

# U.S. Country Commercial Guides



## United Kingdom 2018

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## Doing Business in the United Kingdom of Great Britain and Northern Ireland

### Market Overview

On June 23, 2016, the UK voted to leave the European Union (EU), ushering in a period of economic and political uncertainty that persists as the UK seeks to define a new, post-Brexit, relationship with the EU and its other key trading partners. As part of the Brexit process, the UK Government triggered the two-year exit process by invoking Article 50 of the Lisbon Treaty in March 2017. The UK and the EU are currently negotiating the terms of the UK's withdrawal and will discuss a framework for their future relationship ahead of the UK's scheduled departure from the bloc on March 29, 2019.

Formal Brexit negotiations started in June 2017. In March 2018, both sides agreed to a 21-month transition deal (from March 29, 2019 to December 31, 2020) during which the UK would effectively remain in the EU Customs Union and Single Market. While the UK would be required to continue to follow EU rules without being able to participate in EU decision-making processes, the UK would technically be free to negotiate and sign new trade deals during this time. The most immediate focus of UK-EU discussions is on agreeing to a final "divorce deal" – the status/rights of citizens (3.2 million EU citizens in the UK; 1 million Britons in the EU); the divorce bill (what the UK will pay to cover long-term commitments made to EU programs while the UK was still an EU member); and the status of the border between Northern Ireland and the Republic of Ireland – before the March 2019 Brexit deadline. Subsequent negotiations will then center on the future trading arrangement between the UK and EU.

Despite the challenges and uncertainty posed by the continuing Brexit process, the UK remains a critical market for American exports of goods and services and a key destination of U.S. foreign direct investment.

The United Kingdom (estimated 2017 GDP of \$2.6 trillion) is a major international trading power, with the fifth-largest economy in the world according to the World Bank Group, the second-largest economy in the European Union.

While the United Kingdom is geographically relatively small (about the size of Oregon), it has a population of more than 65 million people.

Highly developed, sophisticated, and diversified, the UK market is the largest in Europe and the fifth-largest in the world for U.S. goods exports. The United Kingdom is the largest market in the world for U.S. service exports.

With few trade barriers, the United Kingdom serves as the entry market into the European Union for more than 43,000 U.S. exporters. U.S. exports to the UK of goods and services combined were estimated to be worth about \$122 billion in 2017.

Major categories of U.S. exports include Aerospace Products, Agricultural Products, Cyber Security, Medical Equipment, New Build Civil Nuclear, certain consumer goods (such as Pet Products), Smart Grids, Sustainable Construction, and Travel & Tourism.

The UK ranks third in overall number of people arriving to the United States (behind Canada and Mexico, respectively), and thus the UK is the number one overseas market for travel to the United States, with four to five million UK travelers visiting the United States each year. British travelers are estimated to contribute over \$12 billion to the American economy annually.

The U.S.-UK investment relationship is the largest in the world, with cumulative bilateral stock in direct investment valued at more than \$1.2 trillion in 2016. More than two million jobs, approximately one million in each country, have been created over the years as a result of this investment.

More than 7,500 U.S. firms have a presence in the United Kingdom, which is also the top location in Europe for U.S. regional headquarters covering Europe, the Middle East, and Africa. A major international financial, media,

and transportation hub, London is also headquarters to the European Bank for Reconstruction and Development (EBRD).

The UK economy grew by 1.7% in 2017, a modest deceleration from previous years, reflecting uncertainty caused by the Brexit vote and what it will mean for the UK economy. Some observers expect the economy to weaken slightly in 2018 as consumer confidence could be suppressed by factors such as rising inflation and potential currency fluctuations.

### **Market Challenges**

London is one of the world's most expensive cities in which to do business. Property prices, restaurants and transportation are all expensive relative to many other European cities.

As UK and third-country suppliers represent strong competition, U.S. exporters need to offer differentiated products at competitive prices. Complex EU technical/regulatory requirements can be burdensome.

### **Market Opportunities**

The United Kingdom is a highly sophisticated market with strong demand for products and services that improve productivity, including information and communications technology (ICT) software and services that lower costs and improve business efficiencies.

There is ongoing, strong demand for a wide range of equipment and services related to aerospace, defense, safety/security, and, in particular, cyber security.

The United Kingdom's commitment to low-carbon targets is driving market demand for U.S. products and services in the area of renewable energy, energy efficiency, low carbon/green technologies, smart grid technologies and e-vehicles.

The UK has a program of major, multi-billion dollar infrastructure projects in the energy, transportation, and water sectors.

### **Market Entry Strategy**

Demonstrate a clear value proposition and competitive advantage (i.e. price, quality, branding).

Pay close attention to both the obvious and subtle cultural differences between the United States and the United Kingdom and adjust marketing strategies accordingly.

Evaluate prospective partners carefully and choose an experienced, well-established local distributor. Be flexible working with a UK partner during this prolonged period of economic uncertainty.

Visiting the UK, probably more than once, to meet prospective partners and customers, as British businesspeople tend to want to get to know the people with whom they are doing business.

Express commitment to the market with a long-term perspective.

## **Political Environment**

### **Political Environment**

For background information on the political and economic environment of the United Kingdom, please read the [U.S. Department of State Background Notes](#).

## Selling US Products & Services

### Using an Agent to Sell US Products and Services

Most U.S. exporters to the UK sell their products via distributors, who purchase goods directly from the manufacturer with the intent of reselling them to third parties. Distributors position products and brands in the market through advertising and promotion and assist with after-sales service, which is increasingly important for UK customers and contributes to a positive image of U.S. firms doing business in the UK. In many sectors, one distributor can cover the entire UK market, although in certain cases U.S. companies may wish to appoint separate distributors to cover selected regions as well as to cover Scotland, Wales and Northern Ireland. Depending upon the distributor's market coverage, U.S. exporters may also benefit from access to territories beyond the UK. Sales agents are less commonly used in the UK as they tend to be small, one- person operations and may offer only limited geographic sales coverage. Note that the law covering agents is different from the United States and principals should be aware of the EU Agency Directive. When deciding upon the optimal form of representation, U.S. exporters should consider pricing, distribution network, operational expenses and after-sales service. Additional information on [Agreement Termination](#).

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts. Additional information on [Rules Governing Competition](#).

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted (Commission Notice 2014/C 291/01). Additional information on [Rules Governing Payments](#).

The EU also looks to combat payment delays. Directive 2011/7/EU, which replaced the current law in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs. Additional information on [European Ombudsman](#).

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles

of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

### Dispute Resolution

Although there are few instances that specifically require the use of a local lawyer, contracts and agreements should be vetted by a competent attorney or firm conversant with UK and EU Law. While contract coverage is often similar, specific clauses and language can be considerably different from that in the United States. Standard American contracts should not be used, as they are mostly unenforceable under UK law. Many U.S. law firms have either established their own UK offices or have links with local practices and are often the most convenient and practical sources of legal advice for American companies. The Commercial Service in London can provide lists of local law firms, including those with U.S. links.

### Establishing an Office

There are several steps to consider when establishing a local office in the United Kingdom. The process is generally straightforward and can be achieved in a relatively short space of time. The steps to consider are:

#### Decide on legal structure

- **Why:** Your commercial aims will determine the type of operation that you need to establish and help define your legal and tax status.
- **How:** There are two options: a UK private limited company, known as a subsidiary (separate legal entity), or a UK branch of your overseas company, known as a UK establishment (no legal identity distinct from the parent company).
- **Timescale:** n/a.

#### Register at Companies House

- **Why:** Under the Companies Act, an overseas business in the UK must register a UK establishment when it has some degree of physical presence in the UK (such as a place of business or branch). You can only make immigration applications for inter-group transfers (Tier 2) if you've set up your UK entity as either an establishment or subsidiary.
- **How:** To register a business, mandatory documents such as the "Memorandum of Association" and "Articles of Association" must be filed online with Companies House. The cost of doing this is £20 (about \$26). A professional advisor may also undertake this for you.
- **Timescale:** 1 day.

#### Apply for visas

- **Why:** If you plan to transfer a non-European employee from an overseas office to set-up and run your new UK operation, that person should apply for a sole representative visa before you start trading in the UK. Sole representative visas are usually granted for an initial period of three years.
- **How:** You must apply online for a Representative of an Overseas Business visa. A Representative of an Overseas Business visa costs £610 (about \$800). You'll need to have your fingerprints and photograph taken at a visa application center as part of your application. You may be able to get your visa faster or other services depending on what country you're in – check with your visa application center.
- **Timescale:** 3 weeks.

### Set up business bank accounts

- **Why:** If you are intending to trade in the UK, then a UK bank account will be needed. Not only does it give your business credibility in the UK, but if you have numerous transactions it will be cheaper to handle these locally, rather than through overseas bank transfer which are invariably costly. In addition, (should you need to be VAT registered), having a UK bank account accelerates the process.
- **How:** When setting up the business bank account you will need to bring along the following: Business customer application form, Mandate for companies registered under the Companies Act, Registration of the company, identification and verification of address, company structure chart, bank statements and audited accounts. No matter where you intend to locate your business, you should contact the central inward investment banking team, usually located in London. Do not apply through a local branch, online or a call center. Tell the bank that you have foreign shareholders and/or directors of your business and that you need a UK business bank account.
- **Timescale:** 3 weeks – 3 months.

### Register for tax

- **Why: VAT** – You must register for VAT with HM Revenue and Customs (HMRC) if your business' VAT taxable turnover is more than £85,000 (about \$113,000).  
**Corporation Tax** – Any company with a UK branch or office must pay UK Corporation Tax on company profits. You must give HMRC specific information about your company within 3 months of starting up in business.
- **How: VAT** – Most businesses can register online. By doing this you'll register for VAT and create a VAT online account. You need this to submit your VAT Returns to HMRC.  
**Corporation Tax** – You can do this online once you've got your company's Unique Taxpayer Reference (UTR) – sent usually within a few days of the company being registered.
- **Timescale:** 2 weeks – 2 months.

### Register for payroll

- **Why:** As an employer, you are responsible for paying your employees' tax and you normally must operate pay-as-you-earn (PAYE) as part of your payroll. PAYE is an HMRC system to collect Income Tax and National Insurance from employment.
- **How:** Register as an employer with HMRC and get a login for PAYE Online. You must register before the first payday.
- **Timescale:** 2 weeks.

### Search for property

- **Why:** For companies setting up in the UK, the key property decision is whether to rent premises (known as "leasehold") or to buy premises (known as "freehold").
- **How:** The British Government inward investment agency, Department of International Trade (DIT) will be able to assist with a detailed property search – finding the right option that works for you.
- **Timescale:** Dependent on property option taken (>1 week) Signing the lease/buying the property (1-4 months).

### Recruit staff

- **Why:** To be successful in the UK, you need to recruit and develop the best staff.

- How: Several options exist for recruiting staff in the UK. DIT can help with introductions to recruitment agencies that can assist with the recruitment process.
- Timescale: 6-16 weeks (dependent on position).

#### Get business insurance

- Why: In the UK, insurance protection is compulsory to cover you against a number of risks. You must arrange insurance as soon as your new company employs staff. UK law requires that you hold Employers' liability insurance and commercial motor insurance. Other insurance to consider includes assets, income, liabilities, people and other risks.
- How: Insurance can be provided from a number of operators in the UK. DIT can help with introductions to commercial partners who can process these requests.
- Timescale: 2 weeks – 1 month.

Additional information for overseas companies looking to set up in the UK should contact the [Department for International Trade](#).

### Franchising

U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are broad and generally do not constrain the competitive position of U.S. businesses. The potential franchisor should take care to look not only at the EU regulations, but also at the local laws concerning franchising and specific business sectors.

The UK has no specific laws governing franchising. The British Franchise Association (bfa) operates a voluntary code of practice for franchisors.

Key Links:

[The British Franchise Association](#)

[The European Franchise Federation](#).

### Direct Marketing

There is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

#### Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data for direct marketing activities. In May 2018, the General Data Protection Regulation (GDPR) became enforceable, replacing the Data Protection Directive of 1995. The GDPR is the EU's new framework for data protection laws and includes significant changes for businesses and bodies that handle personal information. Individuals, organizations, and companies that are controllers or processors of personal data are impacted by GDPR.

[The General Data Protection Regulation \(GDPR\)](#)

Detailed information on GDPR is also available on the [U.S. Commercial Service Europe website](#).

## **Distance Selling Rules**

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "The Directive on Consumer Rights". The provisions of this Directive have been in force since June 13, 2014, and replaced EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the relevant sections of EU Member States' Country Commercial Guides and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In May 2013, the EU adopted rules on Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR) which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. Only disputes regarding health and higher education are excluded. ADR and ODR legislation allows consumers and traders to resolve their disputes without going to court in an easy, fast, and inexpensive way. Under the ODR Regulation, the European Commission established an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform launched on January 9, 2016 and became accessible to consumers and traders on February 15, 2016.

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Links:

[Justice and Consumers Homepage](#)

[Consumer Protection Policies, Strategies, and Statistics](#)

[The Directive on Consumer Rights](#)

[The Online Dispute Resolution \(ODR\) Platform](#)

[Distance Selling of Financial Services](#)

## **Direct Marketing over the Internet**

Electronic Commerce (EC Directive) Regulations 2002 imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The regulation stipulates that marketing communications must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the regulation does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section).

## Joint Ventures/Licensing

Joint ventures may be formed as limited liability companies or as equal or unequal partnerships. Consortia of companies formed to bid or manage specific projects usually use a British-registered limited liability company as the vehicle to more easily rent or purchase local premises and assets and to hire and manage a local workforce and support staff. No ownership or control restrictions apply to joint ventures in the United Kingdom.

## Selling to the Government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “Project Financing” Section in “Trade and Project Financing” for more information.

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. Until March 2019, the UK is a member of the EU and therefore all EU directives are applicable. U.S.-based companies can bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public [procurement contracts](#) covered by the EU Directives in the European Union.

Electronic versions of the procurement documentation must be available through an internet URL immediately on publication of the Official Journal of the European Union (OJEU) contract notice. Full electronic communication (with some exceptions) will become mandatory for public contracts 4.5 years after the Public Contracts Directive 2014/24 comes into force (i.e. October 2018). For central purchasing bodies, the deadline was April 2017.

The UK public sector is currently obliged to undertake electronic invoicing initiatives. In the UK, the 2015 Small Business, Enterprise and Employment (SBEE) Act was passed and included clauses that endorse e-Invoicing as beneficial to the UK economy. Within Europe, [Directive 2014/55/EU](#) states that all EU public sector organizations must be able to accept e-invoices by 2020. Standards for e-invoicing are being developed by the European Committee for Standardisation (CEN).

There are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in EU coverage of the Government Procurement Agreement (GPA). Article 85 of Directive 2014/25 allows EU contracting authorities to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent or give preference to the EU bid if prices are equivalent (meaning within a three percent margin). Moreover, the Directive allows EU contracting authorities to retain the right to suspend or restrict the award of service contract to undertaking in third countries where no reciprocal access is granted.

There are also restrictions in the EU coverage of the GPA that apply specifically to U.S.-based companies. U.S. companies are not allowed to bid on works and services contracts procured by sub-central public contracting authorities in the following sectors:

- Water sector
- Airport services
- Urban transport sector, and railways in general
- Dredging services and procurement related to shipbuilding

Most UK government departments and public bodies are subject to a range of EU procurement directives and to the GPA, which gives qualified foreign bidders from signatory countries equal access to each other’s public-sector contracts.

In the UK, it is now mandatory for all public-sector organizations to advertise their procurement opportunities worth over £10,000 (\$13,000) on [Contracts Finder](#).

### **Defense Procurement**

The UK Ministry of Defence (MoD) publishes information on its future projects and procurements in a biweekly [Defence Contracts Bulletin](#), which is available to U.S. subscribers online. The European Defence Agency (EDA) also maintains an online database of defense procurement opportunities with governments and leading manufacturers throughout Europe. The [EDA Electronic Bulletin Board](#) is available free and without subscription.

However, many U.S. defense companies require more lead-time than these sources provide and detailed guidance is often needed to understand the procedures and bid evaluation criteria. The U.S. Embassy's Office of Defense Cooperation (ODC) provides insight, guidance, and advocacy in support of U.S. defense contractors competing for sales and cooperative development programs for military equipment and services, including missiles and defense systems, munitions, sensors, ships, aircraft and helicopters. ODC may be contacted at telephone 011-44-20-7891-3737 or email [odclondon@state.gov](mailto:odclondon@state.gov)

Key Link:

[U.S. Embassy London website ODC information](#)

### **Digital Market Place- Information Technology (IT)**

Digital Marketplace is an online procurement database for IT work, web hosting, work through the cloud, or purchasing datacenter space. Digital Marketplace uses framework agreements to award contracts. There are different framework agreements for different IT services.

- G-Cloud: Cloud technology and support
- Digital Services: IT specialist work for specific projects
- Crown Hosting Data Centers: Work on the physical datacenter for legacy systems

G-Cloud framework agreements operate slightly differently from other framework agreements. G-Cloud frameworks allow buyers to pay for services as they use them rather than being tied to long-term, inflexible contracts.

Suppliers should apply to the [specific frameworks](#) that they want to compete for work in.

### **Distribution & Sales Channels**

The UK has well-developed sales and distribution channels, ranging from wholly-owned subsidiaries of foreign manufacturers to independent trading companies that buy and sell on their own account. Between these two extremes are independent resellers, sales agents, and stocking distributors, who have contractual relationships with their suppliers. The selection of an appropriate marketing organization depends largely on the nature of the goods and services involved. Also, increasing international e-commerce has contributed the growth of local fulfillment and delivery/return services.

### **Express Delivery**

There are more than 4,000 express delivery firms in the UK. Service differentiation is reducing, with the lines dividing the courier, express and parcel sectors becoming blurred. Traditionally, couriers serviced the same-day market, express carriers serviced the premium (for example, next-day guaranteed) market, and parcel carriers serviced the non-premium (for example, non-guaranteed, three-day service) market. Express carriers provide premium, time-sensitive services primarily for B2B clients, although increasingly now for B2C clients, particularly as online retailers require premium delivery services to consumers. Many non-premium providers

are including guaranteed delivery times, track and trace, and other 'premium' features in their services. The leading players in the industry are the four global players DHL, FedEx, TNT and UPS.

Delivery times from the U.S. to the UK vary depending on the type of delivery service used, i.e. priority or economy, and size and amount of product being sent, but can range from a couple of days to a week.

Express delivery companies can advise of the exact customs forms required for products. When products enter the UK, duty (if applicable) is added to the value stated on the customs declaration, plus cost, insurance and freight. Value Added Tax of 20% is then added to that total.

Duty rates can be found on the UK government's [Trade Tariff](#).

The standard rate of Value Added Tax in the UK is 20%, which is for most goods and services. However, there is a reduced rate of 5% for some goods and services, including children's car seats and home energy and a 0% rate for other goods and services such as children's clothes and most food. Exempt from Value Added Tax are items including postage stamps, financial and property transactions. [Guidance VAT rates on different goods and services](#).

[VAT Guide \(VAT Notice 700\)](#)

## **Selling Factors & Techniques**

Typically, U.S. companies enter the UK market through distribution, franchising or licensing agreements, or through direct foreign investment. EU law, implemented by national legislation, governs exclusivity in agency and supply agreements, purchasing contracts, and contract terms. U.S. manufacturers and exporters are generally able to appoint exclusive representatives and to determine the methods used to promote the sale of their products. Such exclusive territories are usually national in size.

Most of the same sales and advertising techniques used in the United States are used in the United Kingdom, although companies are advised to work closely with their UK partners to account for any local differences. Sales practices that give regulatory concern are those that could give an unfair advantage to the supplier at the expense of competitors or end users. [Recent legislation](#) exempts some vertical agreements between manufacturers and their resellers but requires the disclosure of certain types of inter-company commercial arrangements. It also gives powers of investigation and enforcement to the regulatory authorities.

## **eCommerce**

### **Overview**

Internet shopping is more popular in the UK than in any other major country. Consumers in the UK spent \$197 billion online in 2017, up 13.9 on 2016. Consumer eCommerce now accounts for about one quarter of the total retail market in the UK.

Despite the economic recovery in the UK, almost static wages have helped to increase online shopping, as consumers increasingly turn to the internet in search of the best prices on a wide variety of goods and services. The internet is now the natural place for shoppers to look for fashion, health and beauty, home and garden, consumer electronics and travel services. One key trend is to physically look at or try a product in-store and then go home to buy it at a better price online or buy it via their smartphone or tablet. Click and collect is also becoming much more popular.

With the continuing rise of social networking and mobile internet access, social media marketing is the channel in which firms are most likely to be boosting their investment in e-commerce in the next couple of years.

