National Plc, Lloyds TSB, and HSBC are among the top banks in the UK.

The Bank of England¹⁸

Threadneedle Street, London EC2R 8AH

T: +44 (0)20 7601 4878

F: +44 (0)20 7601 5460

E: enquiries@bankofengland.co.uk

W: www.bankofengland.co.uk

The Bank of England is the central bank of the United Kingdom. It became independent in 1997. Standing at the centre of the UK's financial system, the Bank is committed to promoting and maintaining monetary and financial stability as its contribution to a healthy economy.

The London Stock Exchange ¹⁹

10 Paternoster Square

London EC4M 7LS

T: +44 (0)20 7797 1000

E: datalect@londonstockexchange.com

W: www.londonstockexchange.com

The London Stock Exchange is the most international of all stock exchanges with 350 companies from more than 50 countries, and it is the premier source of equity-market liquidity, benchmark prices and market data in Europe. Linked by partnerships to international exchanges in Asia and Africa, the London Stock Exchange aims at removing cost and regulatory barriers of capital markets worldwide. The LSE is part of the London Stock Exchange Group plc and is located in the City of London.

The Financial Services Authority (FSA) ²⁰

25 The North Colonnade

Canary Wharf, London E14 5HS

T: +44 (0)20 7066 1000

F: +44 (0)20 7066 1099

W: www.fsa.gov.uk

The Financial Services Authority is an independent body that regulates the financial services industry in the UK. It acts as the competent authority for listing of shares on the stock exchange. The FSA is entirely funded by the firms it regulates.

HM Treasury ²¹

1 Horse Guards Road

London SW1A 2HQ

T: +44 (0)20 7270 4558

F: +44 (0)20 7270 4861

E: public.enquiries@hm-treasury.gsi.gov.uk

W: www.hm-treasury.gov.uk

The Treasury's financial services aim to secure an innovative, fair dealing, competitive and efficient market in financial services, while striking the right balance with regulation in the public interest.

Insurance ²²

The UK insurance sector is the largest in Europe and the third largest in the world, accounting for 8.6% of total worldwide premium income, and it employs 332,000 people. It dominates the worldwide market for internationally traded insurance and reinsurance, providing an unrivalled concentration of underwriting expertise and earning nearly 25% of its revenue from overseas markets.

OPPORTUNITIES FOR EXPORTERS / INVESTORS

Overview ²³

It is estimated that the UK will have a strong business environment for the period 2007 to 2011. With a population of 60.6 million and unemployment well below the EU average, the UK has a strong workforce to support the economy. It is a major global trading nation, as it is the second largest exporter and third largest importer of commercial services, and the seventh largest exporter and fourth largest importer of merchandise. In 2007, main destinations for UK products and services included the US (16% of all exports), Germany (9.9%) and France (9.7%). The same year, exports of goods and services to the European Union as a whole accounted for around 55% of all UK exports.

Environment ²⁴

The UK renewable energy and environmental technology sectors are some of the most dynamic in the world. This is due to progressive government policies, innovative and experienced companies, and vast natural renewable energy resources. The Government's objective to reduce CO2 emissions by 60% by 2050 offers a solid framework for continued investment in the UK.

Automotive²⁵

The UK is home to a very diverse and productive vehicle manufacturing base and the vehicle output continues to rise. The UK attracts major global automotive companies, thanks to the combination of engineering excellence, workforce skills and the supportive business environment. Over 40 companies manufacture vehicles in the UK with high-profile global investors including Ford, BMW, Toyota, Nissan and Honda. The industry is supported by a strong supply chain including an array of world-class design, precision and high-performance engineering companies.

Food and Drink²⁶

The UK is a fast growing food and drink market. Research conducted in other sectors (chemistry and nanotechnology) drove innovation in the UK food and drink sector. Areas such as high-tech packaging, health and convenience foods represent significant strengths. The food and drink sector generates £70 billion and employs almost 500,000 people. The UK's organic sector amounts to around £1.2 billion a year and the chilled food market £7 billion, which represents 60% of the total European chilled food market.