### **Current Market Trends**

According to IMRG Capgemini e-Retail Sales Index “UK online retail sales grew strongly during 2018, as the hot weather and start of the FIFA World Cup spurred a 16.9% year-on-year (YoY) growth of retail sales. Both multichannel and online only retailers performed well (14.8% and 18.7% respectively), demonstrating a general taste for spending in June. The largest sector increase was seen in garden, with a 49.9% YoY growth. This was followed by fashion accessories at 23.9%, footwear at 22.7% and clothing with a YoY growth of 19.3%,. Health and beauty and gifts sales were slightly more subdued with 9.9% and 10.5% YoY growth respectively.

### [Domestic eCommerce \(B2C\)](#)

The main rules covering sales on the Internet are The Consumer Contracts Regulations 2013 and The Consumer Contracts (Amendment) Regulations 2015. These set out the rights consumers have when making purchases over the Internet in the EU.

### Cross-Border eCommerce

There is a special scheme for non-EU companies selling ‘downloadable software’ via the Internet to clients within the EU. This type of transaction is classified by the EU as an “electronically delivered service”. Non-EU companies selling downloadable software to EU customers must be registered for VAT in at least one member state within the EU. There are different requirements for accounting for VAT depending on whether the customer is a corporation or an individual and depending on where the customer is physically located. This is a complex subject and companies should either engage an accountant to advise them or ensure that they are familiar with the regulations. For more information about the UK’s “Electronically supplied services: Special Scheme for non-EU businesses”, companies should visit <https://www.gov.uk/government/collections/vat-moss-vat-on-sales-of-digital-services-in-the-eu>

### B2B eCommerce

B2B eCommerce is not as prevalent as B2C or C2C eCommerce in the UK. Many large companies have online procurement portals, but these are not open platforms. B2B eCommerce platforms are emerging, however, and these will become a facilitator of both domestic and international business. An example of such a platform is [Applegate](#).

### eCommerce Services

There are many UK companies that provide eCommerce services to create and run platforms. The sector is well-served by such firms given that the UK is a world leader in eCommerce.

### eCommerce Intellectual Property Rights

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The [Intellectual Property Office \(IPO\)](#) is the official UK government body responsible for intellectual property rights including patents, designs, trademarks and copyright.

### Popular eCommerce Sites

Internet Retailing published its 2017 Top 500 UK online retailers recently. It lists six companies in the elite category:

[Amazon](#) - eCommerce

[Asda](#) – Groceries, Clothing and Homeware (Walmart subsidiary)

[Boots](#) – Beauty, Health and Pharmacy

[John Lewis](#) – Department store

[Marks and Spencer](#) – Groceries, Clothing and Homeware

[Tesco](#) - Groceries, Homeware, Electricals and Clothing

The full Top 500 list can be found on [eCommerce news](#).

#### Online Payment

Almost all UK-based online businesses allow customers to use credit or debit cards. Visa and MasterCard are almost universally accepted, while American Express, Diners Club and JCB, less so. Many websites use Pay Pal or other similar services. UK consumers are becoming much more aware of the issue of online identity theft and will generally only conduct financial transactions on secure websites.

#### Mobile eCommerce

Ecommerce purchases made via smartphone have overtaken those made via tablets. In 2017 online sales made via smartphone represented 49.7% of all ecommerce sales and was worth an estimated \$23 billion in the UK. It is forecast that online purchases made via smartphone will represent around 56% of all ecommerce sales by 2021.

#### Digital Marketing

There are some restrictions on general advertising. In the UK, the 'watchdog' for advertising is the Advertising Standards Authority (ASA). The ASA is an independent body set up by the advertising industry to police the rules laid down in the industry's advertising codes. The advertising codes are drawn up by the Committee of Advertising Practice (CAP) and are in place to protect consumers and create a level playing field for advertisers.

Key links:

[Advertising Standards Authority](#)

[Committee of Advertising Practice](#)

Comparative ads are allowed, but they must not be disparaging. Advertising to children is more closely regulated. The general rule is that special care should be taken when promotions are targeted at children (people under 16) or when children may see ads intended for adults.

It is possible to use prize giveaways, etc., as incentives. Promotions with prizes, including competitions, prize draws and instant win offers, are subject to legal restrictions. Promoters usually seek to avoid running illegal lotteries by running skill-based prize competitions or by offering free entry if the chance-based prize promotion might encourage purchase.

As a general rule, the Internet in the UK looks and feels identical to the U.S. Pop-up ads are not prohibited and, indeed, are quite common. As a result, many users turn on the anti-pop up features in their browsers.

Spam is covered by the Privacy and Electronic Communications (EC Directive) Regulations. In summary, the regulations require UK or EU-based businesses to gain prior consent before sending unsolicited advertising e-mails to individuals. This consent must be explicitly given by individuals on an opt-in basis except where there is an existing customer relationship. The regulations also require that the use of cookies or other tracking devices are clearly indicated and that people be given the opportunity to reject them.

Spam is, however, a worldwide problem and there is little that regulators can do to prevent Spam originating from outside the EU. Many email systems have increasingly effective Spam filters.

#### Major Buying Holidays

The main buying holidays in the UK are Easter, Black Friday, which is rapidly morphing into a three-week shopping spree, Christmas and New Year.

## Social Media

Eighty three per cent of adults aged 18 or over accessed social media sites in the first 3 months of 2018. Popular social media services in the UK include:

Description	UK Users %
Facebook	79%
YouTube	79%
Twitter	47%
Instagram	41%
Google+	39%
Pinterest	36%
LinkedIn	33%
Snapchat	30%

Source: We are Flint

## Trade Promotion & Advertising

While trade promotion practices in the UK are similar to those in the U.S., printed materials prepared for use in the U.S. market may need to be modified for use in the UK to account for local, legal, cultural, spelling and other differences. In addition to [advice and services](#) that the U.S. Commercial Service offers such as the Featured U.S. Exporter ([FUSE](#)) and Single Company Promotion ([SCP](#)) services, local advertising agencies and marketing consultants can provide appropriate professional guidance. Moreover, the Advertising Standards Authority, an independent body set up by the advertising industry, oversees the practices of the advertising industry and enforces the provisions of the British Code of Advertising Practice (CAP). Advertisers should become familiar with CAP recommendations.

### Key links:

[Advertising Codes](#)

[Consumer Rights](#)

[Digital Agenda](#)

The leading British daily newspapers are:

- [The Times](#)
- [The Daily Telegraph](#)
- [The Guardian](#)

- [The Independent](#)
- [The Financial Times](#)
- [Daily Mail](#)
- [Daily Express](#)
- [Sun](#)
- [Mirror](#)
- [Metro](#)
- [London Evening Standard](#)

The leading British Sunday newspapers are:

- [Sunday Times](#)
- [Sunday Telegraph](#)
- [Observer](#)

The London Gazette, Edinburgh Gazette and Belfast Gazette are the official journals of the UK, but these are less widely used for formal notices than the Official Journal of the European Community (OJEC).

**Key links:**

[Gazette](#)

[OJEC](#)

In addition, there is a very large number of trade publications in the UK aimed at specific industrial sectors and business segments. Global publications such as The Wall Street Journal, Business Week and Industry Week are widely read.

**Medicine**

The advertising of [medicinal products for human](#) use is regulated by Council Directive 2001/83/EC as amended by Directive 2004/27/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

**Nutrition & Health Claims**

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol.” The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) are allowed to carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU’s positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims

based on new scientific data will have to be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content.” A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Detailed information on the **EU’s Nutrition and Health Claims policy** can be found on the [USEU/FAS website](#) and in [the USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#).

### **Food Information to Consumers**

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new EU labeling requirements apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Detailed information on the **EU’s new food labeling rules** can be found on the [USEU/FAS website](#) and in the [USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#).

### **Food Supplements**

[Directive 2002/46/EC](#) harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by member states.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list is updated most recently revised in 2014. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

### **Tobacco**

The [EU Tobacco Advertising Directive](#) bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. A revised Tobacco Products Directive has been adopted and must now be transposed into national legislation by member states by 2016. The new legislation will include bigger, double-sided health pictorial warnings on cigarette packages and in the UK no brand labelling.

### **Pricing**

#### **How to build a UK pricing strategy**

##### **When working out a UK pricing strategy, you should think about:**

- the effect exchange rates may have on your profits
- whether cost-based or value-based pricing is better for your goods or services
- what UK businesses charge for similar goods and services
- how UK consumers value your product or service
- whether you will charge different prices to different customers - for example, discounted rates for off-peak users, senior citizens or frequent users whether you will use a variety of pricing tactics

## **Finding out about your UK competitors**

You can look for articles or advertisements in the trade press or newspapers to find out about your UK competitors and their prices. You should read their marketing information and check their entries in business directories. You can get a copy of the annual report for public companies. You can also check their websites and find out about them by going to exhibitions and trade fairs.

## **Setting prices**

EC and UK competition law prohibits an agreement between a retailer and a supplier under which the retailer agrees to resell goods or services either at a price fixed by the supplier or above a minimum price level set by the supplier.

Suppliers can issue non-binding recommended retail prices for their products or impose maximum prices above which their retailers or distributors may not resell the products.

## **Import pricing**

Import prices for products entering the UK from non-EU states generally consist of product cost plus insurance plus freight plus duty, with VAT of 20% levied on the aggregate value. End-user pricing should include local storage, delivery, sales and support costs, as well as the margin for distributors, wholesalers and retailers. Traditional pricing methods have led to the acceptance of higher prices and profit margins than is customary in the U.S., as the UK market for any product is generally.

## **Sales Service/Customer Support**

The provision of after-sales parts and service is essential and should be considered when entering an agreement with a UK partner. There are also a number of independent after-sales, warranty and product servicing organizations in the UK. Most specialize in a single business sector, but a few major firms operate nationwide, providing a comprehensive maintenance and facilities management service. The leaders in this sector are Serco, AMEC and AM Planned Maintenance Ltd. The smaller service companies that provide local coverage can be identified from business directories, the Internet, and from listings held by local trade associations.

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service and customer support.

## **[Product Liability](#)**

Under the 1985 Directive on Liability of Defective Products, amended in 1999, the producer is liable for damage caused by a defect in his product. The legislation applies to any product marketed in the European Economic Area. Compensation for material damage is limited to goods for private use or consumption with a lower threshold of €500 (\$583). It sets out a time limit of 3 years for the recovery of damages and forbids clauses limiting or excluding the liability of the producer. It is the injured party's responsibility to prove the damage, the defect and the causal relationship between defect and damage for the purpose of compensation.

## **[Product Safety](#)**

The 2001 General Product Safety Directive (GPSD) introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. Apart from the general provisions, certain categories of products are covered by sector specific legislation and product specific provisions. Following public consultation on the revision of the current GPSD, the Commission proposed a new Product Safety and

Market Surveillance Package of legislative and non-legislative measures which is supposed to improve consumer product safety and to strengthen market surveillance of products in the EU.

### **Legal Warranties and After-sales Service**

Sellers of consumer goods within the EU are obliged to [guarantee the conformity of the goods with a contract](#), for a period of two years after the delivery of the goods.

Certain standards exist for assessing when conformity can be assumed and when not. If the goods are not delivered in conformity with the sales contract, consumers can ask for the goods to be repaired, replaced, and reduced in price or for the contract to be rescinded. The final seller, who is responsible to the consumer, can also hold the producer liable in their business relationship.

### **Protecting Intellectual Property**

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The UK is a member of the World Intellectual Property Organization (WIPO). The UK is also a member of the major intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, and the Patent Cooperation Treaty. The UK has signed and, through implementing various EU Directives, enshrined into UK law the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

[The Intellectual Property Office \(IPO\)](#) is the official UK government body responsible for intellectual property rights including patents, designs, trademarks and copyright. The IPO web site contains comprehensive information on UK law and practice in these areas:

The British government tracks and reports seizures of counterfeit goods and regards the production and subsequent sale as a criminal act. The Intellectual Property Crime Report for 2015-2016 highlights the incidence of IPC and the harm caused to the UK economy, with over 1.6 million infringing items removed at the borders during that period.

The Special 301 Report is an annual, congressionally-mandated review of the global state of intellectual property rights protection and enforcement. It is conducted by the Office of the U.S. Trade Representative to identify countries with commercial environments possibly harmful to intellectual property. The UK is not on the list.

IP lawyers are abundant in the United Kingdom; virtually every major U.S. law firm operates in the London market. For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources. Please also view the [Stopfakes European Union IPR Resources](#) which includes the [EU IPR Toolkit](#).

### **IP Attaché Contact European Union**

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## **Due Diligence**

Banks, accounting firms, credit agencies and risk management companies provide a full range of reporting services that U.S. companies can use as part of their due diligence before signing a local partner. Service providers include the UK subsidiaries of the American-owned Dun & Bradstreet, Equifax and Infocheck. All limited companies in England, Wales, Scotland and Northern Ireland are registered with Companies House. The WebCheck service offered by Companies House enables U.S. companies to search information on UK companies free of charge including viewing a company's filing history. Copies of document images as well as a selection of [company reports are available](#) for a small fee.

The U.S. Commercial Service provides [International Company Profile \(ICP\) background checks](#) on UK companies that can be a valuable part of a U.S. company's wider due diligence process. The ICP is a useful tool for American companies seeking to enter international business relationships and provides a background check on UK limited liability firms.

## **Local Professional Services**

The UK has a highly developed professional services market that is well regulated. A wide variety of service providers is available to support U.S. companies doing business in the UK, from the largest global firms to small niche players.

The [U.S. Commercial Service UK website](#) lists various professional service providers. Additional information is available upon request.

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the [U.S. Commercial Service at the U.S. Mission to the European Union](#).

## **Principle Business Associations**

### **BritishAmerican Business (BAB)**

[BritishAmerican Business \(BAB\)](#) was formed in 2000 through a merger of the American Chamber of Commerce (UK) and the British-American Chamber of Commerce (US). With office locations in both New York and London, BAB is a transatlantic business network of over 500 member companies, connecting over 12,000 business executives. The New York and London offices of BAB are also two chapters of the British-American Business Council (BABC). [BABC](#) is the largest transatlantic business network, with 22 chapters and over 2,000 member companies based in major business centers throughout North America and the United Kingdom.

### **Confederation of Business Industry (CBI)**

The [Confederation of British Industry \(CBI\)](#) is a not-for-profit membership organization founded in 1965 and speaks on behalf of 190,000 businesses of all sizes and sectors that together employ nearly 7million people. The CBI has 13 offices around the UK and representation in Beijing, Brussels, Delhi and Washington, DC.

### **Institute of Directors (IoD)**

Founded in 1903, the [Institute of Directors \(IoD\)](#) is the UK's longest running organization for professional leaders. The IoD encourages entrepreneurial activity and promotes responsible business practice for the

benefit of the business community and greater society. There are over 30,000 individual members across the UK.

### **National Federation of Self Employed & Small Businesses (fsb)**

The [National Federation of Self Employed & Small Businesses \(fsb\)](#) is a business support and lobbying organization with a mission to help smaller businesses to achieve their ambitions. Founded in 1974, the FSB has 186 branches in 33 regions of the UK. Member organizations are small businesses (defined as employing up to 249 personnel).

### **Limitations on Selling US Products and Services**

With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. Foreign companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders, although at least one director of any company registered in the UK must be ordinarily resident in the UK. Once established, the UK subsidiaries of foreign firms are treated the same in law as British-owned companies.

See also section on prohibited and restricted imports.

### **Web Resources**

#### **EU websites:**

[Coordination of the laws of the member states relating to self-employed commercial agents](#) (Council Directive 86/653/EEC)

[Agreements of Minor importance which do not appreciably restrict Competition under Article 101\(1\) of the Treaty establishing the European Community:](#)

[Directive on Late Payment](#)

[European Ombudsman](#)

[General Data Protection Regulation \(GDPR\)](#)

[Privacy Shield](#)

[Privacy Shield European Commission Fact Sheet](#)

[Consumer Rights Directive](#)

[Distance Marketing of Financial Services](#)

[E-commerce Directive \(2000/31/EC\)](#)

[Taxation and Customs Union - Telecommunications, broadcasting, and electronic services \(TBE\)](#)

[Unfair Commercial Practices Directive](#)

[Nutrition and Health Claims Made on Foods - Regulation 1924/2006](#)

[Regulation on Food Information to Consumers: Regulation 1169/2011](#)

#### **Guidance document on how companies can apply for health claim authorizations:**

[Summary document from EFSA](#)

[Health & Nutrition Claims](#)

[Tobacco](#)

[Product Liability](#)

[Product Safety Legislation](#)

[Sales and Guarantees](#)

[Legal Content](#)

[Copyright and Neighboring Rights](#)

[Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive \(2001/29/EC\)](#)

[Intellectual Property](#)

[Industrial Design Protection](#)

[Trade Mark Protection](#)

[European Patent Office \(EPO\)](#)

[European Union Intellectual Property Office \(EUIPO\)](#)

[World Intellectual Property Organization \(WIPO\) The Madrid System](#)

**U.S. websites:**

[STOPfakes.gov](#)

[STOPfakes.gov IPR Toolkit](#)

[EU Public Procurement](#)

[EU-28 FAIRS EU Country Report on Food and Labeling requirements: USDA Food and Agricultural Import Regulations and Standards EU 28 2014](#)

## Leading Sectors for US Exports & Investments

### Aerospace

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### Overview

The UK aerospace industry is the second largest in the world, behind that of the U.S. In 2017, total UK civil aerospace turnover totaled over \$46 billion, and the sector had a 17% global market share. The UK aerospace industry is the crown jewel for UK exports and, even though the UK does not produce large civil aircraft, 90% of domestic aerospace production is exported. The UK has a particular reputation as a global center of excellence for the design and production of engines, helicopters, wings, structures and aircraft systems (including landing gear). Rolls-Royce-manufactured engines power more than 35 types of commercial aircraft, and the company has over 13,000 engines in service around the world. The UK also designs and manufactures wings for all Airbus aircraft platforms, as well as for the new Bombardier C Series. In addition to manufacturing, the UK has a thriving maintenance, repair and overhaul sector, including servicing the huge numbers of military and civil aircraft that fly through and from the UK every year, which makes up a 17% share of the \$45 billion global MRO industry. The aerospace industry is a major market for U.S. exports in the United Kingdom.

With the UK exiting the European Union, there is uncertainty around the impact of Brexit on the aerospace and defense (A&D) sector. The relationships between the UK and other countries, especially the U.S., coupled with the future renegotiation of trade agreements, will play a major role in the challenges and opportunities facing the UK's A&D industry. UK defense spending is expected to remain steady, with a slight impact on certain defense programs due to economic uncertainty. Since the Brexit vote in June 2016, the pound sterling has depreciated in value, which is expected to boost the UK's exports as they become more cost-competitive.

More than 3,000 aerospace companies operate in the UK, and the aerospace sector has the largest number of SME companies in Europe, providing over 282,000 jobs directly and indirectly. Domestic companies include BAE Systems, Cobham, GKN, Meggitt, QinetiQ, Rolls-Royce, and Ultra Electronics. Non-domestic companies with a major presence include Boeing, Bombardier, Airbus Group, Leonardo (including its AgustaWestland and Selex ES subsidiaries), General Electric (including its GE Aviation Systems subsidiary), Lockheed Martin, MBDA, Safran, and Thales Group.

Airbus UK in Broughton assembles the wings for all Airbus civil aircraft, including the new A350 XWB. Bombardier in Belfast designs, develops and manufactures lightweight composite wings for the C Series. In February 2017, Boeing announced that it plans to open a production facility in Sheffield to manufacture high-tech components for Boeing's Next-Generation 737, 737 MAX and 777 aircraft. GKN Aerospace will also produce the new Advanced Technology Winglet for the Boeing 737 MAX. Rolls-Royce-manufactured engines power more than 35 types of commercial aircraft. In addition to manufacturing, the UK also has a thriving maintenance, repair and overhaul sector, which makes up 17% of the \$45 billion global MRO industry.

The UK government has demonstrated significant interest in developing and increasing the domestic supply chain, unveiling a \$20.2 billion initiative to help give a competitive advantage to UK companies in the aerospace market. In 2010, UK industry and government established the Aerospace Growth Partnership (AGP), which develops initiatives to encourage UK companies to cooperate closely and to address gaps and problems that affect the sector, tackle barriers to growth, and boost both UK exports and high value jobs. UK industry and government committed \$3.5 billion to an Aerospace Technology Institute and to invest in R&D, to help ensure that the UK remains Europe's number one aerospace manufacturer.

## **Leading Sub-Sectors**

### **Helicopters**

The UK's helicopter market is dominated by Leonardo (formerly Finmeccanica, which acquired AgustaWestland in January 2016) and Airbus Helicopters UK. Leonardo is the largest inward investor in the UK defense sector, the largest Italian inward investor to the UK, and one of the biggest suppliers of defense equipment to the UK MOD. Leonardo implements its helicopter division activities through a strong industrial presence in the UK. The company employs around 7,000 people in UK, while supporting a further 10,000 jobs in the supply chain including 1,550 SMEs, serving both commercial and government customers worldwide.

For over 30 years, Airbus Helicopters UK has provided products and services for both the civil and military helicopter markets. With more than 300 civil helicopters customized and delivered in the UK, Airbus Helicopters UK is the leading provider of helicopters in the UK's civil and parapublic market with a 46% fleet share, and it dominates the UK security and emergency services market.

Space: The UK has a significant, concentrated, and growing space sector. With a particular strength in small satellite manufacturing and service, accounting for 74% of the UK space sector, 40% of all orbiting small satellites are UK-built. The country also offers access to high demand orbits, industry regulatory excellence, and a commitment to investing and expanding its global space market share from 6.5% to 10% by 2030.

Annual turnover in the UK space sector reaches around \$19 billion per year and continues to grow. The sector employs over 38,500 people directly and over 75,000 indirectly, operates across industry, and forms strategic partnerships with countries and organizations like the U.S. and European Space Agency.

The UK government has taken an active role in promoting space sector growth, allocating £50 million (\$64.5 million) to the UK Space Agency to fund cutting-edge space launch research projects. The newly formed LaunchUK program brings together the commercial space community with the goal of establishing the UK as a leading location for space launch. Further, the Defence Science and Technology Laboratory, an agency within the UK Ministry of Defence, announced in late 2017 the creation of a £50 million (\$64.5 million) Space Program, and in early 2018 Parliament passed the Space Industry Act establishing Regulations for commercial space flight and UK spaceport construction.

### **Additive Manufacturing**

Additive manufacturing, commonly referred to as 3D printing, is experiencing increased momentum within the UK aerospace sector. 3D printing enables weight reduction, manufacture of niche, low-volume parts and complex design parts, as well as reducing complexity of assembly processes. Components most suitable for manufacturing include low and high temperature fasteners, discs, hubs, spacers, seals, compressor blades, landing gear, and aircraft interiors.

Lightweight materials (Composites): Lightweight materials are increasingly being adopted in the UK aerospace sector to provide enhanced properties such as high strength-to-weight ratio, superior impact and corrosion resistance, and extreme high temperature resistance. The University of Bristol received an investment of \$33 million from the UK Government to develop a UK National Composites Centre for advanced research on composites used in aerospace.

### **Opportunities**

The opportunities in this market continue to be those associated with the manufacturing of new aircraft or engine models, or for those companies that employ the latest technology such as composites or additive manufacturing. In addition, the UK aerospace industry is also seeing an increase in the use of cloud computing platforms, with innovation in integrated solutions such as flight planning tools and digital flight management systems.

The best prospects in the UK continue to include:

Aerodynamics (e.g. wing design);

- Propulsion (e.g. rotor blades, engine assembly);
- Aero structures (e.g. fuselage & wing assembly); and
- Advanced systems (e.g. avionics, undercarriage).

The UK continues to enjoy a record backlog of orders for equipment across narrow- and wide-body aircraft, but to deliver on these orders is an increasing challenge within the UK supply chain. This backlog of orders is becoming more acute for tier 2 suppliers and below, and may cause UK companies to consider forming new alliances to create extra capacity to meet obligations. Suppliers should consider collaborating with a larger customer with an established presence in the UK which is looking to increase capacity. U.S. companies should also expect to enter the UK market at a lower tier of the supply chain than they might otherwise usually enter in the U.S. or globally. Suppliers may also need to consider using a local distributor or agent with established ties within the market.

Entering the UK aerospace market requires patience, investment, innovative products, and competitive pricing. The aerospace supply chain is well-integrated with the primes all looking to reduce the number of their suppliers. A U.S. company can expect to have to commit both time and resources to enter or expand within the UK aerospace market, especially companies providing what are known as “me too” products and services. Selling to OEMs as well as tier 1 and 2 manufacturers entails a vendor/product qualification and assessment process. All U.S. companies desiring to become a supplier will need to register with their prospective customer. In addition, AS9100 and NADCAP would be considered minimum requirements for doing business in the aerospace supply chain in the UK. All companies desiring to become a supplier to the Ministry of Defence are required to complete Cyber Essentials accreditation.

With such a well-integrated and mature supply chain, new U.S. suppliers must demonstrate a clear competitive advantage if they are to be successful in the UK. With most of the major aerospace manufacturers in the UK looking to simplify their supply chains, there are fewer opportunities to supply and these opportunities will tend to be further down the supply chain. As long as suppliers are compliant with EU regulations/standards, they should not encounter any significant technical barriers to entry.

## **Web Resources**

### **Industry Events**

#### [Defense & Security Equipment International](#) (DSEI)

September 10-13, 2019 • London, UK

One of the world’s largest defense exhibitions with 1,500 international exhibitors from 54 countries, including approximately 180 U.S. companies. The 2017 event showcases new capabilities in land domain.

#### [Helitech](#)

October, 2019 • London, UK

A Trade Fair that brings together the global rotorcraft community and delivers solutions to inspire new ways of providing civil and para public services to market sectors.

#### [Farnborough International Airshow](#) (FIA)

July, 2020 • London, UK

One of Europe’s largest aerospace exhibitions, with 1500 exhibitors from 39 countries of which around 350 exhibitors are from the U.S.

**Trade Associations**

[ADS Group](#)

[Farnborough Aerospace Consortium](#)

[British Helicopter Association](#)

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U.S. Commercial Service

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## **Agricultural Sector**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

The UK is a very important market for U.S. agricultural products. In calendar year 2017, U.S. exports of agricultural, fish and forestry products to the UK were \$2.7 billion. There are strong historic and cultural ties between the UK and the U.S., which are obvious in consumer trends in retail and foodservice markets. The UK presents market opportunities for many U.S. consumer-oriented products, including specialty food products, “healthy” food items, wine, sauces, fruit, nuts and juices. “Health” and convenience foods are the main driving forces in the UK value-added food and beverage market. Consumers in this relatively wealthy country are looking for variety in high quality food products especially those perceived to have health benefits and a strong provenance.

Consumer-oriented food and beverage products remain the most important sector, amounting to 38% (\$1.04 billion) of total U.S. exports of agricultural, fish and forestry products to the UK in calendar year 2017. Ranked as the ninth largest destination for U.S. consumer-orientated food products, the UK continues to differentiate itself from its European neighbors in this product area. Within this category it is worth noting that U.S. exports of tree nuts, chocolate and cocoa, and condiments and sauces all set records to the UK in 2017. U.S. wines, particularly from California, have established a high profile in the UK and remain strong with U.S. exports valued at \$264 million in calendar year 2017. There has also been notable success for branded snack foods and grocery goods, largely by generating niche markets and specialist distribution based upon their quality attributes.

The UK is also a key market for U.S. fish and seafood products (\$82 million in calendar year 2017). Once a predominantly canned salmon market, U.S. seafood exports to the UK for calendar year 2017 reveal that the value of canned products has dropped to \$34 million of the total. Fresh and frozen salmon, and increasingly pollack, enter the UK processing sector to compensate for the decline in harvested volumes of whitefish as a result of low levels of fish stocks in European fishing grounds.

U.S. forestry product exports to the UK (\$730 million total in 2017) are driven by the use of wood pellets as biomass for electricity sector. Other forestry product exports to the UK remain under pressure due to strong competition from low cost third country suppliers, as well as EU competitors such as Scandinavia. Technical barriers with regard to differing standards and certification requirements also make trade difficult.

### **Leading Sub-Sectors**

#### **Best Products/Prospects**

- Natural, wholesome & healthy foods (including gluten-free, meat-free, functional foods)
- Wine
- Seafood
- Fresh fruit & vegetables
- Dried fruit & nuts
- Specialty sauces & condiments
- Snack foods
- Confectionery
- Wood pellets
- Beer (including micro-breweries)
- Soft Drinks

<b>Top 10 U.S. Agricultural Product Exports to the UK by Value &amp; Calendar Year</b>					
<b>(\$ Millions)</b>					
	2013	2014	2015	2016	2017
Other Value-Added Wood (including wood for fuel, finished wood products, builders joinery etc)	432	639	841	750	730
Wine & Beer	270	237	305	362	265
Tree Nuts (including coconuts, brazil nuts, cashew nuts, hazelnuts, almonds, chestnuts, pistachios, etc)	137	171	206	199	211
Distilled Spirits	161	179	231	122	186
Prepared Food	122	170	159	192	157
Fresh Fruit & Vegetables	106	97	98	147	117
Live Animals	73	91	73	82	87
Fish Products	133	142	130	104	82
Processed Fruit & Vegetables	93	112	110	86	78
Animal Fats	1.4	1.1	0.2	35	61

### **Opportunities**

Opportunities	Constraints
The scale of the U.S. food industry may offer price competitiveness on large volume orders.	Competition from EU member states (import duty payable on U.S. products).
The UK climate limits growing seasons and types of products grown.	Poultry and red meat imports are highly regulated by the EU; as are dairy product imports from the U.S.
The diversity of the U.S. population creates innovative food products and concepts which are often mirrored in the UK.	Must meet strict UK/EU/retailer rules on food safety, traceability, environmental issues and plant inspection.
The U.S. has a good brand image in UK. The U.S. is a popular destination for the UK tourist and familiarity with U.S. products is widespread.	Labels, including nutritional panels, need to be changed. Pack sizes and palletization may also need changing.

A common language means that the UK is a natural gateway into Europe.	Need to develop relationship with UK trade contacts and invest in marketing product.
The UK has a core group of experienced importers with a history of sourcing from the U.S.	Biotech (GMO) ingredients are not widely available/understood by the UK consumer; supply chain traceability required.
Strong interest in innovative products. Currently there is high interest in natural, “wholesome” and “health” food categories.	Taste buds differ, e.g. in the UK, popcorn is sweet, relishes are like jam, and spicy doesn’t mean high chili content.

**Web Resources**

The U.S. Department of Agriculture (USDA) is represented in the UK by the Foreign Agricultural Service (FAS) in the U.S. Embassy in London. FAS works to improve foreign market access for U.S. agricultural, fish and forestry products and operates programs designed to build new markets and improve the competitive position of U.S. agriculture in the global marketplace.

The primary role of FAS/London is to advise U.S. exporters and to increase U.S. market presence by focusing resources on viable product categories sought after by UK buyers. The FAS office also works on detection and elimination of trade barriers; analysis of and reporting on the UK agricultural situation, outlook and market opportunities for U.S. agricultural, fish and forest products; and representation of U.S. agricultural policies to UK trade and public. FAS/London works in conjunction with marketing partners such as U.S. trade associations, State departments of agriculture, small businesses and cooperatives to implement a unified export strategy.

FAS provide a range of services (free-of-charge) to assist U.S. exporters of agricultural products in achieving export success. More detailed information can be obtained by contacting:

FAS/London

Tel: +44 20 7891 3313

Email: [aglondon@fas.usda.gov](mailto:aglondon@fas.usda.gov)

Information on FAS global services can be found at [FAS Online](#)

## Civil Nuclear Energy

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

Strong political support and plans for expansion mark the UK as a significant opportunity for U.S. civil nuclear exports. Prospects for services beyond new plant construction, particularly decommissioning and advanced reactor development remain positive and growing. Robust foreign competition and financing are the chief obstacles for U.S. industry.

The UK nuclear energy sector generates 21% of the United Kingdom's electricity, using 15 operational nuclear reactors at eight plants, providing 9.5GW capacity. Almost half of this capacity is to be retired by 2025. The first of some 19 GW of new-generation plants are expected to be on line by about 2025. The estimated investment for this planned, future new nuclear capacity currently stands at \$90 billion and is estimated to create 30,000 jobs. No restriction on foreign equity is in place. The UK has implemented a very thorough assessment process for new reactor designs and their siting. The country also has full fuel cycle facilities from fuel manufacture and reactor operation through to reprocessing and recycling of nuclear materials followed by dismantling and decommissioning. The Nuclear Decommissioning Authority (NDA), which was established to supervise decommissioning and clean-up work, will be spending around \$4.5bn over the next couple of years.

The maturity and competitiveness of the UK nuclear energy market typically make product quality and performance, delivery timescales and costs key to market acceptance. Investing time and resources in getting to know the key stakeholders and establishing solid relationship is essential for succeeding in the UK civil nuclear market.

### Leading Sub-Sectors

#### Existing plants life extension

Existing nuclear plants include seven twin-unit AGR stations and one PWR, all owned and operated by EDF Energy, a wholly-owned subsidiary of the EDF Group (headquartered in France), one of Europe's largest energy groups. EDF Energy generates around one fifth of the UK's electricity and employs around 15,000 people. In the UK reactor life extensions are decided on commercial grounds by the owners in the context of 10-year safety reviews of all reactors undertaken by the Office for Nuclear Regulation (ONR), which in any case will shut down any plant considered unsafe. EDF Energy spends about \$800 million per year on plant upgrades to enable ongoing operation.

#### New build

The UK Government has put in place a number of enablers to facilitate new nuclear build, which include a generic licensing process, a streamlined planning consent process and designation of sites. Industry plans for new nuclear capacity can be broken down as follows:

Site	Type	Capacity (MWe)	Value (\$bn)	Construction Period	Start-up
EDF Energy Hinkley Point	EPR - 2 units (Areva)	3240	25 - 27	2018-2026	2026 first unit

Site	Type	Capacity (MWe)	Value (\$bn)	Construction Period	Start-up
					2027 second unit
EDF Energy Sizewell	EPR - 2 units (Areva)	3240	25 - 27	TBD	TBD
Horizon Oldbury B	ABWR - 2 units (Hitachi)	2760	13 - 14	TBD	Late 2020s
Horizon Wylfa	ABWR - 2 units (Hitachi)	2760	13 - 14	2019-2025	2025
NuGen Moorside	APR1400 - 2 units (Kepco)	2800	20 - 24	TBD	Late 2025 TBD
CGN Bradwell	Hualong One - 2 units (CGN)	2300	TBD	TBD	TBD

### Decommissioning

The NDA owns 19 nuclear sites across the UK and is responsible for delivering the decommissioning and clean-up of the UK's civil nuclear legacy in a safe and cost-effective manner, and where possible to accelerate programs of work that reduce hazard. It aims to do this by introducing innovation and contractor expertise through a series of competitions.

### Opportunities

#### New Build

##### *EDF Energy - Hinkley Point and Sizewell*

EDF Energy is proposing to build two Areva EPRs at Hinkley Point, Somerset, and two at Sizewell, Suffolk. The company was granted consent to construct and operate the first two at Hinkley Point in March 2013. EDF plans to have the first of these new reactors grid-connected by 2023. Pre-development costs there have already reached almost \$1.6 billion.

EDF has 66.5% share with China General Nuclear Corporation (CGN) taking the remaining 33.5% share. CGN's holding will be through its new company, General Nuclear International. EDF will act as architect-engineer, with 2023 as the target date for commissioning. Contractors include Areva for the reactor system, its fuel and control and instrumentation, worth £1.7 billion; Bouygues and Laing O'Rourke for civil engineering, worth over £2 billion; and Costain for cooling water intake tunnels. Alstom will provide two steam turbines and Rolls-Royce will provide some manufacturing of nuclear components. The total number of workers on the project could reach as high as 25,000, with a peak of 5600 on site at one time, and EDF estimating 900 permanent jobs when the units are operational.

### *Horizon – Oldbury and Wylfa*

Horizon Nuclear Power (owned by Hitachi) plans to build two 1.3GWe ABWRs at both Wylfa, Anglesey and Oldbury, Gloucestershire. Hitachi has applied for Generic Design Assessment (GDA) for its ABWR units, which process is expected to take until the end of 2017. Construction on the first unit at Wylfa is planned to begin in 2019 with startup in 2025.

Horizon signed an engineering and design contract with Hitachi-GE Nuclear Energy Ltd (HGNE) and in 2015 Hitachi incorporated in UK a new company Hitachi Nuclear Energy Europe Ltd (HNEE) which will represent the parent company in a proposed joint venture with Bechtel Management Co and JGC Corporation (based in Japan) has been set up in 2017 for the engineering, procurement and construction (EPC) of the project.

In June 2018, Hitachi and the UK government decided to enter into negotiations on the Wylfa Newydd project.

### *NuGeneration – Moorside*

The NuGeneration (NuGen) consortium (currently 100%-owned by Toshiba) plans to build nuclear reactors at Moorside, just north of the Sellafield site in Cumbria. In December 2017, it was announced that Korea Electric Power Corporation (Kepco) had been named as the preferred bidder to acquire 100% of the shares in NuGen. Subject to completion of the acquisition and UK government approval, two of Kepco's APR1400 reactors will be used at the site, replacing earlier plans for three Westinghouse AP1000 units.

### *Bradwell*

Bradwell in Essex, close to London, is the site of a decommissioned Magnox plant, with both reactors shut down in 2002. EDF and CGN agreed to form a joint venture company to advance plans for a new plant at Bradwell and seek regulatory approval for a UK version of the Chinese-designed Hualong One reactor. CGN has 66.5% share with EDF taking the remaining 33.5%share

### **Small Modular Reactors**

In the Industrial Strategy – Nuclear Sector Deal published in June 2018 , the UK Governemnt has laid out its commitment to developing and deploying advanced nuclear technologies by providing up approx \$75m for R&D for advanced modular reactors and setting out a new framework to support the development and deployment of small modular reactors (SMRs)

### **Decommissioning**

For the supply chain, [decommissioning](#) is a significant market with the NDS Nuclear Decommissioning Authority (NDA) planning to spend around \$4.5bn over the next couple of years.

### **Web Resources**

#### **Industry Events**

[World Nuclear Association Symposium](#)

September 4-7, 2018

London

#### **Trade Associations**

[Nuclear Industry Association](#)

#### **Government Departments**

[Department for Business, Energy & Industrial Strategy \(BEIS\)](#)

[Nuclear Decommissioning Authority](#)

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## **Cyber Security**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

The UK cyber security market is valued at over \$5 billion and is widely regarded as the largest cyber security market in Europe. Despite generally flat IT budgets, the increasing threat of cyber-attacks has led to greater spending on security in both the public and private sectors. According to the National Crime Agency cybercrime costs the UK economy many billions of pounds each year and can pose an existential threat to businesses. UK crime statistics now include online crime figures that show there were some 5.6 million offences committed in 2016. In 2017, 70% of large companies and 74% of SMEs reported that they had suffered a cyber breach.

The impact of cybercrime is difficult to quantify, but is estimated to cost the UK roughly up to \$30bn per year. The National Cyber Security Centre (NCSC) reports around 60 'high-level' cyber-attacks on the UK a month, many of which threaten national security.

The UK is facing increasing cyber security threats and this has led to an upsurge in spending on cyber security – both public and private sector. The Government is implementing its digital transformation agenda to move more and more services online. Citizen data needs to be protected.

The General Data Protection Regulation (GDPR) will drive future spending on cyber security as companies seek to comply with the regulation. Companies that suffer data breaches in the future will be liable for heavy penalties that could amount to as much as 4% of a company's global revenues.

In 2016 the UK Government issued its five-year National Cyber Security Strategy. This commits the Government to invest \$2.4 billion in order to defend critical national infrastructure and deter cyber-criminal activity. The strategy will also invest in growing the UK's cyber capability and developing the UK cyber security sector.

The National Cyber Security Centre (NCSC) will provide a hub of world-class expertise for businesses and individuals, as well as rapid response to major incidents. The NCSC includes the cyber section of the Centre for the Protection of National Infrastructure (CPNI).

### **Leading Sub-Sectors**

#### **Large Enterprises**

The bulk of the cyber security market is orientated around large commercial enterprises securing their day-to-day business. Financial services, utilities and transportation companies are large spenders.

#### **Public Sector**

Central and local government are investing heavily in securing health and education data, as well as new services that are being placed online – for instance universal credit.

#### **Defense and Security (D&S)**

The D&S market is relatively niche and is focused on securing the nation's secrets; involving the security and intelligence agencies, as well as the Ministry of Defence (MoD).

#### **Small and Medium sized Businesses**

Many small businesses are unprotected and are seen as an easy target for cyber criminals. The government is encouraging SMEs to adopt basic cyber hygiene standards. Some public procurement contracts stipulate minimum cyber requirements for supply chains.

## **Opportunities**

Opportunities exist to supply organizations of all sizes from SME to large corporations. However, the most substantial opportunities are to be found in organizations for which IT security is mission critical, e.g. major financial institutions, utilities and especially government departments (including Home Office, Ministry of Defence, Immigration and Border Protection, Revenue and Customs etc.).

The UK IT security market is open and many U.S. companies operate successfully in the UK. However, there are specific UK regulations of which U.S. companies should be aware, including: Data Protection Act, Privacy and electronic communication, Freedom of Information Act, and Environmental information. Further information on these regulations can be obtained from the UK [Information Commissioner's Office](#). Further information regarding issues relating to the hosting of personally identifiable information overseas can be obtained from [privacy shield](#).

The EU [General Data Protection Regulation \(GDPR\)](#) will have a profound effect on the way that data holders and data processors will be regulated.