Pharmaceuticals²⁷

UK companies account for 40% of biotechnology products in the pipeline by European public companies. The UK is also the world's number-two pharmaceuticals exporter and, with Research and Development investment of over £3.3 billion in 2005, it ranks with the United States and Japan as one of the top three centres for pharmaceutical research.

Creative industries²⁸

The creative industries sector includes a range of sub-sectors such as advertising, architecture, fashion, film and video, software and computer services, television and radio. In the UK, many of the world's major corporations are directly integrated in global finance, creative and professional services and media. The sector's strengths are due to the UK's worldwide reputation for creativity and innovation, together with London's role as a major cultural centre. The UK is also a world leader in television production and is the second largest exporter of TV programmes.

Financial services²⁹

The UK is both the leading global financial services centre and the single most internationally focused financial marketplace in the world. An unrivalled concentration of capital and capabilities means that more overseas financial institutions and investors choose to do business in, and with, the UK than any other country. The UK banking sector is the largest in Europe with deposits of £2.4 trillion and the UK financial sector is responsible for 25% of insurance businesses in Europe. London is the historic home of banking and investment and is determined to maintain its position as the world's number one financial centre.

London 2012, Olympics³⁰

It is expected that London 2012 will generate around 7,000 direct contracts which, together with its suppliers, will form supply chains of about 75,000 opportunities. With teams from 204 countries worldwide and a potential global television audience of over 4 billion spectators, the Games will provide a great platform to conquer new markets. There will also be opportunities to boost domestic holiday taking and to create real appeal for the UK and London brands. CompeteFor is the chosen website of London 2012 for the publication of Games-related contract opportunities. It will also provide access to business support services.

More information can be found on: www.competefor.com

BUSINESS CULTURE

Business hours³¹

In the UK, most retail shops are generally open 6 or 7 days a week. Typical opening hours are 9am to 5:30pm from Monday to Saturday (some shopping centres stay open until 8pm or later) and 10am to 4pm on Sundays. Sunday shopping has become popular in recent years and most large shops in towns are open for business. However, shops are only allowed to trade for 6 hours on Sundays. Large supermarkets are open for 24 hours except on Sundays.

National holidays

(Dates given are for 2008)

- Orangemen's Day (14 July) (Northern Ireland only)
- Summer Bank Holiday (4 August) (Scotland only)
- Summer Bank Holiday (25 August) (England, Wales and Northern Ireland only)
- St Andrew's Day (1 December) (Scotland only)
- Christmas Day (25 December)
- Boxing Day (26 December)

Business dress

Business attire is conservative. Men should wear a dark coloured, conservative business suit. Women usually wear either a business suit or a conservative dress.

Business etiquette ³²

People shake hands upon meeting and leaving and a firm handshake is the most usual practice. Most of the time, the British are on time. Scots are extremely punctual. It is better to call if you will be even 5 minutes later than planned. At work, the British can be quite formal and sometimes prefer to work with people and companies they know or who are known to their associates. The younger generation is very different however; they do not need long-standing personal relationships before they do business with people and do not require an intermediary to make business introductions.

SETTING UP A BUSINESS IN THE UK ³³

There are various types of businesses in the UK, and the most common ones are limited liability partnerships, and limited liability and joint stock companies. All limited companies in England, Wales and Scotland need to be registered at Companies House, an Executive Agency of the Department for Business, Enterprise and Regulatory Reform (BERR). No permission is required to establish a business presence in the UK, although there are regulations on the use of business names and certain business sectors which may require licences or authorisation.

Business Link gives a useful guide to the different types of enterprise and a step-by-step guide to setting up a company in the UK and information on business law and taxation.

www.businesslink.gov.uk/bdotg/action/layer?topicId=1073858805&r.s=t

FURTHER SOURCES OF INFORMATION / USEFUL ADDRESSES

Enterprise Europe Network London at London Chamber of Commerce and Industry

33 Queen Street, London, EC4R 1AP

T: +44 (0)20 74891992. F: +44 (0)20 72031812 E: europe@londonchamber.co.uk

The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. We provide practical, hands-on support and information for London's small and medium businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses.