Detailed information on GDPR is also available on the [U.S. Commercial Service Europe website](#)

Most public sector procurement contracts in the UK above a minimum value threshold are subject to formal EU procurement procedures. For small businesses hoping to compete for government contracts, this can create a significant challenge given the level of resources often required to respond to very detailed public sector tender notices.

## **Web Resources**

[UK Cyber Security Strategy](#)

[Infosecurity Magazine/ Cyber news](#)

[techUK](#)

## **Trade Event**

[Infosecuirty Europe](#)

June 4-6, 2019

London

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## Defense Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The [Defence Equipment Plan](#) of the Ministry of Defence (MOD) for the 10 years of 2017-2027 forecasts expenditure at approximately \$237 billion. However, according to a report from the UK's National Audit Office, the MOD's ten-year Equipment Plan is not affordable and does not provide a realistic forecast of the costs the MOD will have to meet over the next 10 years. To bring spending under control and to identify strategic national priorities, a Modernising Defence Programme (MDP) was initiated in January 2018. The MDP is made up of four strands, three of which are examining organization, efficiency management and business and commercial practices in the MOD, and a fourth examining capability and force structure. The MOD's intention was to publish the results of the review in late July but has been delayed to the late fall of 2018.

The UK has the world's 6th largest defense budget and, on a rolling 10-year basis, the UK is the second largest global exporter of defense equipment. Although the UK is a major exporter of defense equipment, the UK continues to be a major importer of defense equipment and the majority of this equipment is either advanced equipment from the U.S. or weapons systems won on a competitive tender awarded to overseas firms. In addition to its sourcing of materials from the U.S., the UK also sources significant quantities of equipment from suppliers on the European continent.

The UK remains committed to innovation and has committed \$1 billion over a ten-year period. The UK Secretary of State for Defence launched the Innovation Initiative to deliver innovation in defense through the [Defence and Security Accelerator](#) and the \$1 billion Defence Innovation Fund. It will take forward the best proposals, from inside and outside of the MOD, in an open competitive process. It will not seek to favor specific areas of innovation (for example technological, procedural) but will enable as broad a scope of innovation as possible.

### Leading Sub-Sectors

Specific equipment opportunities exist in:

#### Ships

\$23.4 billion (£19 billion) will be spent on surface ships over the next 10 years. This includes the completion of the two *Queen Elizabeth* class aircraft carriers, design and development of the Type 26 Global Combat Ship, four Tide class tankers and three Offshore Patrol Vessels.

#### Submarines

\$54 billion (£44 billion) will be spent on submarines over the next 10 years. This includes support to in-service submarines, delivery of seven Astute class submarines, Successor class submarine design, and the Trident missile system with the US and the British-French collaborative project.

#### Land Equipment

\$23.5 billion (£19.1 billion) will be spent on land equipment over the next 10 years. This includes the Warrior Capability Sustainment Program, the Challenger 2 Life Extension Program, and the Scout Specialist Vehicle and Utility Vehicle programs, which will replace a range of tracked armored vehicles reaching the end of their visible lifespan.

## **Weapons**

\$16.6 billion (£13.5 billion) will be spent on weapons systems over the next 10 years. This includes the Common Anti-Air Modular Missile (Camm), the manufacture of the maritime variant of Camm, and delivery of a new Future Anti-Surface Guided Weapon, which will be fitted in the Royal Navy's new Wildcat helicopters.

## **Combat Air**

\$22.1 billion (£18 billion) will be spent on combat air over the next 10 years. This includes Typhoon enhanced capability, delivery of the F-35 Lightning II project and Unmanned Air Systems.

## **Air Support**

\$20.4 billion (£16.6 billion) will be spent over the next 10 years. This includes the procurement of 9 Boeing P-8A Poseidon Maritime Patrol Aircrafts, the A400M future generation of strategic air transport, continuation of the Voyager transport and air-to-air refueling aircraft program, and the New Airseeker/Rivet Joint aircraft

## **Helicopters**

\$13 billion (£10.6 billion) will be spent on helicopter capabilities over the next 10 years. This includes upgrades to existing airframes, investment in new airframes and longer-term rationalization to four core helicopter fleets – Chinook, Merlin, Apache and Wildcat.

## **ISTAR**

\$5.6 billion (£4.6 billion) will be spent on ISTAR over the next 10 years. This investment includes spend on intelligence networks and applications; CBRN detection and countermeasures; operational surveillance systems and electronic countermeasures; air traffic management and tactical data links.

In addition, four technologies are emerging that have disruptive capability with the MOD, which are already starting to create an impact in the commercial world and will have an equally big impact on the way the MOD does business in the future:

### **Autonomous unmanned vehicles**

Although autonomous unmanned vehicles have been used by the MOD for a number of years, the MOD is looking to dramatically increase its use of autonomous unmanned vehicles for a variety of uses in the air, land, surface and sub-surface domains. Trials using autonomous vehicles for parcel delivery suggest they have the potential to provide logistical support in hostile environments or disaster-relief situations. The MOD and the UK Security Services have held several competitions with industry to evaluate the future use of autonomous unmanned vehicles.

### **3D printing and additive manufacturing**

The use of 3D printing is moving from one-off production and prototyping and is now transitioning into mainstream manufacturing and production with the establishment of 3D printer farms. A key advantage of manufacturers equipped with 3D printing is the ability to quickly re-program machines to respond to frequent demand changes. The MOD is encouraging engineers to explore ways to 3D print different materials together to produce cost-efficient and sustainable parts for the aerospace and defense industry.

## **Virtual Reality**

Virtual Reality (VR) is another technology that has been around for a number of years; flight simulators and shooting/gun houses are a prime example. However, what is different now is that VR systems are now available to anyone with a smartphone. As a result, innovation in VR has dramatically increased while the cost of VR technology has dramatically decreased. The MOD is looking to take advantage of the advancements in VR technology as well as the reduction in the cost of VR systems to modernize its training programs.

## **Artificial intelligence and big data**

The MOD is studying the use of artificial Intelligence (AI) and big data for its use in a variety of defense and security applications. The increasing availability of big data matched to intelligent systems has the ability to revolutionize the way the MOD operates. While intelligent systems evolve, however, cyber security concerns will become ever more important. Since most intelligent systems are currently networked, their susceptibility to cyber-attack remains a risk. Therefore, in the future these systems may operate more autonomously within a closed environment to minimize the vulnerability to attack.

## **Opportunities**

The UK defense industry is sophisticated and mature. Defense suppliers looking to export into the UK can expect to find a highly competitive environment and they must demonstrate a clear competitive advantage. A company with non-British ownership or without a presence in the UK is not necessarily at a competitive disadvantage compared with British firms seeking MOD business. However, a U.S. company must expect to commit both time and resources to enter or expand within the UK defense market. Selling through an established UK company is the least risky market entry strategy for most U.S. defense providers to enter into the UK defense supply chain.

Through the Defence and Security Accelerator, the MOD frequently holds industry engagement days and competitions to evaluate equipment and technology. The best way for U.S. companies desiring to engage in meaningful dialogue with the MOD is through these MOD sponsored industry days and competitions. For announcements on MOD events relevant to a particular defense sector, suppliers should consistently monitor announcements on the [Defence and Security Accelerator](#) website.

## **Web Resources**

### **MOD Defence Supplier Service**

The Defence Supplier Service (DSS) is the MOD focal point for the provision of advice and guidance to companies interested in becoming defense suppliers. Its staff explains how to become a UK defense supplier, and acts as a conduit between industry and the MOD program offices. To contact DSS, send an email to [DefComrclSRT-DSS@mod.uk](mailto:DefComrclSRT-DSS@mod.uk) or call +44 306 793 2832. In addition, there is a Doing Business with Defence Team that can be contacted at [dbscs-ecfinanceteam@mod.uk](mailto:dbscs-ecfinanceteam@mod.uk)

### **Defence Contracts Online**

MOD DCO is the official source of UK MOD contracts - giving you instant access to all of its contract opportunities in one place. [Access to DCO is completely free.](#)

## **Defence Science and Technology Laboratory**

The Defence Science and Technology Laboratory (Dstl) ensures that innovative science and technology contribute to the defense and security of the UK. To contact Dstl, send an email to [centralenquiries@dstl.gov.uk](mailto:centralenquiries@dstl.gov.uk) or call +44 198 095 0000.

### **DVD**

September 19-20, 2018  
Millbrook, UK

DVD2018 is for those involved in equipment and support for the UK's Land Forces. It will showcase the equipment and technology that can support a British Army that is fit to meet future challenges and embrace the need for continuous adaptation.

### **Defence Procurement, Research, Technology & Exportability (DPRTE)**

March 28, 2019  
Cardiff, UK

DPRTE provides a platform for both MOD and industry to connect in order to explore the key challenges, programs and future opportunities that exist within the defense acquisition supply chain.

### **DSEI**

September 12-15, 2019  
London, UK

One of the world's largest defense exhibitions, with 1,500 international exhibitors from 54 countries including 180 U.S. companies.

### **Farnborough International Airshow (FIA)**

July 2020  
Farnborough, UK

One of world's largest aerospace exhibitions, with 1500 exhibitors from 40 countries of which around 300 exhibitors are expected from the U.S.

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## **Design and Construction**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

The UK, the sixth largest global construction market outside the United States, is of strong interest to U.S. exporters. U.S. building products enjoy a strong reputation for quality and reliability in the UK, while import tariffs and regulatory requirements pose challenges.

The UK construction industry growth of 1.8 percent in 2017 was the slowest since 2012 and is predicted to slow even further to a virtual standstill later in 2018. Q1 of 2018 showed sharp decline in construction output. Best performing sub-sectors were housebuilding and infrastructure. However, the Government's continuous strong support to large infrastructure projects promises a steady pipeline of construction activities.

The Autumn Budget 2017 saw an increase to National Productivity Investment Fund (NPIF) that aims to support innovation, upgrade the UK's infrastructure and underpin the government's Industrial Strategy. The pipeline of infrastructure megaprojects with over \$640bn of planned public and private investment promises strong recovery for the sector in 2019-2022.

The UK has close proximity to European producers of high-quality products, as well as access to global suppliers of competitively priced building products. U.S. suppliers must overcome transport costs and deliver on product performance and post-sales service requirements to compete in the UK. To win sales may also require regular direct engagement with buyers to distinguish specific product performance vs. competitors and highlight a product's "green" performance attributes, in areas such as energy and water savings and indoor air quality improvement.

### **Leading Sub-Sectors**

The best prospects are innovative green products and smart technologies alongside disruptive technologies for digital construction.

U.S. architectural and engineering firms are well received in the UK. The UK is one of the largest markets for the U.S. Architectural and Engineering Services, although it should be noted that the competition in this market is very high.

Specifically, the U.S. is one of the top sources of the UK's imports for the sustainable building products (including heating, ventilation, air conditioning and refrigeration (HVACR), lighting, plumbing, insulation, wood, doors and windows, and glass). The specific sub-sectors with good prospects are fall under the following categories:

- Heating Ventilation Air Conditioning and Refrigeration (HVACR) - U.S. HVACR products are highly competitive in the UK, holding the second largest share of the import market after products from Germany.
- Insulation - U.S. insulation products are strongly competitive in the UK, claiming a 20.4 percent share of this subsector's import market. As a source of imported insulation products, the U.S. ranks second only after Germany, which holds only a slightly larger share of the import market at 20.9 percent.
- Lighting - In the lighting subsector, opportunities may exist in niche products and those at the cutting edge of green attributes. This relates to the emergent recognition of the non-visual effects of light, in terms of different spectrums and intensities of light impacting well-being, productivity, and overall comfort. There may be stronger opportunities for export of a wide range of higher-technology lighting products in schools, healthcare facilities, elder care facilities, offices, and sports facilities.

- Wood - The \$5.3 billion UK wood product import market has been growing steadily, posting nearly 14 percent compound annual growth during 2009-2014. Wood products from the United States claim a modest 3.3 percent of the UK's import market, growing at a rate of just 1.8 percent during the same five year period.

## Opportunities

Green building has a well-established history in the UK, and is embraced by both the public and private sectors. The voluntary Building Research Establishment Environmental Assessment Method (BREEAM) system for rating the sustainability of non-residential building designs arose two decades ago, and a mandatory Code for Sustainable Homes was introduced in 2006. In 2015 the Government in England has withdrawn it consolidating some standards into Building Regulations. BREEAM remains as a voluntary scheme. The majority of local planning authorities require that new buildings in the UK are certified and achieve high BREEAM ratings.

Specific initiatives within the policy environment surrounding green building continue to evolve. In 2015, the new UK Government eliminated the Green Deal policy, as it had failed to deliver its objectives, along with the Zero Carbon Homes policy to reduce net regulations on housebuilders. Still, the current Home Energy Efficiency Scheme stays rigorous and requires high green standards from building products. The Government heavily supports building of new homes in 2018 and 2019, which is hoped to increase UK construction activity.

In support of intelligent buildings, smart meters are being rolled out as standard across the country. The UK Government is also working to advance building performance from a perspective of resilience. By 2021, the UK Government has pledged to spend £2.3 billion for over 1,500 flood defense schemes across the country.

Significant projects currently under way or in planning stages are: Heathrow Airport Expansion (\$22bn), High Speed Rail 2 (HS2) (\$70bn), Thames Tideway Tunnel (\$2.3bn) and Crossrail 2 (\$30bn). In addition, the 2017 spring Budget included \$118m for the North and \$26m for the Midlands road networks.

The best prospects for infrastructure projects of this scale are for innovative and low carbon products and solutions alongside digital technologies.

## Web Resources

[Construction Products Association](#)

[Construction Industry Council](#)

[Association for Consultancy and Engineering](#)

[Royal Institute of Chartered Surveyors](#)

[Office for National Statistics](#)

[Building Magazine](#)

[UK Construction Week](#)

[Ecobuild](#)

[Homebuilding and Renovating Show](#)

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## Digital Healthcare

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The size, structure, and complexity of the UK's public healthcare system, the National Health Service (NHS), has created the need for a vast, efficient digital health infrastructure. Whilst successive governments have regarded digitalization as an essential component in tackling the social and economic challenges facing the NHS, the road to full digital maturity hasn't been easy. Progress is being made, for example within NHS England the larger of the four NHS systems, the current executive has committed the organization to become paperless and achieve a national interoperable electronic health records. It's also driving the adoption of innovative technologies to help clinicians and patients engage with the organization and monitor health. These initiatives demonstrate a strong commitment to making the NHS a fully digitalized organization, one capable of utilizing the latest innovation.

Whilst it's difficult to place an exact value of the digital health in the UK, this is already a very well developed and competitive market which plays host to numerous leading technology companies such as Cerner, IBM, Oracle, EMIS and BT. The market still offers a lot of opportunities for smaller companies and developers especially those offering innovative technology. Potential importers are advised to begin by gaining an in-depth understanding of their respective industry segment and building contacts to establish what's required within the market and to determine the best method of entry. It will also be necessary to adhere to relevant UK/European Union compliance rules or regulations.

The actual procurement route will vary depending on the product or service. Tender opportunities are frequently advertised by centralized organizations such as [NHS Digital](#), regional NHS trusts or collaborative procurement hubs. All public-sector bodies including NHS agencies are subject to European Union procurement law, which specifies that high value contracts must be advertised on European Union public procurement web site [Tenders Electronic Daily \(TED\)](#). In the UK, it is also mandatory for all public-sector organizations to advertise their procurement opportunities worth over £10,000 (\$13,000) on [Contracts Finder](#). Lower value contracts will be advised in local publications etc. Companies can also apply to join frameworks via web site such as the [G-Cloud](#) Digital Marketplace for suppliers of cloud software etc.

### Leading Sub-Sectors

Leading sub-sectors include apps, wearable technology; mHealth, health analytics (data analytics); AI technology, remote consultation and monitoring devices; assistive technology, telehealth/care.

### Opportunities

Opportunities exist in all areas of the healthcare sector including mental health; age-related treatments, monitoring and care; wellness and disease prevention; as well as long-term condition management. There's demand for innovative technology that can improve clinical outcomes, patient experience and save money.

Potential suppliers are also encouraged to explore opportunities within the other three devolved public healthcare systems [NHS Wales](#), [NHS Scotland](#), and [Health and Social Care \(HSC\) Northern Ireland](#).

### Web Resources

### Industry Events

[Digital Healthcare Show](#) co-located with [Health+Care](#) ExCel, London June 26-27, 2019

[UK e-Health Week](#) Olympia, London 2019 Dates tbc

## **Government Departments**

[Department of Health and Social Care](#)

[NHS Scotland](#)

[NHS Wales](#)

[Health and Social Care \(HSC\) Northern Ireland](#)

## **Trade Associations**

[HiMSS UK](#)

[techUK](#)

[ECHAlliance](#)

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## **Information Communication Technology (ICT)**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

The UK is one of the world's largest information communication technology (ICT) markets, with the country being in 2<sup>nd</sup> place in the ranking of ICT spending per head (U.S. is #1). The UK ICT sector covers digital goods and services including audio-visual (AV); e-commerce;

telecommunications; IT, software and computer and cloud services; artificial intelligence (AI); augmented and virtual reality (AR/VR); financial technology (FinTech); the internet of things (IOT)/smart cities and cyber security. Due to the importance of this industry segment, the UK market for cyber security is dealt in a separate best prospect.

The UK ICT sector contributed \$160 billion to the UK economy in 2016, increasing by over 20 % from 2011. The sector also accounts for 5% of all UK jobs. Imports of services by the UK ICT sector were almost \$25 billion in 2016, accounting for 14% of total UK service imports – approximately half of the imports were from the U.S.

### **Leading Sub-Sectors**

#### **IT, Software and Computer and Cloud Services**

This subsector contributed over \$45bn to the UK economy in 2016. About 100,000 software companies operate in the UK including major U.S. firms such as Microsoft, IBM and HP. Also the UK datacenter market is the largest in Europe generating new sources of demand for ICT providers.

#### **Artificial Intelligence (AI)**

In April 2018, the UK Government unveiled an artificial intelligence deal worth over \$1.3 billion, which is backed by 50 leading tech firms and nearly \$400 million of private investment.

#### **Augmented Reality and Virtual reality (AR/VR)**

The UK Government has announced an investment of up to \$47 million in areas including virtual reality, augmented reality and mixed reality. The announcement forms part of the Government's Industrial Strategy, which includes plan to grow artificial intelligence and data-driven economy. The UK is currently the largest market for VR/AR in Europe.

#### **FinTech**

London is one of the world's leading financial centers and a global hub for fintech innovation, advancement, and disruption. The market benefits from a major presence of financial firms from around the world and consistently attracts a high quality, diverse pool of financial services talent. The UK's regulatory bodies, including the Financial Conduct Authority (FCA) and Bank of England are praised by industry for their open, welcoming policies that foster innovation and support cutting edge, disruptive technologies. The FCA established a Regulatory Sandbox in 2014 to support fintech innovation and will open applications to its 5<sup>th</sup> cohort in the fall of 2018.

#### **IOT /Smart Cities**

IOT technology and services in the UK are growing rapidly specifically in applications within the healthcare, energy, transport, public sector and manufacturing industries. IOT/smart city projects are exceptionally well supported in the United Kingdom. The potential of London's smart city market alone could reach \$13.4 billion by 2020. The UK government is pushing for rapid and sustainable partnerships to realize its vision for future cities. The immense growth in this initiative is creating many opportunities for U.S. companies.

## Opportunities

Opportunities exist to supply organizations of all sizes -- from SME to large corporations-- with major opportunities found in industries with large IT spending e.g financial, utilities, manufacturing, public sector, retail.

Cloud computing offers significant growth opportunities: almost all software companies in the UK are using cloud and opportunities exist in both the public and private sectors for companies offering cloud or linked services. The UK government has been strongly supporting the adoption of [cloud technologies](#) over the past years with the G-Cloud frameworks allowing the government to buy directly from suppliers after reaching an agreement on basic terms of use.

Artificial intelligence and machine learning also present substantial prospects with the UK being home to some of the biggest names in the business such as Deepmind, Swiftkey and Babylon.

VR is the fastest growing segment of the UK's entertainment and media sector and growth will be driven by a second wave of hardware that is easier to use, better supported and competitively priced.

FinTech is an area of growth and opportunity in the UK market, particularly in the subsector areas of blockchain and insurtech.

IOT opportunities stretch across a variety of UK sectors including health and social care, power & utilities, transport, public sector, and manufacturing.

The UK ICT market is open with many U.S. companies operating successfully in the UK. Existing regulatory arrangements for the ICT sector are largely driven by the European Commission's [Digital Single Market \(DSM\)](#). The DSM includes initiatives on free flow of data; cyber security; e-Privacy; setting ICT standards; and intellectual property. Information can be obtained from the UK [Information Commissioner's Office](#). For information regarding issues relating to the hosting of personally identifiable information overseas, visit the U.S. Department of Commerce [Privacy Shield website](#).

Moreover, the EU [General Data Protection Regulation \(GDPR\)](#), which came into force May 25, 2018, will have a profound effect on the way that data holders and data processors will be regulated.

The EU [General Data Protection Regulation \(GDPR\)](#) will have a profound effect on the way that data holders and data processors will be regulated.

Detailed information on GDPR is also available on the [U.S. Commercial Service Europe website](#).

## Web Resources

[Guidance on ICT in the UK: investment opportunities](#)

[techUK](#)

[UK IT Association \(UKIT\)](#)

[IOT UK](#)

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## Medical Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The UK medical equipment market was valued at around \$10.6 billion in 2018. It has a strong foundation of approximately 2,500 mostly small to medium sized companies around the country, with clusters of activity in areas such as the South East of England and the Midlands. A large number of multi-national companies, including many of the leading U.S. medical device manufacturers have head offices or subsidiaries in the UK. The sector is also supported by firms offering associated goods or services, such as legal or regulatory expertise, R&D facilities and logistical services. As a significant percentage of domestically produced medical equipment is exported, the country has a large import market making it very receptive to new and innovative international technology.

The largest purchaser of medical equipment, the publicly funded National Health Service (NHS), accounts for approximately 85% of the country's healthcare provision. It receives funding from central government but is essentially managed as four separate segments: NHS Wales, NHS Scotland, HSC Northern Ireland, and NHS England, each one delivering strategy and services both centrally and locally, through regional local authorities and other public or private organizations. Within the largest of the four administrations, NHS England, there are around 211 general practitioner-led (GP) clinical commissioning groups (CCG's), which will receive combined funding of approximately two thirds of total NHS budget (\$98.8 billion) in 2018/19 to plan and commission NHS services for local patients; 10 ambulance trusts; 54 mental health trusts; and 152 acute hospital trusts. Most medical equipment procurement is carried out by the acute trusts which spend an average of \$6.6 billion on clinical supplies, including medical equipment, per year. They have the option of purchasing goods through centralized procurement bodies or hubs, procuring products individually, or by joining with other trusts to form consortia for procurement decisions.

The private health sector is considerably smaller and funded through health insurance, NHS referrals or self-pay patients. Its strengths lie in the provision of secondary and tertiary care, fields not traditionally offered by the NHS (cosmetic surgery) or where public sector service is limited (dental care). The acute hospital sector is dominated by a handful of major hospital groups such as HCA Healthcare, Circle Health, BMI Healthcare, Nuffield Health and Ramsey Healthcare. The nature of the UK healthcare market means that private growth is closely linked to public sector performance, policy and public funding for core services.

Financial pressures will continue to influence purchasing decisions by NHS trusts over the coming year. However, it's widely understood that investment in new equipment is an essential component of providing efficient, quality care. The government has demonstrated a commitment to the uptake of innovative technology through the work of agencies such as the [NHS Academic Health Science Networks](#). The sector will also focus on trying to determine the potential impact of the UK's departure from the European (EU) in March 2019 on the existing regulatory environment (medical device regulations, clinical trials, intellectual property etc.), free movement of goods, and workforce etc.

### Leading Sub-Sectors

Leading sub-sectors for local companies include orthopedic equipment, hospital hardware and single use devices. The U.S. is a leading supplier of diagnostic, dental, orthopedic equipment and high quality wound care products to the UK.

The best sales prospects for U.S. manufactured medical equipment are expected to be in the following areas: assistive technologies; electronic monitoring equipment; home care technology; cancer care technology, rehabilitation equipment; and diagnostics.

### **Opportunities**

The NHS is a large and competitive organization that has a constant need for new products and services. In the UK, it is mandatory for all public sector organizations to advertise their procurement opportunities worth over £10,000 (\$13,000) on [Contracts Finder](#). NHS Supply Chain also provides a list of tender opportunities on its [procurement calendar](#). Firms can also register on the Supplying to the [NHS Procurement Portal](#) to receive updates on contract opportunities.

NHS agencies such as [SBRI Healthcare](#) frequently host competitions in which companies are invited to bid for funding to develop innovative solutions for particular health needs.

Under the 'Any qualified provider scheme' (AQP) NHS patients with certain medical conditions, treatment or care requirements, have the choice of using the services of a range of approved public or private providers. These services, regardless of the provider, remain free at the point of delivery to patients. A provider must be licensed by the healthcare regulator, the Care Quality Commission (CQC), before it can provide services. AQP contracts are advertised on the New Contracts Finder web site. (Type AQP into the keyword search box).

Although the private segment is smaller, opportunities exist for companies to supply private hospital, residential, and nursing facilities with equipment.

### **Web Resources**

#### **Industry Events**

##### [Health and Care Innovation Expo 2016](#)

September 5-6, 2018

Manchester Central

##### [Naidex](#) (disability and rehabilitation equipment)

March 26-27, 2019

NEC Birmingham

##### [Neurological Rehabilitation Convention](#)

April 3-4, 2019

Excel London

##### [Elite Sports, COPA](#) (rehabilitation) and [Elevate](#) (physical activity)

June 7-8, 2019

ExCel London

##### [Health+Care & Digital Healthcare Show](#)

June 26-27, 2019

ExCel London

### **Government Departments**

#### [Department of Health and Social Care](#)

#### [NHS Scotland](#)

#### [NHS Wales](#)

[Health and Social Care Northern Ireland](#)

**Procurement Opportunities**

[Tenders Electronic Daily](#)

[Contracts Finder](#)

[NHS Supply Chain](#)

**Trade Associations**

[The British Healthcare Trades Association \(BHTA\)](#)

[Association of British HealthTech Industries \(ABHI\)](#)

[British In-Vitro Diagnostics Association \(BIVDA\)](#)

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## **Safety and Security**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

The UK security and resilience market is valued at approximately \$13bn (resources vary) and is growing. The market continues to benefit from the focus on national security and counter terrorism, the need to guard against the increased threat of crime and the general demand for security products and services.

In the global security export market the UK is fifth, behind the US, Japan, China and Germany. The market is fragmented with a large proportion of SMEs. The US firms historically used the UK as a headquarters for access to the EU market. However, this might change because of the exit of the UK from the European Union (also known as Brexit) due in March 2019. The final exit deal and its impact on trading between the UK and EU was not known at the time of writing (July 2018).

While the threat from terrorism to the UK as a whole is high, the current terrorist threat to the national infrastructure can be characterized as generally limited. The exception is transport which continues to face high levels of threat. Generally higher levels of effective and visible protective security at national infrastructure sites are likely to act as a deterrent to terrorists, who increasingly favor 'soft' targets. Nevertheless, with the continual diversification of the threat, the ambition and capability of terrorist groups to target UK infrastructure is likely to continue to evolve.

The UK Government's national security technology procurement strategy emphasizes the need for commercial off-the-shelf solutions from well-established suppliers that can be deployed quickly, suggesting a good opportunity for U.S. companies with a strong existing track record in the U.S. The constant terrorism threat raises the need for new technology and product innovation. Although the demand for security services such as consultancy, training, guarding and risk analysis is also growing, the UK market is highly competitive and can represent challenges for U.S. businesses, as the local companies are seen as one of the world leaders in this sub-sector.

There are an estimated 2,000 companies in the UK that specify in the design, manufacturing and supply of security equipment in the UK. All the main U.S. suppliers typically do well in the UK. British companies operating in the market vary in size from small niche companies through to a handful of major UK-owned global operators such as BAE Systems, Smith Group, etc. Foreign players active in the UK include Ansell, Draeger, EADS, Thales and Finmeccanica. A number of the major global and European companies have presence in the UK.

While the UK market is substantial, mature and growing rapidly, there can be significant challenges to newcomers with no previous track record in the UK. For that reason, it is strongly advised to consider partnering with an established local partner. For UK government-related opportunities, it is often important to have a UK incorporated presence.

### **Leading Sub-Sectors**

#### **Access Control and Identity Management**

There has been an increase in the call for solutions that combat the growing threat of identity theft. Demand for solutions that help enhance retail, property and personal security remains. Biometrics are at the forefront of the opportunities in this sub-segment.

#### **Screening and Detection**

As a result of the increased threats of international terrorism in Europe, there is a call for higher investments in national security and counter terrorism, which indicates steady growth for this market in the coming years.

In addition, the need for increased security at airports and other high profile national locations continues to drive the demand for better and more sophisticated screening solutions from which U.S. companies offering advanced technologies in this sub-sectors can benefit.

### **Surveillance**

In the area of surveillance systems the demand is for innovation; increased complex risks mean that customers require more agile solutions. Customers' demand dictates that analog CCTV is replaced by IP surveillance systems with added functionalities such as facial recognition and incorporation of interface with smartphone technologies. The UK also follows the global trend of tailoring solutions for each customer of security products. The thermal imaging market is also expected to grow significantly over the next three years with video surveillance representing the largest contributing growth.

### **Opportunities**

Large investments in critical national infrastructure create opportunities particularly for the following types of products: Security screening (improved speed and convenience), biometric, connectivity, crowd management, hostile vehicle protection, security solution for soft targets, physical protection of assets, intelligent surveillance, anti-drone systems, blast proofing, containment, and predictive strategic security.

In addition, Fire Equipment is a Safety market sub-segment that is experiencing a raise in demand in the wake of the widely publicized Grenfell Tower fire disaster.

### **Web Resources**

[ASIS International](#)

[British Security Industry Association](#)

[Association of Security Consultants](#)

[Security and Counter terror Expo](#)

March 5-6, 2019

Olympia, London

[IFSEC International](#)

June 18-20, 2019

Excel, London

[International Security Expo](#)

November 28-29, 2018

Olympia, London

[Security and Policing Expo](#)

March 5-7, 2019

Farnborough International Exhibition and Conference Centre

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## Smart Grids

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The United Kingdom has quickly developed into one of the most attractive markets in the world for advanced smart grid technology and applications. Thanks to a highly competitive electricity sector and recent efforts by the government and regulators, the UK market offers many prospects: UK public and private organizations are investing in grid upgrades, creating significant business opportunities for U.S. companies that have developed innovative products, services or technologies related to the smart grids ICT segment. Increasing demand, constrained supply, emphasis on energy security and challenging carbon reduction targets driving transformation in energy and utilities and smart grids technologies will play a key role in this space.

### Leading Sub-Sectors

Target sectors holding high potential for U.S exporters include:

- Smart meters and advanced metering infrastructure
- Communication and data management software
- Grid optimization and automation technologies
- Demand response and control systems
- Energy management for distributed generation and storage
- Cyber security software and services
- Consumer engagement platforms and services

### Opportunities

United Kingdom purchasers of U.S. smart grid goods and services include generation, transmission, and distribution companies. The UK gas and electricity market is unbundled (non-vertically integrated) and the major stakeholders involved in the implementation of smart grids include:

- Suppliers: British Gas, EDF Energy, E.ON UK, RWE npower, Scottish Power and SSE (this six organizations are known as the “Big 6” and control 95% of the energy retail market);
- Transmission networks operators: National Grid, Scottish Power Transmission, Scottish Hydro Electric Transmission and Northern Ireland Electricity; and
- Distribution networks operators: Electricity North West, Northern Ireland Electricity, Northern PowerGrid, SP Energy Networks, SSE Power Distribution, UK Power Networks and Western Power Distribution.

The UK smart meter roll-out program will see a \$18 billion investment in the mass roll-out of 53 million smart meters to all homes and small businesses, beginning in 2016 and to be completed by 2020. The ‘Big 6’ energy suppliers are leading the rollout, coordinated by government with industry support. It will be governed by industry regulator Ofgem once the meters are in place. There are now over 10 million smart and advanced meters operating across homes and businesses in Great Britain, by both large and small energy suppliers, a 71 per cent increase on the number of meters in operation as at 31 December 2016.

The ICT community provide the ‘smart’ to a traditional industry via:

- Communications Services – Transferring huge new volumes of energy data to the centralized Data and Communication company (DCC)
- Data Services – Controlling, securing and using that data to improve the energy system
- Consumer Access Devices – Engaging customers in their energy usage and building on this to develop an integrated ‘smart home’

The [Energy Networks Association Smart Networks Portal](#) lists the various UK smart grids projects funded by the government and is a good resource to find out the major players (potential buyers and partners for U.S. companies) involved in this space. Currently there are over 1,600 smart grid projects in the UK.

Through a Network Innovation Stimulus, Ofgem is providing backing to innovative projects which aim to help make the energy networks smarter, and accelerate the development of a low carbon energy sector and delivering financial benefits to consumers. The Stimulus includes two annual Network Innovation Competitions (NICs): one for electricity network companies and one for gas network companies. Through the NICs network companies compete for funding for the research, development and demonstration of new technologies, operating and commercial arrangements.

Development of the UK smart grid is creating opportunities for traditional energy infrastructure vendors while opening the market to new players. Traditional vendors will benefit from large-scale renewal of utility assets as customer and grid applications are deployed and will be able to differentiate their product lines through increased functionality and integration with other smart technologies. New players – IT providers, networking and telecommunications companies, and systems integrators – will benefit from major technologies investments.

Capturing these opportunities however will not be easy: competition is stiff, and U.S. solutions providers need to develop a compelling business model:

- Deep understanding of where the value is in the evolving smart grid. Utilities are demanding more clearly articulated value propositions, e.g., reduced operating costs, increased grid efficiency, improved customer engagement
- Sound grasp of government and regulatory incentives and impact of legislation
- Appreciation of long sales cycles that characterize the utility procurement processes
- Provision of interoperable, secure, flexible solutions. From the utility perspective, getting secure, future-proofed products has become a top priority. In the rapidly changing smart grid environment, utility customers are attaching greater importance to flexibility offered to incorporate future smart grid elements (e.g. distributed generation, electric vehicles, distributed storage)
- The ability to identify and manage partnerships to provide multi-disciplinary solutions. Utilities now face the prospect of dealing with dozens of providers to implement a single smart grid project. Technology providers must customize their solutions and be prepared to partner. All U.S. companies (from large to small) doing business in the UK are collaborating with partners

## **Web Resources**

### **Industry Events**

[Low Carbon Networks & Innovation Conference](#)

16-17 October, 2018

Telford

**Trade Associations:** [Energy Networks Association](#)

**Government Departments:** [Department for Business, Energy & Industrial Strategy \(BEIS\)](#)

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## Travel and Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

Despite a strong dollar and an uncertain political climate in Britain, the United Kingdom again sent a record breaking number of visitors abroad globally in 2017 and continues to represent a sizable opportunity for U.S. travel suppliers. The UK ranks third in overall arrivals to the United States (behind Canada and Mexico, respectively), and thus the UK is the number one overseas market. UK spending globally is on the rise, however, UK spending in the United States has seen a significant decline (11%) between 2016 and 2017.

	2015	2016	2017	2018 (estimate)
UK Visits Abroad to All Countries (in millions)	65.7	70.8	72.8	72.8
UK Visits Abroad To USA (in millions)	3.5	3.6	3.4	3.4
UK Expenditure Abroad to All Countries (in \$ billion, £1 = \$1.23)	47.97	53.87	55.10	54.00
UK Expenditure Abroad To USA (in \$ billion, £1 = \$1.23)	5.47	5.89	5.26	5.10

Source: UK Office of National Statistics, Travel Trends 2017

After a sharp fall in 2009 due to global recession, UK outbound visitor numbers have increased every year since 2012, reaching a new peak in 2017. According to Travel Trends 2017 (published by the UK Office for National Statistics (ONS)), there were 72.8 million visits abroad by UK residents in 2017. This 3% increase comfortably surpassed the previous visitor record of 70.8 million set in 2016. UK visitor spending abroad globally rose 2% between 2016 and 2017, however, UK visitor spending in the United States declined 11% from the previous year, falling from \$5.89 billion in 2016 to \$5.26 billion in 2017.

Depending on seasonality, there are an average of 1,000 direct flights between the US and UK each week. Major airlines with US routes include: American Airlines, British Airways, Delta Airlines, United Airlines, and Virgin Atlantic Airways. U.S. destinations are also serviced by two major disruptor airlines (Icelandic, Norwegian), as well as three major charter carriers (Jet2, Thomas Cook, and Thomson). The top 10 U.S. cities with most frequent service are (in order): New York (JFK), Newark (EWR), Chicago (ORD), Los Angeles (LAX), Orlando (MCO), Boston (BOS), San Francisco (SFO), Dulles (IAD), Atlanta (ATL), and Miami (MIA).

According to research conducted by the Association for British Travel Agents (ABTA), online channels are the most popular method of booking vacation travel and are continuing to grow. In-person or in-store bookings are the second most popular method and remain steady in the degree of their popularity. For those using online channels to book, a PC or laptop is the most popular device followed by tablets and mobile phones. The adoption of mobile phones to book travel, across all age groups, is growing.

### Leading Sub-Sectors

According to the 2016 Market Profile for the UK (produced by NTTO), the top four U.S. state destinations for UK visitors are (in order): Florida, New York, California, and Nevada. New York remains the number one U.S. city visited by UK travellers, and Orlando retains its number two ranking. The top reason for UK visitation to the U.S. is vacation, followed by visiting friends/relatives. Shopping is the number one activity of UK travelers, followed by Sightseeing, National Parks, and Fine Dining. The fifth most popular activity in 2016 was Guided Tours, which grew over 2% to replace Small Towns/Countryside.

### **Opportunities**

The UK traveler is often a repeat visitor, which presents an opportunity for destinations and offerings beyond the traditional gateways. The National Park Service celebrated its centennial in August 2016, which continues to generate considerable interest in this segment. Culinary tourism and authenticity (seeing the 'real' America) continue to trend with UK travelers. Cultural tourism, musical heritage, small towns, and historical sites also represent opportunities to attract UK travelers. The weak Pound (though expected to impact the budget-conscious traveler) also presents an opportunity for U.S. travel suppliers in terms of more affordable marketing or representation spend in the UK economy.

### **Web Resources**

#### **Industry Events:**

[World Travel Market](#)

November 5-7, 2018

ExCel, London

[IPW 2019](#)

June 1-5, 2019

Anaheim, California

[IPW 2020](#)

May 30-June 3, 2020

Las Vegas, Nevada

#### **Trade Associations:**

[Brand USA](#)

[U.S. Travel Association](#)

[Visit USA UK Association \(VUSA\)](#)

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## Customs, Regulations & Standards

### Trade Barriers

The UK has no significant trade or investment barriers and no restrictions on the transfer of capital or repatriation of profits. The few barriers that exist are almost all attributable to UK implementation of EU Directives and regulations. For information on existing trade barriers, please see the [National Trade Estimate Report on Foreign Trade Barriers](#), published by Office of the United States Trade Representative (USTR).

#### [Agricultural Trade Barriers](#)

To report existing or new trade barriers and to get assistance in removing them, contact either the: [Trade Compliance Center](#) or [U.S. Mission to the European Union](#)

For more information and help with trade barriers please contact:

International Trade Administration

[Enforcement and Compliance](#)

Tel: (202) 482-0063

ECCcommunications@trade.gov

### Import Tariff

Customs duty is assessed on the fair market value of imported goods at the time they are landed in the UK. Import prices for products entering the UK from non-EU states generally consist of: Cost, Insurance, Freight and Duty, with standard VAT of 20% levied on the aggregate value.

The commercial invoice value is usually accepted as the normal price, but if a preferential arrangement has been established between the overseas supplier and the importer, or an unrealistic value has been declared, HM Revenue and Customs (HMRC) reserves the right to assess a fair market value for duty purposes. The duty is payable at the time the goods are imported, but established importers can defer payment for, on average, 30 days. In addition to customs duties on imported goods, an excise tax is levied on in-country sales of alcohol, tobacco, and road vehicles, and on sales of oil and petroleum products.

The applicable import duty and excise tax rates can be obtained from U.S. Department of Commerce Export Assistance Centers.

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. In the UK, the [Tariff database](#) is maintained by HMRC.

### Import Requirements & Documentation

An import license is not needed to import the majority of industrial goods into the UK or EU. However, some industrial goods require import licenses issued by the Import Licensing Branch (ILB) as a result of controls imposed at national, EU or UN level. ILB publicizes these restrictions by issuing Notices to Importers. The Department for International Trade's (DIT) Import Licensing Branch is the UK licensing authority. A list of EU licensing authorities is available by contacting the DIT Import Licensing Branch import controls:

[enquiries.ilb@trade.gov.uk](mailto:enquiries.ilb@trade.gov.uk). The Department of International Trade provide further guidance on [import controls](#).

There are numerous goods which are currently subject to [import controls](#), whether because they are banned, subject to quotas or where the import is monitored with licenses. . Examples of goods currently banned include offensive weapons (i.e. switch blades), self-defense sprays (i.e. pepper spray) and rough diamonds. The import of firearms is subject to monitoring.