W: www.een-london.co.uk

London Chamber of Commerce and Industry

33 Queen Street, London EC4R 1AP

T: +44 (0)20 7248 4444

F: +44 (0)20 7489 0391

E: lc@londonchamber.co.uk

London Chamber of Commerce's World Trade Team, Information Centre and Enterprise Europe Network can provide information or advice on many topics relating to international trade and overseas markets. London Chamber of Commerce is a membership organisation, but non-members can utilise a certain number of its services.

W: www.londonchamber.co.uk

The British Chambers of Commerce

65 Petty France, London SW1H 9EU

T: +44 (0)20 7654 5800

F: +44 (0)20 7654 5819

E: info@britishchambers.org.uk

The British Chambers of Commerce is a non-political, non-profit making organisation, owned and directed by its members, democratically accountable to individual businesses of all sizes and sectors throughout the UK.

W: www.britishchambers.org.uk

The UK Border Agency

Croydon Public Caller Unit

Lunar House, 40 Wellesley Road, Croydon CR9 2BY

E: indpublicenquiries@ind.homeoffice.gsi.gov.uk

The UK Border Agency is responsible for securing the United Kingdom borders and controlling migration in the United Kingdom. It considers applications for permission to enter or stay in the United Kingdom, citizenship and asylum.

W: www.bia.homeoffice.gov.uk

The Enterprise Europe Network at the London Chamber of Commerce and Industry provides a factsheet on "Employing Foreign Workers in the UK" available on its website:

www.londonchamber.co.uk/lcc_public/default.asp?id=260

UK Trade and Investment

Kingsgate House, 66-74 Victoria Street, London SW1E 6SW

T: +44 (0)20 7215 80000

F: +44 (0)20 7215 1281

UK Trade and Investment is a government organisation that helps UK businesses to internationalise. It also provides assistance to international companies planning to expand their business in the UK.

W: www.uktradeinvest.gov.uk

Companies House London Information Centre

PO BOX 29019, 21 Bloomsbury Street, London WC1B 3XD

Tel: +44 (0)870 33 33 636

Fax: +44 (0)207 637 6210

Companies House incorporates and dissolves limited companies. It examines and stores company information under the Companies Act and makes this information available to the public.

W: www.companieshouse.gov.uk

HM Revenue & Customs

Dorset House, Stamford Street, London SE1 9PY

T: +44 (0)845 010 9000 (from abroad: +44 161 930 8445)

E: enquiries@hmrc.gsi.gov.uk

HM Revenue and Customs is responsible for collecting the bulk of tax revenue, as well as paying Tax Credits and Child Benefits, and strengthening the UK's frontiers. It provides a national advice service for VAT, Excise and international trade enquiries.

W: www.hmrc.gov.uk



This country profile was produced by the Enterprise Europe Network London team at London Chamber of Commerce. The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. The Enterprise Europe Network London is funded by the European Commission and the London Development Agency.

We provide practical, hands-on support and information for London's small and medium businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses. For more information please go to:

www.een-london.co.uk

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- 1 www.direct.gov.uk
 - 2 www.ukinvest.gov.uk
 - 3 www.eurostat.europa.eu + www.dft.gov.uk
 - 4 www.eurostat.europa.eu + www.dft.gov.uk
 - 5 www.dft.gov.uk
 - 6 www.dft.gov.uk
 - 7 www.eurostat.europa.eu + www.british-energy.com
 - 8 www.eurostat.europa.eu
 - 9 www.defra.gov.uk
 - 10 www.prospects.ac.uk
 - 11 www.parliament.the-stationery-office.co.uk
 - 12 www.ssa.org.uk
 - 13 www.econ.surrey.ac.uk
 - 14 www.ukinvest.gov.uk + www.autoindustry.co.uk
 - 15 www.corporatewatch.org.uk
 - 16 www.parliament.uk
 - 17 www.hm-treasury.gov.uk + www.fsa.gov.uk
 - 18 www.londonstockexchange.com
 - 19 www.londonstockexchange.com
 - 20 www.fsa.gov.uk
 - 21 www.hm-treasury.gov.uk
 - 22 www.ukinvest.gov.uk
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 - 30 www.businesslink.gov.uk + www.tourismtrade.org.uk + www.competefor.com
 - 31 www.projectbritain.com
 - 32 www.kwintessential.co.uk
 - 33 www.companieshouse.gov.uk + www.businesslink.gov.uk