### **Labeling/Marking Requirements**

In the UK, origin, weight and dimension, chemical composition and appropriate hazard warnings are required for consumer protection purposes on any product offered for retail sale. If the product cannot be labeled or marked, the data may be included on any packaging, accompanying printed material, or product literature. European and British clothing and shoe sizes are differently marked, and special provision may have to be made for apparel retail labeling. Dual labeling is strongly supported by the UK, which uses the practice as a cost-saving measure in its exports to North America.

#### **Labeling and Marking**

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all [labels](#) require metric units although dual labeling using Imperial measurements is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council [Directive 2007/45/EC](#) harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

#### **The Eco-label**

The [EU eco-label](#) is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently 13 different product groups, and more than 17,000 licenses have been awarded.

Applications to display the eco-label should be directed to the competent body of the member state in which the product is sold. The application fee will be somewhere between £290 and £1555 depending on the tests required to verify if the product is eligible, and an annual fee for the use of the logo (typically between £445 to £2250), with a 30% reduction for companies registered under the EU Eco-Management and Audit Scheme (EMAS) or 15% if certified under the international standard ISO 14001. Discounts are available for small and medium sized enterprises (SMEs).

### **U.S. Export Controls**

An export license grants permission to conduct a certain type of export transaction. Most export transactions do not require specific approval in the form of licenses from the U.S. Government. It is up to the exporter to determine whether the product requires a license and to research the end use of the product.

#### **Department of State**

The U.S. Government views the sale, export, and retransfer of defense articles and defense services as an integral part of safeguarding U.S. national security and furthering U.S. foreign policy objectives. The [Directorate of Defense Trade Controls](#) (DDTC) and the International Traffic in Arms Regulations (ITAR) control the export and temporary import of defense articles and defense services covered by the United States Munitions List (USML).

### **Department of Commerce**

[The Bureau of Industry and Security \(BIS\)](#) deals with items involving national security and high technology that are not covered by ITAR. BIS's activities include regulating the export of sensitive goods and dual-use technologies along with a range of other activities. Items on the Commerce Control List (CCL) - which includes many sensitive goods and technologies such as encryption software - require a permit from the Department of Commerce before they can be exported. To determine whether an export permit is required, an Export Control Classification Number (ECCN) is used:

### **Nuclear Regulatory Commission**

[The Nuclear Regulatory Commission](#) has responsibility for licensing the export of nuclear materials and equipment.

### **Department of Energy**

The Office of Imports and Exports, under the Office of Fossil Energy in the Department of Energy, regulates the export of natural gas and electric power:

### **Food and Drug Administration (FDA)**

[The U.S. Food and Drug Administration's \(FDA\) Office of International Programs](#) provides exporters with an interpretation and understanding of the implementation of the provisions of the Federal Food, Drug, and Cosmetic Act (FD&C Act), which relates to the safety of food, drugs, and cosmetics:

### **Department of Agriculture**

[The Food Safety and Inspection Service](#) at USDA guides exporters in exporting meat, poultry, and egg products, including packaging, labeling and other special conditions:

Re-exports from the UK and the activities of UK-based subsidiaries are subject not only to ITAR but also to UK export controls. These are managed by the [Export Control Organisation \(ECO\)](#), an office of the UK Department for International Trade. U.S. companies supplying certain restricted items appearing on the UK Military List, including missile and long-range UAV technology, are encouraged to consult guidance available from the ECO website.

The [Consolidated Screening List \(CSL\)](#) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. On the link provided, under "Tools" are links to the CSL search engine, downloadable CSL files, and the CSL Application Programming Interface (API), all consisting of the consolidation of multiple export screening lists of the Departments of Commerce, State and the Treasury.

### **Temporary Entry**

The [Carnet](#) is a system allowing the free movement of goods across frontiers and their temporary admission into a Customs territory with relief from duties and taxes. The goods are covered by a single document known as the ATA carnet that is secured by an international guarantee system. The term "ATA" is a combination of the initial letters of the French words "Admission Temporaire" and the English words "Temporary Admission".

With this system, the international business community enjoys considerable simplification of Customs formalities. The ATA carnet serves as a goods declaration at export, transit and import. Almost everything from the ordinary to the extraordinary, the usual and unusual; computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, medial appliances and aircraft, etc.

No import duties or taxes are collected for the temporary importation of goods covered by the system since internationally valid security has been established by the national associations issuing the ATA carnets. These national associations are approved by Customs and are affiliated to an international guaranteeing chain administered by the [International Chamber of Commerce World Chambers Federation \(ICC/WCF\)](#).

When showing commercial samples to customers or potential customers, demonstration of professional equipment for use at a trade fair or transporting equipment to provide a service, the ATA carnet is now the document most widely used by the business community for international operations involving temporary admission of goods.

### [Importing personal belongings into the UK](#)

#### **Prohibited & Restricted Imports**

There are certain goods that cannot be brought into the UK under any circumstances, and some goods that are restricted. This is to protect the UK from crime, pests and diseases. The following goods are banned completely regardless of country of origin: illicit drugs, offensive weapons such as flick and gravity knives, self-defense sprays such as pepper and CS gas sprays, indecent and obscene material rough diamonds and personal imports of meat and dairy products from most non-EU countries. The UK government provides current and complete information on [banned or restricted goods](#).

The UK participates in the Wassenaar Arrangement for the control of dual-use exports; the Australia Group (AG) for the control of chemical and biological weapons; and the Nuclear Suppliers' Group (NSG) for nuclear-related goods, preventing the export of restricted goods and technology to countries of proliferation concern. The UK also supports United Nations' sanctions restricting exports to certain other destinations. Although sensitive to the extraterritorial application of U.S. law in export controls, the UK authorities cooperate with the U.S. in preventing the re-export of sensitive goods and technology of U.S.-origin to unauthorized destinations, when the enforcement action is based on multilateral controls.

The UK is a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, an international agreement between governments that came into force in 1975. The import, export and use for commercial gain of certain species requires a CITES permit.

[Animal and Plant Health Agency's Centre](#) for International Trade - Bristol is the part of the UK CITES management authority responsible for dealing with CITES applications.

The [UK Forrestry Commision](#) is responsible for forrestry in the UK and it [controls the import](#) of certain wood, wood products and bask.

#### **Customs Regulations**

The documents required for shipments include the commercial invoice, bill of lading or airway bill, packing list, insurance documents, and, when required, special certificates of origin, sanitation, ownership, etc.

A copy of the commercial invoice should accompany the shipment to avoid delays in customs clearance. It is worth noting that imprecise descriptions are a common reason for goods being held without customs clearance, meaning that a clear description of the goods is essential and should be worded in such a way as to describe the goods to an individual who may not necessarily have an understanding of a particular industry or article. A

clear description of goods should satisfy three basic questions as to what the product is, for what is it used, and of what it is made.

No special form of invoice is required, but all of the details needed to establish the true value of the goods should be given. At least two additional copies of the invoice should be sent to the consignees to facilitate customs clearance. Consular documents are not required for shipments to the UK. The UK government provides [guidance on imports](#).

## **Standards for Trade**

### **Overview**

Products tested and certified in the United States to U.S. regulations and standards are likely to have to be retested and re-certified to European Union (EU) requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements. The [British Standards Institute](#) is regularly active group that represents the UK in proposing new work in ISO and IEC.

To improve the Internal Market for goods and strengthen the conditions for placing a wide range of products on the EU Market, the [New Legislative Framework](#) was adopted in 2008. It is a package of measures that aim to improve market surveillance and boost the quality of conformity assessments. It also clarifies the use of CE marking and creates a toolbox of measures for use in product legislation.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

### **Agricultural Standards and EU law on food information to consumers**

The [Regulation \(EU\) No 1169/2011](#) on the provision of food information to consumers entered into application on **13 December 2014**. The law **combined 2 Directives into one legislation**: [2000/13/EC](#) - Labelling, presentation and advertising of foodstuffs (applicable until 12 December 2014) and [90/496/EEC](#) - Nutrition labelling for foodstuffs.

[Foreign Agricultural Service](#)'s office in the U.S. Mission to the European Union represents the interests of U.S. farmers and the U.S. food and agricultural sector in the European Union. Its main mission is to improve market access for U.S. products and provide information to U.S. exporters on how to comply with EU rules. On its website you will find information on EU regulatory actions that may affect U.S. agricultural exports, trade policy and commodity analysis, how the EU works and much more.

### **Standards**

Standards are technical specifications defining requirements for products, production processes, services or test-methods. These specifications are voluntary. They are developed by industry and market actors following some basic principles such as consensus, openness, transparency and non-discrimination. Standards ensure interoperability and safety, reduce costs and facilitate companies' integration in the value chain and trade.

European Standards are under the responsibility of the European Standardisation Organisations ([CEN](#), [CENELEC](#), [ETSI](#)) and can be used to support EU legislation and policies.

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the EU member states, which have "mirror committees" that monitor and delegate experts to participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct

participation in its technical committees from non-EU companies that have interests in Europe and provides some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the [European Standards Organization](#) for harmonized standards that will be linked to EU technical legislation.

To know what [CEN](#) and [CENELEC](#) have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "what we do" page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI's [portal](#) links to ongoing activities.

The [European Standardization Policy](#) has played a leading role in creating the EU Single Market. Standards support market-based competition and help ensure the interoperability of complementary products and services. They reduce costs, improve safety, and enhance competition. Due to their role in protecting health, safety, security, and the environment, standards are important to the public. The EU has an active standardization policy that promotes standards as a way to better regulation and enhance the competitiveness of European industry.

## **Testing, Inspection and Certification**

### **Conformity Assessment**

[Conformity Assessment](#) is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system.

To promote market acceptance of the final product, there are several voluntary conformity assessment programs. CEN's certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

### **Product Certification**

To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. The CE marking process is very complex and this section attempts to provide some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the [declaration of conformity](#) (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

### **Accreditation**

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"[European Accreditation](#)" is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

[UKAS](#) is the UK's National Accreditation Body, responsible for determining, in the public interest, the technical competence and integrity of organizations such as those offering testing, calibration and certification services.

### **Publication of Technical Regulations**

The [Official Journal](#) is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more. It also lists the standards reference numbers linked to EU legislation.

The (EU) 2015/1535 procedure aims to prevent creating barriers in the internal market before they materialize. Member States notify their legislative projects regarding products and Information Society services to the Commission which analyses these projects in the light of EU legislation. Member States participate on the equal foot with the Commission in this procedure and they can also issue their opinions on the notified drafts.

The [Technical Regulation Information System](#) helps you to be informed about new draft technical regulations, allows you to participate in the 2015/1535 procedure and is also a tool of dialogue between the Commission that allows interested parties to comment.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the [National Institute of Standards and Technology](#), part of the U.S. Department of Commerce.

### **Contact Information**

U.S. Commercial Service to the EU

Standards Attaché

Please contact Yasue Pai:

[yasue.pai@trade.gov](mailto:yasue.pai@trade.gov)

Tel: +32 2 811 5328

[National Institute of Standard & Technology \(NIST\)](#)

Gordon Gillerman Standards Coordination Office

NIST, 100 Bureau Drive, Mail Stop 2100

Gaithersburg, MD 20899-2100

[sco@nist.gov](mailto:sco@nist.gov)

Tel: 301.975.4000

CEN- European Committee for Standardization

CEN-CENELEC Management Centre

Rue de la Science 23

B - 1040 Brussels, Belgium

Tel: + 32 2 550 08 11

<http://www.cen.eu/>

CENELEC- European Committee for Electrotechnical Standardization

Avenue Marnix 17

B - 1000 Brussels, Belgium

Tel: 32.2.519.68.71

<http://www.cenelec.eu/>

ETSI- European Telecommunications Standards Institute

Route des Lucioles 650

Sophia Antipolis

F-06560 Valbonne France

Tel: 33.4.92.94.42.00

<http://www.etsi.org/>

SBS- Small Business Standards

4, Rue Jacques de Lalaing

B-1040 Brussels

Tel: 32.2.285.07.27

<http://sbs-sme.eu/>

ANEC- European Association for the Co-ordination of Consumer Representation in Standardization

Avenue de Tervuren 32, Box 27

B – 1040 Brussels, Belgium

Tel: 32.2.743.24.70

<https://www.anec.eu/>

ECOS- European Environmental Citizens Organization for Standardization

Rue d'Edimbourg 26

B – 1050 Brussels, Belgium

Tel: 32.2.894.46.68

<http://ecostandard.org/>

EOTA- European Organization for Technical Assessment

Avenue des Arts 40

B – 1040 Brussels, Belgium

Tel: 32.2.502.69.00

<https://www.eota.eu>

British Standards Institution

389 Chiswick High Road

London

W4 4AL

United Kingdom

Tel: +44 208 996 90 00

<https://www.bsigroup.com/en-GB>

### **Trade Agreements**

The UK participates in the free [trade arrangements](#) of the European Union (EU) and European Free Trade Association (EFTA), and is a member of the World Trade Organization (WTO). For a list of trade agreements with the EU and its member states, as well as concise explanations, please see:

U.S.-UK Defense Trade Cooperation Treaty

The U.S. Senate ratified the [U.S.-UK Defense Trade Cooperation Treaty](#) on September 29, 2010. The treaty creates Approved Communities of government and private sector entities that may receive defense articles and defense services under the treaty. Under the treaty, it is possible for most U.S. defense articles to be exported into, and within, these communities without prior licenses or other authorizations pursuant to the ITAR if certain conditions are met.

### **Licensing Requirements for Professional Services**

The recognition of skills and qualifications acquired by EU citizens in EU Member States, including the corresponding recognition procedures and charges are, in correspondence with article 165 of the TFEU, the responsibility of Member States. Similarly, recognition of skills and qualification earned in third countries is also a national responsibility.

However, the European Commission takes initiatives to facilitate recognition procedures. For example:

- Recognition of professional qualifications obtained in one Member State for the purposes of access and pursuit of regulated professions in another Member State is subject to Directive 2005/36.
- Recognition of qualifications for academic purposes in the higher education sector, including school-leaving certificates is subject to the Lisbon Recognition Convention. The ENIC-NARIC network provides advice on (cross-border) recognition of these qualifications.

Recognition in other cases is assessed and granted (or denied) by the receiving educational provider or employer. For them to be able to recognize skills and qualifications understanding of the level, content and quality is needed. The Commission currently explores the possibilities on how to better support these recognition decisions.

[“Your Europe”](#) maintains a webpage dedicated to help citizens understand what the regulated professions are and what document are needed for their recognition in each Member State.

### **The UK has specific licensing requirements for certain professions:**

Information about acceptable overseas [medical qualifications](#).

Information about the dental [overseas registration exam and temporary registration](#).

Information about the [Qualified Lawyers Transfer Scheme](#).

Information about regulations applying to [financial services professionals](#).

### **Web Resources**

#### **General Regulation Inquiries:**

[Office of the U.S. Trade Representative](#)

[U.S. Mission to the EU \(USEU\)](#)

[Foreign Agricultural Service website, USEU](#)

[Enforcement and Compliance](#)

[U.S. Commercial Service European Union](#)

[Food labelling and packaging](#)

Department for International Trade

King Charles Street

Whitehall

London

SW1A 2AH

Tel: 011 44 20 7215 5000

<https://www.gov.uk/government/organisations/department-for-international-trade>

**Customs and Rules/Regulations for the UK**

HM Revenue & Customs

[Import-Export](#)

[Webinars](#)

## Investment Climate Statement

### Executive Summary

The United Kingdom (UK) actively encourages foreign direct investment (FDI). The UK imposes few impediments to foreign ownership and throughout the past decade, has been Europe's top recipient of FDI. The UK government provides comprehensive statistics on [FDI in its annual inward investment report](#).

Long-term political, economic, and regulatory stability, coupled with relatively low rates of taxation and inflation, has made the UK attractive to foreign investors. Market entry for U.S. firms is facilitated by a common language, legal heritage, and similar business institutions and practices. The UK is well supported by sophisticated financial and professional services industries and has a transparent tax system in which local and foreign-owned companies are taxed alike. The British pound is a free-floating currency with no restrictions on its transfer or conversion. Exchange controls restricting the transfer of funds associated with an investment into or out of the UK do not exist.

UK legal, regulatory, and accounting systems are transparent and consistent with international standards. The UK legal system provides a high level of protection. Private ownership is protected by law and monitored for competition-restricting behavior. U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business, and common law prevails as the basis for commercial transactions in the UK.

The United States and UK have enjoyed a "Commerce and Navigation" Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. There are no signs of increased protectionism against foreign investment, and none are expected.

The United States is the largest source of FDI into the UK. Many U.S. companies have operations in the UK, including all top 100 of the Fortune 500 firms. The UK also hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. For several generations, U.S. firms have been attracted to the UK both for the domestic market and as a beachhead for the European Union Single Market. On June 23, 2016, the UK held a Referendum on its continuing membership in the European Union (EU) and the British public voted to leave the EU. On March 29, 2017, the UK initiated the formal process of withdrawing from the EU. Under EU rules, the UK and the EU have two years to negotiate the terms of the UK's withdrawal. The terms of the UK's future relationship with the EU are unknown at the time of writing. UK political leaders have said the UK intends to leave the EU Single Market and Customs Union and negotiate a comprehensive economic partnership with the EU, but the EU and UK presently intend to maintain the status quo on the customs union and single market until at least December 2020. Continued uncertainty surrounding the terms of the UK's departure from the EU and the terms of the future UK-EU relationship may impact the overall attractiveness of the UK as an investment destination for U.S. companies.

As of May 2018, companies operating in the UK will need to comply with the EU General Data Protection Regulation (GDPR). The UK presently intends to transpose the requirements of the GDPR into UK domestic law after the UK withdraws from the EU. The impact of the UK leaving the EU on the free flow of data between the EU and the UK, and the UK and U.S. is unknown at this time.

*Table 1*

Measure	Year	Index/Rank
<a href="#">TI Corruption Perceptions Index</a>	2017	8 of 180

<a href="#">World Bank's Doing Business Report "Ease of Doing Business"</a>	2017	7 of 189
<a href="#">Global Innovation Index</a>	2017	5 of 127
<a href="#">U.S. FDI in partner country (M USD, stock positions)</a>	2016	USD 682,400
<a href="#">World Bank GNI per capita</a>	2016	USD 42,360

**Openness to and Restrictions upon Foreign Investment**

**Policies Toward Direct Investment**

The UK encourages foreign direct investment. With a few exceptions, the government does not discriminate between nationals and foreign individuals in the formation and operation of private companies. The Department for International Trade actively promotes direct foreign investment, and prepares market information for a variety of industries. U.S. companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders. Once established in the UK, foreign-owned companies are treated no differently from UK firms. The British Government is a strong defender of the rights of any British-registered company, irrespective of its nationality of ownership.

**Limit on Foreign Control and Right to Private Ownership and Establishment**

Foreign ownership is limited in only a few strategically privatized companies, such as Rolls Royce (aerospace) and BAE Systems (aircraft and defense). No individual foreign shareholder may own more than 15 percent of these companies. Theoretically, the government can block the acquisition of manufacturing assets from abroad by invoking the Industry Act 1975, but it has never done so. Investments in energy and power generation require environmental approvals. Certain service activities (like radio and land-based television broadcasting) are subject to licensing. The Enterprise Act of 2002 extends powers to the UK government to intervene in mergers which might give rise to national security implications and into which they would not otherwise be able to intervene.

The UK requires that at least one director of any company registered in the UK must be ordinarily resident in the UK. The UK, as a member of the Organization for Economic Cooperation and Development (OECD), subscribes to the OECD Codes of Liberalization, committed to minimizing limits on foreign investment.

While the UK does not have a formalized investment review body to assess the suitability of foreign investments in national security sensitive areas, an ad hoc investment review process does exist and is led by the relevant government ministry with regulatory responsibility for the sector in question (e.g., the Department for Business, Energy, and Industrial Strategy who would have responsibility for review of investments in the energy sector). U.S. companies have not been the target of these ad hoc reviews. The UK is currently considering ways to revise its rules related to [foreign direct investment](#) that may implicate UK national security interests..

**Other Investment Policy Reviews**

The Economist's "Intelligence Unit", World Bank Group's "Doing Business 2018", and the OECD's "Economic Forecast Summary (May 2018) have current investment policy reports for the United Kingdom:

- [United Kingdom - The Economist Intelligence Unit](#)
- [Doing Business in United Kingdom - World Bank Group](#)
- [United Kingdom - OECD Economic forecast summary \(May 2018\)](#)

## Business Facilitation

The UK government seeks to facilitate investment by offering overseas companies access to widely integrated markets. Proactive policies encourage international investment through administrative efficiency in order to promote innovation and achieve sustainable growth. The online business registration process is clearly defined, though some types of company cannot register as an overseas firm in the UK, including partnerships and unincorporated bodies. Registration as an overseas company is only required when it has some degree of physical presence in the UK. After registering a business with the UK government, overseas firms must register for the corporation tax within three months. The process of setting up a business in the UK requires as few as thirteen days, compared to the European average of 32 days, which puts the country in first place in Europe and sixth place in the world. As of April 2016, companies have to declare their [Persons of Significant Control \(PSC's\)](#). This change in policy recognizes that individuals other than named directors can have significant influence on a company's activity and that this information should be transparent.

The UK offers a welcoming environment to foreign investors, with foreign equity ownership restrictions in only a limited number of sectors covered by the Investing Across Sectors indicators. As in all other EU member countries, foreign equity ownership in the air transportation sector is limited to 49 percent for investors from outside of the European Economic Area (EEA). Furthermore, the Industry Act (1975) enables the UK government to prohibit transfer to foreign owners of 30 percent or more of important UK manufacturing businesses, if such a transfer would be contrary to the interests of the country. While these provisions have never been used in practice, they are still included in the Investing Across Sectors indicators, as these strictly measure ownership restrictions defined in the laws.

- [Invest In Great Britain](#)
- [UK Department of International Trade \(DIT\)](#)
- [UK GOV – Set up a Business](#)
- [UK GOV – Company Registration](#)
- [Doing Business in the UK – World Bank group](#)

## Special Section on the British Overseas Territories

The British Overseas Territories (BOTs) comprise Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, St. Helena, Ascension and Tristan da Cunha, Turks and Caicos Islands, South Georgia and South Sandwich Islands, and Sovereign Base Areas on Cyprus. The BOTs retain a substantial measure of responsibility for their own affairs. Local self-government is usually provided by an Executive Council and elected legislature. Governors or Commissioners are appointed by the Crown on the advice of the British Foreign Secretary, and retain responsibility for external affairs, defense, and internal security. However, the UK imposed direct rule on the Turks and Caicos Islands in August 2009 after an inquiry found evidence of corruption and incompetence. Its Premier was removed and its constitution was suspended. The UK restored Home Rule following elections in November 2012.

Many of the territories are now broadly self-sufficient. However, the UK's Department for International Development (DFID) maintains development assistance programs in St. Helena, Montserrat, and Pitcairn. This includes budgetary aid to meet the islands' essential needs and development assistance to help encourage economic growth and social development in order to promote economic self-sustainability. In addition, all

other BOTs receive small levels of assistance through "cross-territory" programs for issues such as environmental protection, disaster prevention, HIV/AIDS and child protection. The UK also lends to the BOTs as needed, up to a pre-set limit, but assumes no liability for them if they encounter financial difficulty.

Many of the BOTs, particularly those in the Caribbean, were hit hard by the financial crisis. In the Cayman Islands, the British Virgin Islands, the Turks and Caicos and Anguilla, decreases in financial services activity and tourism resulted in falling output and government revenue. To mitigate the impact of the crisis, the territories are reprioritizing government expenditure and looking at ways to increase revenue. Additionally, BOTs which have signed fiscal framework agreements with the UK may request higher borrowing limits.

Seven of the BOTs have financial centers: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, and the Turks and Caicos Islands. These Territories have committed to the OECD's Common Reporting Standard (CRS) for the automatic exchange of taxpayer financial account information. They are already exchanging information with the UK, and began exchanging information with other jurisdictions under the CRS from September 2017.

The OECD Global Forum on Transparency and Exchange of Information for Tax Purposes has rated Anguilla as "partially compliant" with the internationally agreed tax standard. Although Anguilla sought to upgrade its rating in 2017, it still remains at "partially compliant" as of April 2018. The Global Forum has rated the other six territories as "largely compliant." Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar and the Turks and Caicos Islands have also committed in reciprocal bilateral arrangements with the UK to hold beneficial ownership information in central registers or similarly effective systems, and to provide UK law enforcement authorities with near real-time access to this information. These arrangements came into effect in June 2017. As of May 2018, UK government was on the verge of taking legislative steps to require British Overseas Territories to establish publicly accessible registers of the beneficial ownership of companies.

- Anguilla: Anguilla is a neutral tax jurisdiction. There are no income, capital gains, estate, profit or other forms of direct taxation on either individuals or corporations, for residents or non-residents of the jurisdiction. The territory has no exchange rate controls. Non-Anguillan nationals may purchase property, but the transfer of land to an alien includes a 12.5 percent tax.
- British Virgin Islands: The government of the British Virgin Islands welcomes foreign direct investment and offers a series of incentive packages aimed at reducing the cost of doing business on the islands. This includes relief from corporation tax payments over specific periods but companies must pay an initial registration fee and an annual license fee to the BVI Financial Services Commission. Crown land grants are not available to non-British Virgin Islanders, but private land can be leased or purchased following the approval of an Alien Land Holding License. Stamp duty is imposed on transfer of real estate and the transfer of shares in a BVI company owning real estate in the BVI at a rate of 4 percent for belongers and 12 percent for non-belongers. There is no corporate income tax, capital gains tax, branch tax, or withholding tax for companies incorporated under the BVI Business Companies Act. Payroll tax is imposed on every employer and self-employed person who conducts business in BVI. The tax is paid at a graduated rate depending upon the size of the employer. The current rates are 10 percent for small employers (those which have a payroll of less than USD 150,000, a turnover of less than USD 300,000 and fewer than 7 employees) and 14 percent for larger employers. Eight percent of the total remuneration is deducted from the employee, the remainder of the liability is met by the employer. The first USD 10,000 of remuneration is free from payroll tax.
- Cayman Islands: There are no direct taxes in the Cayman Islands. In most districts, the government charges stamp duty of six percent on the value of real estate at sale; however, certain districts, including Seven Mile Beach, are subject to a rate of nine percent. There is a one percent fee payable

on mortgages of less than KYD 300,000, and one and a half percent on mortgages of KYD 300,000 or higher. There are no controls on the foreign ownership of property and land. Investors can receive import duty waivers on equipment, building materials, machinery, manufacturing materials, and other tools.

- Falkland Islands: Companies located in the Falkland Islands are charged corporation tax at 21 percent on the first GBP one million and 26 percent for all amounts in excess of GBP one million. The individual income tax rate is 21 percent for earnings below USD 16,882 (GBP 12,000) and 26 percent above this level.
- Gibraltar: The government of Gibraltar encourages foreign investment. Gibraltar has a buoyant economy with a stable currency and few restrictions on moving capital or repatriating dividends. The corporate income tax rate is 20 percent for utility, energy, and fuel supply companies, and 10 percent for all other companies. There are no capital or sales taxes. Gibraltar is currently a part of the EU and receives EU funding for projects that improve the territory's economic development.
- Montserrat: The government of Montserrat welcomes new private foreign investment. Foreign investors are permitted to acquire real estate, subject to the acquisition of an Alien Land Holding license which carries a fee of five percent of the purchase price. The government also imposes stamp and transfer fees of 2.6 percent of the property value on all real estate transactions. Foreign investment in Montserrat is subject to the same taxation rules as local investment, and is eligible for tax holidays and other incentives. Montserrat has preferential trade agreements with the United States, Canada, and Europe. The government allows 100 percent foreign ownership of businesses but the administration of public utilities remains wholly in the public sector.
- St. Helena: The island of St. Helena is open to foreign investment and welcomes expressions of interest from companies wanting to invest. Its government is able to offer tax based incentives which will be considered on the merits of each project – particularly tourism projects. All applications are processed by Enterprise St. Helena, the business development agency.
- Pitcairn Islands: The Pitcairn Islands have approximately 50 residents, with a workforce of approximately 29 employed in 10 full-time equivalent roles. The territory does not have an airstrip or safe harbor. Residents exist on fishing, subsistence farming, and handcrafts.
- The Turks and Caicos Islands: The islands operate an "open arms" investment policy. Through the policy, the government commits to a streamlined business licensing system, a responsive immigration policy to give investment security, access to government-owned land under long-term leases, and a variety of duty concessions to qualified investors. The islands have a "no tax" status, but property purchasers must pay a stamp duty on purchases over USD 25,000. Depending on the island, the stamp duty rate may be up to 6.5 percent for purchases up to USD 250,000, eight percent for purchases USD 250,001 to USD 500,000, and 10 percent for purchases over USD 500,000.

The tax data above are current as of April 2017. In September 2017, two category 5 hurricanes severely impacted Anguilla and the British Virgin Islands and had minor impacts on the Falkland Islands, Montserrat, and Saint Helena. The hurricanes caused wide spread electrical outages and infrastructure damage. Certain government services were temporarily unavailable during the recovery efforts. Post has no information at this time on the amount of investment loss due to these storms and no physical presence in Anguilla, British Virgin Islands, Falkland Islands, Montserrat, or Saint Helena.

#### Outward Investment

The UK is one of the largest outward investors in the world, often through Bilateral Investment Treaties (BITs), which are used to promote and protect investment abroad and have been adopted by many countries. The UK's international investment position abroad (outward investment) fell slightly from 2014 to 2015, but increased significantly from GBP 1,084.0 billion in 2015 to GBP 1,212.8 billion in 2016, which can be partly explained by

the depreciation in the pound sterling exchange rate. The UK remains one of the world's largest foreign direct investors, second only to the United States. By the end of 2011 the UK's stock of outward FDI was GBP 1,098 billion, having risen by 75 percent since 2002. The main destination for UK outward FDI is the United States, which accounted for approximately 19 percent of UK outward FDI stocks at the end of 2011. Other key destinations include the Netherlands, Luxembourg, France, and Ireland which, together with the United States, account for more than half of the UK's outward FDI stock.

Europe and the Americas remain the dominant areas for UK international investment positions abroad, accounting for 50.1 percent and 32.6 percent of total UK outward FDI positions respectively. The UK's international investment position within the Americas experienced a decline in 2015 for the first time since 2010, falling by GBP 24.7 billion to a level of GBP 342.8 billion. Despite this decline, the level in 2015 remains the second largest recorded value in the time series since 2006 for the Americas. The United States, at GBP 237.3 billion, continued to be the largest destination for UK international investment positions abroad within the Americas in 2015.

### **Bilateral Investment Agreements and Taxation Treaties**

The UK has concluded 110 Bilateral Investment Treaties, which are known in the UK as Investment Promotion and Protection Agreements. These include: Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia and Herzegovina, Brazil, Bulgaria, Burundi, Cameroon, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Dominica, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Gambia, Georgia, Ghana, Grenada, Guyana, Haiti, Honduras, Hong Kong, China SAR, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Korea Republic of, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Libya, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Qatar, Romania, Russian Federation, Saint Lucia, Senegal, Serbia, Sierra Leone, Singapore, Slovakia, Slovenia, South Africa, Sri Lanka, Swaziland, Tanzania, United Republic of, Thailand, Tonga, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Vanuatu, Venezuela, Bolivarian Republic of, Vietnam, Yemen, Zambia, and Zimbabwe.

[Complete current list, including actual treaties.](#)

The United States and UK have enjoyed a Commerce and Navigation Treaty since 1815 which guarantees national treatment of U.S. investors. A Bilateral Tax Treaty specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 countries and a network of about a dozen double taxation agreements.

### **Legal Regime**

#### **Transparency of the Regulatory System**

U.S. exporters and investors generally will find little difference between the United States and UK in the conduct of business. The regulatory system provides clear and transparent guidelines for commercial engagement. Common law prevails in the UK as the basis for commercial transactions, and the International Commercial Terms (INCOTERMS) of the International Chambers of Commerce are accepted definitions of trading terms. In terms of accounting standards and audit provisions firms in the UK must use the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) and approved by the European Commission. The UK's Accounting Standards Board provides guidance to firms on accounting standards and works with the IASB on international standards.

Statutory authority over prices and competition in various industries is given to independent regulators, for example Ofcom, Ofwat, Ofgem, the Office of Fair Trading (OFT), the Rail Regulator, and the Prudential Regulatory Authority (PRA). The PRA was created out of the dissolution of the Financial Services Authority (FSA) in 2013. The PRA reports to the Financial Policy Committee (FPC) in the Bank of England. The PRA is responsible for supervising the safety and soundness of individual financial firms, while the FPC takes a systemic view of the financial system and provides macro-prudential regulation and policy actions. The Consumer and Markets Authority (CMA) acts as a single integrated regulator focused on conduct in financial markets. The Financial Conduct Authority (FCA) is a regulatory enforcement mechanism designed to address financial and market misconduct through legally reviewable processes. These regulators work to protect the interests of consumers while ensuring that the markets they regulate are functioning efficiently. Most laws and regulations are published in draft for public comment prior to implementation. The [FCA maintains a free, publicly searchable register](#) of their filings on regulated corporations and individuals.

The UK government publishes regulatory actions, including draft text and executive summaries, on the Department for Business, Energy & Industrial Strategy webpage listed below. The current policy requires the repeal of two regulations for any new one in order to make the business environment more competitive.

The primary difference between the regulatory environment in the UK and the United States is that so long as the UK is a member of the European Union, it is mandated to comply with and enforce EU regulations and directives. The U.S. government has expressed concerns about the degree of transparency and accountability in the EU regulatory process. The extent to which the UK will maintain the EU regulatory regime after the UK withdraws from the EU is unknown at this time.

- [UK GOV – Business Regulation](#)
- [UK GOV – Regulatory Delivery](#)

#### International Regulatory Considerations

The UK's withdrawal from the EU may result in an extended period of regulatory uncertainty across the economy as the UK determines the extent to which it will maintain and enforce the current EU regulatory regime or deviate towards new regulations in any particular sector. The UK is an independent member of the WTO, and actively seeks to comply with all its WTO obligations.

#### Legal System and Judicial Independence

The UK is a common law country. UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. The UK has a long history of applying the rule of law to business disputes. The current judicial process remains procedurally competent, fair, and reliable, which helps position London as an international hub for dispute resolution with over 10,000 cases filed per annum.

#### Laws and Regulations on Foreign Direct Investment

There is no specific statute governing or restricting foreign investment in the UK. The procedure for establishing a company in the UK is identical for British and foreign investors. No approval mechanisms exist for foreign investment, apart from the ad hoc process outlined in Section 1. Foreigners may freely establish or purchase enterprises in the UK, with a few limited exceptions, and acquire land or buildings. As noted above, the UK is currently reviewing its procedures and considering new rules for restricting foreign investment in those sectors of the economy with higher risk for impacting national security.

Tax avoidance by multinational companies, including several major U.S. firms, has been a controversial political issue and subject to investigations by the UK Parliament and EU authorities. However, foreign and UK firms remain subject to the same tax laws, and several UK firms have also been criticized for tax avoidance. Foreign

investors may have access to certain EU and UK regional grants and incentives designed to attract industry to areas of high unemployment, but these do not include tax concessions.

In 2015, the UK flattened its structure of corporate tax rates. The UK currently taxes corporations at a flat rate of 20 percent for non-ring fence companies, with marginal tax relief granted for companies with profits falling between USD 426,000 (GBP 300,000) and 2.1 million (GBP 1.5 million). Tax deductions are allowed for expenditure and depreciation of assets used for trade purposes. These include machinery, plant, industrial buildings, and assets used for research and development. A special rate of 20 percent is given to unit trusts and open-ended investment companies. There are different Corporation Tax rates for companies that make profits from oil extraction or oil rights in the UK or UK continental shelf. These are known as 'ring fence' companies. Small 'ring fence' companies are taxed at a rate of 19 percent for profits up to USD 426,000 (GBP 300,000), and 30 percent for profits over USD 426,000 (GBP 300,000).

The UK has a simple system of personal income tax. The marginal tax rates for 2018-2019 are as follows: up to GBP 11,850, 0 percent; GBP 11,851 to GBP 46,350, 20 percent; GBP 46,351 to GBP 150,000, 40 percent; and over GBP 150,000, 45 percent.

UK citizens also make mandatory payments of about 12 percent of income into the National Insurance system, which funds social security and retirement benefits. The UK requires non-domiciled residents of the UK to either pay tax on their worldwide income or the tax on the relevant part of their remitted foreign income being brought into the UK. If they have been resident in the UK for seven years or more, and they choose to pay tax only on their remitted earnings, they may be subject to an additional charge of USD 42,887 (GBP 30,000). If they have been resident in the UK for 12 of the last 14 years, they may be subject to an additional charge of USD 85,775 (GBP 60,000).

The Scottish Parliament has the legal power to increase or decrease the basic income tax rate in Scotland, currently 20 percent, by a maximum of three percentage points. The Scottish Government has been opposed to increasing tax rates, mainly because any financial advantage gained by an increase in taxes would be offset by the need to establish a new administrative body to manage the new revenue.

#### [Guidance on laws and procedures relevant to foreign investment in the UK.](#)

All USD conversions based on spot exchange rate as of April 18, 2018.

#### Competition and Anti-Trust Laws

UK competition law contains both British and European elements. The Competition Act 1998 and the Enterprise Act 2002 are the most important statutes for cases with a purely national dimension. However, if the impact of a business' conduct crosses borders, EU law applies. Section 60 of the Competition Act 1998 provides that UK rules are to be applied in line with European jurisprudence.

The Companies Act of 1985, administered by the Department for Business, Entrepreneurship, Innovation and Skills (BEIS), governs ownership and operation of private companies. On November 8, 2006 the UK passed the Companies Act of 2006 to replace the 1985 Act. The law simplifies and modernizes existing rules rather than make any dramatic shift in the company law regime.

BEIS uses a transparent code of practice that is fully in accord with EU merger control regulations, in evaluating bids and mergers for possible referral to the Competition Commission. The Competition Act of 1998 strengthened competition law and enhanced the enforcement powers of the Office of Fair Trading (OFT). Prohibitions under the act relate to competition-restricting agreements and abusive behavior by entities in dominant market positions. The Enterprise Act of 2002 established the OFT as an independent statutory body with a Board, and gives it a greater role in ensuring that markets work well. Also, in accordance with EU law, if deemed in the public interest, transactions in the media or that raise national security concerns may be

reviewed by the Secretary of State of BEIS. In 2014, the Competition Commission and the OFT merged into a single Non Departmental Government Body: the Competition and Markets Authority. This new body is responsible for investigating mergers that could restrict competition, conducting market studies and investigations where there may be competition problems, investigating breaches of EU and UK prohibitions, initiating criminal proceedings against individuals who commit cartel offenses, and enforcing consumer protection legislation. This body is unlikely to alter UK competition policy.

UK competition law has three main tasks: 1) prohibiting agreements or practices that restrict free trading and competition between business entities (this includes in particular the repression of cartels); 2) banning abusive behavior by a firm dominating a market, or anti-competitive practices that tend to lead to such a dominant position (practices controlled in this way may include predatory pricing, tying, price gouging, refusal to deal and many others); and 3) supervising the mergers and acquisitions of large corporations, including some joint ventures. Transactions that are considered to threaten the competitive process can be prohibited altogether, or approved subject to "remedies" such as an obligation to divest part of the merged business or to offer licenses or access to facilities to enable other businesses to continue competing.

The Competition and Markets Authority (CMA) is the primary regulatory body for competition law enforcement. It was created through the merger of the Office of Fair Trading (OFT) with the Competition Commission through the Enterprise and Regulatory Reform Act 2013. Competition law is closely connected with law on deregulation of access to markets, state aids and subsidies, the privatization of state owned assets, and the establishment of independent sector regulators.

Although the OFT and the Competition Commission have general review authority, specific "watchdog" agencies such as Ofgem (the electricity and gas markets regulation authority), Ofcom (the communications regulation authority), and Ofwat (the water services regulation authority) are also charged with seeing how the operation of those specific markets work.

#### Expropriation and Compensation

The OECD, of which the UK is a member, states that when a government expropriates property, compensation should be timely, adequate and effective. In the UK, the right to fair compensation and due process is uncontested and is reflected in all international investment agreements. Expropriation of corporate assets or the nationalization of industry requires a special act of Parliament. A number of key UK banks became subject to full or part-nationalization from early 2008 as a response to the financial crisis and banking collapse. The first bank to become nationalized was the Northern Rock in February 2008, and by March 2009 the UK Treasury had taken a 65 percent stake in the Lloyds Banking Group and a 68 percent stake in the Royal Bank of Scotland (RBS). In the event of nationalization, the British government follows customary international law by providing prompt, adequate, and effective compensation.

#### Dispute Settlement

As a member of the World Bank-based International Center for Settlement of Investment Disputes (ICSID), the UK accepts binding international arbitration between foreign investors and the State. As a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the UK provides local enforcement on arbitration judgments decided in other signatory countries.

London is a thriving center for the resolution of international disputes through arbitration under a variety of procedural rules such as those of the London Court of International Arbitration, the International Chamber of Commerce, the Stockholm Chamber of Commerce, the American Arbitration Association International Centre for Dispute Resolution, and others. Many of these arbitrations involve parties with no connection to the jurisdiction, but who are drawn to the jurisdiction because they perceive it to be a fair, neutral venue with an arbitration law and courts that support efficient resolution of disputes. They also choose London-based

arbitration because of the general prevalence of the English language and law in international commerce. A wide range of contractual and non-contractual claims can be referred to arbitration in this jurisdiction including disputes involving intellectual property rights, competition, and statutory claims. There are no restrictions on foreign nationals acting as arbitration counsel or arbitrators in this jurisdiction. There are few restrictions on foreign lawyers practicing in the jurisdiction as evidenced by the fact that over 200 foreign law firms have offices in London.

#### *ICSID Convention and New York Convention*

The UK is a member of the International Center for Settlement of Investment Disputes (ICSID) and a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The latter convention has territorial application to Gibraltar (September 24, 1975), Hong Kong (January 21, 1977), Isle of Man (February 22, 1979), Bermuda (November 14, 1979), Belize and Cayman Islands (November 26, 1980), Guernsey (April 19, 1985), Bailiwick of Jersey (May 28, 2002), and British Virgin Islands (February 24, 2014).

The United Kingdom has consciously elected not to follow the UNCITRAL Model Law on International Commercial Arbitration. Enforcement of an arbitral award in the UK is dependent upon where the award was granted. The process for enforcement in any particular case is dependent upon the seat of arbitration and the arbitration rules that apply. Arbitral awards in the UK can be enforced under a number of different regimes, namely: The Arbitration Act 1996, The New York Convention, The Geneva Convention 1927, The Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933, and Common Law.

The Arbitration Act 1996 governs all arbitrations seated in England, Wales and Northern Ireland, both domestic and international. [Full text of the Arbitration Act.](#)

The Arbitration Act is heavily influenced by the UNCITRAL Model Law, but it has some important differences. For example, the Arbitration Act covers both domestic and international arbitration; the document containing the parties' arbitration agreement need not be signed; an English court is only able to stay its own proceedings and cannot refer a matter to arbitration; the default provisions in the Arbitration Act require the appointment of a sole arbitrator as opposed to three arbitrators; a party retains the power to treat its party-nominated arbitrator as the sole arbitrator in the event that the other party fails to make an appointment (where the parties' agreement provides that each party is required to appoint an arbitrator); there is no time limit on a party's opposition to the appointment of an arbitrator; parties must expressly opt out of most of the provisions of the Arbitration Act which confer default procedural powers on the arbitrators; and there are no strict rules governing the exchange of pleadings. Section 66 of the Arbitration Act applies to all domestic and foreign arbitral awards. Sections 100 to 103 of the Arbitration Act provide for enforcement of arbitral awards under the New York Convention 1958. Section 99 of the Arbitration Act provides for the enforcement of arbitral awards made in certain countries under the Geneva Convention 1927.

Under Section 66 of the Arbitration Act, the court's permission is required for an international arbitral award to be enforced in the UK. Once the court has given permission, judgment may be entered in terms of the arbitral award and enforced in the same manner as a court judgment or order. Permission will not be granted by the court if the party against whom enforcement is sought can show that (a) the tribunal lacked substantive jurisdiction and (b) the right to raise such an objection has not been lost.

The length of arbitral proceedings can vary greatly. If the parties have a relatively straightforward dispute, cooperate, and adopt a fast track procedure, arbitration can be concluded within months or even weeks. In a substantial international arbitration involving complex facts, many witnesses and experts and post-hearing briefs, the arbitration could take many years. A reasonably substantial international arbitration will likely take between one and two years.

There are two alternative procedures that can be followed in order to enforce an award. The first is to seek leave of the court for permission to enforce. The second is to begin an action on the award, seeking the same relief from the court as set out in the tribunal's award. Enforcement of an award made in the jurisdiction may be opposed by challenging the award. However, the court also may refuse to enforce an award that is unclear, does not specify an amount, or offends public policy. Enforcement of a foreign award may be opposed on any of the limited grounds set out in the New York Convention. A stay may be granted for a limited time pending a challenge to the order for enforcement. The court will consider the likelihood of success and whether enforcement of the award will be made more or less difficult as a result of the stay. Conditions that might be imposed on granting the stay include such matters as paying a sum into court. Where multiple awards are to be rendered, the court may give permission for the tribunal to continue hearing other matters, especially where there may be a long delay between awards. UK courts have a good record of enforcing arbitral awards. The courts will enforce an arbitral award in the same way that they will enforce an order or judgment of a court. At the time of writing, there are no examples of the English courts enforcing awards which were set aside by the courts at the place of arbitration.

Most awards are complied with voluntarily. If the party against whom the award was made fails to comply, the party seeking enforcement can apply to the court. The length of time it takes to enforce an award which complies with the requirements of the New York Convention will depend on whether there are complex objections to enforcement which require the court to investigate the facts of the case. If a case raises complex issues of public importance the case could be appealed to the Court of Appeal and then to the Supreme Court. This process could take around two years. If no complex objections are raised, the party seeking enforcement can apply to the court using a summary procedure that is fast and efficient. There are time limits relating to the enforcement of the award. Failure to comply with an award is treated as a breach of the arbitration agreement. An action on the award must be brought within six years of the failure to comply with the award or 12 years if the arbitration agreement was made under seal. If the award does not specify a time for compliance, a court will imply a term of reasonableness.

### Bankruptcy Regulations

The UK has strong bankruptcy protections going back to the Bankruptcy Act of 1542, and in modern days both individual bankruptcy and corporate insolvency are regulated in the UK primarily by the Insolvency Act 1986 and the Insolvency Rules 1986, regulated through determinations in UK courts. The World Bank's Doing Business report Ranks the UK 13/189 for ease of resolving insolvency.

Regarding individual bankruptcy law, the court will oblige a bankrupt individual to sell assets to pay dividends to creditors. A bankrupt person must inform future creditors about the bankrupt status and may not act as the director of a company during the period of bankruptcy. Bankruptcy is not criminalized in the UK, and the Enterprise Act of 2002 dictates that for England and Wales, bankruptcy will not normally last longer than 12 months. At the end of the bankrupt period, the individual is normally no longer held liable for bankruptcy debts unless the individual is determined to be culpable for his or her own insolvency, in which case the bankruptcy period can last up to fifteen years.

For corporations declaring insolvency, UK insolvency law seeks to equitably distribute losses between creditors, employees, the community, and other stakeholders in an effort to rescue the company. Liability is limited to the amount of the investment. If a company cannot be rescued, it is liquidated and assets are sold to pay debts to creditors, including foreign investors.

### Industrial Policies

#### Investment Incentives

The UK offers a range of incentives for companies of any nationality locating in The UK offers a range of incentives for companies of any nationality locating in depressed regions of the country, as long as the investment generates employment. DIT works with its partner organizations in the devolved administrations - Scottish Development International, the Welsh Government and Invest Northern Ireland – and with London and Partners and Local Enterprise Partnerships (LEPs) throughout England, to promote each region's particular strengths and expertise to overseas investors.

Local authorities in England and Wales also have power under the Local Government and Housing Act of 1989 to promote the economic development of their areas through a variety of assistance schemes, including the provision of grants, loan capital, property, or other financial benefit. Separate legislation, granting similar powers to local authorities, applies to Scotland and Northern Ireland. Where available, both domestic and overseas investors may also be eligible for loans from the European Investment Bank.

#### Foreign Trade Zones/Free Ports/Trade Facilitation

The cargo ports and freight transportation ports at Liverpool, Prestwick, Sheerness, Southampton, and Tilbury used for cargo storage and consolidation are designated as Free Trade Zones. No activities that add value to commodities are permitted within the Free Trade Zones, which are reserved for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. The Free Trade Zones offer little benefit to U.S. exporters or investors, or any other non-EU exporters or investors. Current questions remain as to the UK's use of Free Trade Zones in a post-Brexit environment.

#### Performance and Data Localization Requirements

As of May 2018, companies operating in the UK will need to comply with the EU General Data Protection Regulation. The GDPR will have a significant impact on the business practices of companies operating in the UK. The UK presently intends to transpose the requirements of the GDPR into UK domestic law after the UK withdraws from the EU. The impact of the UK leaving the EU on the free flow of data between the EU and the UK, and the UK and U.S. is unknown at this time.

The UK does not follow "forced localization" and does not require foreign IT firms to turn over source code. The Investigatory Powers Act became law in November 2016 addressing encryption and government surveillance. It permitted the broadening of capabilities for data retention and the investigatory powers of the state related to data.

The UK Government does not mandate local employment, though at least one director of any company registered in the UK must be ordinarily resident in the UK.

New immigration rules (HC1888) that came into effect on April 6, 2012 have wide-ranging implications for foreign employees, primarily affecting businesses looking to sponsor migrants under Tier 2 as well as migrants looking to apply for settlement in the UK. In particular, the UK Government has introduced a 12-month cooling off period for Tier 2 (General) applications similar to the one that is currently in place for Tier 2 (Intra-company transfer). The effect of this is that, while those who enter the UK under Tier 2 (General) to work for one company will be able to apply in-country under Tier 2 (General) to work for another company, if they leave the UK, they will not be able to apply to re-enter the UK under a fresh Tier 2 (General) permission until twelve months after their previous Tier 2 (General) permission has expired.

In addition, those who enter the UK under Tier 2 (Intra-company transfer) after April 6, 2011 will not be able to change their status in-country to Tier 2 (General) under any circumstances. If they leave the UK, they will also not be able to apply to enter the UK under Tier 2 (General) until 12 months after their previous Tier 2 (Intra-company transfer) permission has expired.

These provisions represent a significant tightening of the Tier 2 requirements. One of the consequences is that, where an individual is sent to the UK on assignment under Tier 2 (Intracompany transfer), and the sponsoring company subsequently wishes to hire them permanently in the UK, they will not be able to apply either to remain in the UK under Tier 2 (General) or leave the UK and submit a Tier 2 (General) application overseas.

This change will mean that employers will have to carefully consider the long-term plans for all assignees that they send to the UK and whether Tier 2 (Intracompany transfer) is the most appropriate category. This is because, if the assignee is subsequently required in the UK on a long-term basis, it will not be possible for them to make a new application under Tier 2 (General) until at least twelve months after their Tier 2 (Intra-company transfer) permission has expired.

In 2016, the British government updated requirements for Tier 2 visas. It increases the Tier 2 minimum salary threshold to GBP 30,000 for experienced workers. This change was phased in, with the minimum threshold increased to GBP 25,000 in fall 2016 and to GBP 30,000 in April 2017. The minimum threshold for new entrants will remain at GBP 20,800. Employers will continue to be able to recruit non-EEA graduates of UK universities without first testing the resident labor market and without being subject to the annual limit on Tier 2 (General) places, which will remain at 20,700 places per year. Additionally, it shall give extra weighting within the Tier 2 (General) limit to businesses sponsoring overseas graduates, and will allow graduates to switch roles within a company once they have secured a permanent job at the end of their training program. These changes took effect from fall 2016.

From April 2017, extra weighting was added within the Tier 2 (General) limit where the allocation of places is associated with the relocation of a high-value business to the UK or, potentially, supports an inward investment. It will also waive the resident labor market test for these applications.

## **Protection of Property Rights**

### **Real Property**

The UK has robust real property laws stemming from legislation including the Law of Property Act 1925, the Settled Land Act 1925, the Land Charges Act 1972, the Trusts of Land and Appointment of Trustees Act 1996, and the Land Registration Act 2002.

Interests in property are well enforced, and mortgages and liens have been recorded reliably since the Land Registry Act of 1862. The Land Registry is the government database where all land ownership and transaction data are held for England and Wales, and it is [reliably accessible online](#). Scotland has its own Registers of Scotland, while Northern Ireland operates land registration through the Land and Property Services.

Long-term physical presence on non-residential property without their permission is not typically considered a crime in the UK. Police take action if squatters commit other crimes when entering or staying in a property. A long-term squatter on otherwise unoccupied land can become the registered owner of property they've occupied without the owner's permission.

### **Intellectual Property Rights**

The UK legal system provides a high level of intellectual property rights (IPR) protection. Enforcement mechanisms are comparable to those available in the United States. The UK is a member of the World Intellectual Property Organization (WIPO). The UK is also a member of the major intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, and the Patent Cooperation Treaty. The UK has signed and, through implementing various EU Directives, enshrined into UK law the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

The [Intellectual Property Office \(IPO\)](#) is the official UK government body responsible for intellectual property rights including patents, designs, trademarks and copyright. The IPO web site contains comprehensive information on UK law and practice in these areas.

The British government tracks and reports seizures of counterfeit goods and regards the production and subsequent sale as a criminal act. The Intellectual Property Crime Report for 2014/15 highlights the incidence of IPC and the harm caused to the UK economy, with over 1.6 million infringing items removed at the borders during that period.

The Special 301 Report is an annual, congressionally-mandated review of the global state of intellectual property rights protection and enforcement. It is conducted by the Office of the U.S. Trade Representative to identify countries with commercial environments possibly harmful to intellectual property. The UK is not on the list.

Additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

## **Financial Sector**

### Capital Markets and Portfolio Investment

The City of London houses one of the largest and most comprehensive financial centers globally. London offers all forms of financial services: commercial banking, investment banking, insurance, venture capital, private equity, stock and currency brokers, fund managers, commodity dealers, accounting and legal services, as well as electronic clearing and settlement systems and bank payments systems. London is highly regarded by investors because of its solid regulatory, legal, and tax environments, a supportive market infrastructure, and a dynamic, highly skilled workforce.

The UK government is generally hospitable toward foreign portfolio investment. Government policies are intended to facilitate the free flow of capital and to support the flow of resources in product and services markets. Foreign investors are able to obtain credit in local markets at normal market terms, and a wide range of credit instruments are available. The principles underlying legal, regulatory, and accounting systems are transparent, and they are consistent with international standards. In all cases, regulations have been published and are applied on a non-discriminatory basis by the PRA.

The London Stock Exchange is one of the most active equity markets in the world. London's markets have the advantage of bridging the gap between the day's trading in the Asian markets and the opening of the U.S. market. This bridge effect is also evident as many Russian and Central European companies have used London stock exchanges to tap global capital markets. The Alternative Investment Market (AIM), established in 1995 as a sub-market of the London Stock Exchange, is specifically designed for smaller, rapidly expanding companies. The AIM has a more flexible regulatory system than the main market and has no minimum market capitalization requirements. Since its launch, the AIM has raised more than USD 85 billion (GBP 60 billion) for more than 3,000 companies.

### Money and Banking System

The UK banking sector is the largest in Europe. According to TheCityUK, more than 150 financial services firms from the EU are based in the UK. As of November 2017, EU banks in the UK held USD 1.9 trillion in assets, which represents a decline of USD 425 billion (or 17 percent) in the span of a year. The sharp drop was a consequence of the Brexit vote, as European Banks trimmed their exposure to UK assets. The financial and related professional services industry contributed approximately 10.7 percent of UK Economic Output in 2015, employed around 2.2 million people, and contributed some GBP 71 billion in tax revenue in 2015/16, or 11.5

percent of total UK tax receipts. The impact of Brexit on the financial services industry is uncertain at this time. Some firms have already moved jobs outside the UK, but most believe the UK will maintain its position as a top financial hub.

The Bank of England serves as the central bank of the UK by maintaining monetary and fiscal stability. According to Bank of England guidelines, foreign banking institutions are legally permitted to establish operations in the UK as subsidiaries or branches. Responsibilities for the prudential supervision of a non-European Economic Area (EEA) branch are split between the parent's Home State Supervisors (HSS) and the PRA. However, the PRA expects the whole firm to meet the PRA's Threshold Conditions. The PRA has set out its approach to supervising branches and its appetite for allowing international banks to operate as branches in the United Kingdom in this Policy Statement and this Supervisory Statement. In particular, the PRA expects new non-EEA branches to focus on wholesale banking and to do so at a level that is not critical to the UK economy. The FCA is the conduct regulator for all banks operating in the United Kingdom. For non-EEA branches the FCA's Threshold Conditions and conduct of business rules apply, including areas such as anti-money laundering. Eligible deposits placed in non-EEA branches may be covered by the UK deposit guarantee program and therefore non-EEA branches may be subject to regulations concerning UK depositor protection.

There are no legal restrictions that prohibit non-UK residents from opening a business bank account; setting up a business bank account as a non-resident is in principle straightforward. However, in practice most banks will not accept applications from overseas due to fraud concerns and the additional administration costs. To open a personal bank account, an individual must at minimum present an internationally recognized proof of identification and prove residency in the UK.

UK banks were particularly hard-hit by the global financial crisis. Large-scale lay-offs were common and mergers, nationalizations, and bank failures have left a consolidated playing field. In 2011, Northern Rock, wholly nationalized by the government during the financial crisis, was sold back to the private sector. In 2008, the Government also announced a series of "bank rescue measures", including taking large equity stakes in two key banks, the Royal Bank of Scotland and Lloyds Banking Group. Government stakes are managed at arm's-length by UK Financial Investments (UKFI) and are approved by the European Commission to comply with state intervention rules. The UK took a 40 percent stake in Lloyds, but has since sold off some GBP 9 (USD 13.95) billion worth of Lloyds shares, reducing its holdings to less than 22 percent. The UK Government still holds approximately 70 percent of the Royal Bank of Scotland.

At this time, the UK has the strongest financial services sector in the EU by reason of history, time-zone, language, legal system, critical mass of skill sets, expertise in professional services and London's cultural appeal. The UK's withdrawal from the EU will impact the financial services sector and poses some risk to financial stability. A period of prolonged uncertainty could increase sterling volatility, the risk-premiums on assets, cost and availability of financing, as well as relationships with EU-based financial institutions.

## Foreign Exchange and Remittances

### Foreign Exchange

The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. Exchange controls restricting the transfer of funds associated with an investment into or out of the UK are not exercised.

The Finance Act 2004 repealed the old rules governing thin capitalization, which allowed companies to assess their borrowing capacity on a consolidated basis. Under the new rules, companies which have borrowed from a UK-based or overseas parent need to show that the loan could have been made on a stand-alone basis or face possible transfer pricing penalties. These rules were not established to limit currency transfers, but rather to

limit attempts by multinational enterprises to present what is in substance an equity investment as a debt investment to obtain more favorable tax treatment.

#### Remittance Policies

Not applicable.

#### Sovereign Wealth Funds

The United Kingdom does not maintain a national wealth fund. Although there have at time been calls to turn The Crown Estate – created in 1760 by Parliament as a means of funding the British monarchy – into a wealth fund, there are no current plans in motion. Moreover, with assets of just under USD 12 billion, The Crown Estate would be small in relation to other national funds.

#### State-Owned Enterprises

There are 20 partially or fully state-owned enterprises in the UK, with a combined turnover of about USD 17.9 billion (GBP 11.5 billion) in 2011. These enterprises range from large, well-known companies to small trading funds. Some of these, where appropriate, are scheduled to be sold to the private sector over the next few years. The government has already successfully sold Northern Rock, the bank nationalized during the financial crisis. It has also sold its shares in Tote, the betting firm, for USD 444 million (GBP 265 million). Since privatizing the oil and gas industry, the UK has not established any new energy-related state-owned enterprises or resource funds.

#### Privatization Program

The privatization of state-owned utilities in the UK is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or government shares in other utilities are likely to be sold off to the private sector when market conditions improve.

### **Responsible Business Conduct**

Businesses in the UK are accountable for a due diligence approach to responsible business conduct (RBC), or corporate social responsibility (CSR), in areas such as human resources, environmental issues, sustainable development, and health and safety practices – through a wide variety of existing guidelines at national, EU and global levels. There is a strong awareness of CSR principles among UK businesses, promoted by UK business associations such as the Confederation of British Industry and the UK government.

The British government fairly and uniformly enforces laws related to human rights, labor rights, consumer protection, environmental protection, and other statutes intended to protect individuals from adverse business impacts. The UK government adheres to the OECD Guidelines for Multinational Enterprises. It is committed to the promotion and implementation of these Guidelines and encourages UK multinational enterprises to adopt high corporate standards involving all aspects of the Guidelines. The UK has established a National Contact Point (NCP) to promote the Guidelines and to facilitate the resolution of disputes that may arise within that context. The UK NCP is housed in BEIS and is partially funded by DFID. A Steering Board monitors the work of the UK NCP and provides strategic guidance. It is composed of representatives of relevant government departments and four external members nominated by the Trades Union Congress, the Confederation of British Industry, the All Party Parliamentary Group on the Great Lakes Region of Africa, and the NGO community.

#### [Results of a UK government consultation on CSR.](#)

Information on [UK and EU regulations and policies](#) relating to the procurement of supplies, services and works for the public sector, and the relevance of promoting RBC.

## Corruption

Although isolated instances of bribery and corruption have occurred in the UK, U.S. investors have not identified corruption of public officials as a factor in doing business in the UK.

The Bribery Act 2010 came into force on July 1, 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. The scope of the law is extra-territorial. Under the Bribery Act, a relevant person or company can be prosecuted for bribery if the crime is committed abroad. The Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.

Section 9 of the Act requires the UK Government to publish guidance on procedures that commercial organizations can put in place to prevent bribery on their behalf. It creates the following offences: active bribery, described as promising or giving a financial or other advantage, passive bribery, described as agreeing to receive or accepting a financial or other advantage; bribery of foreign public officials; and the failure of commercial organizations to prevent bribery by an associated person (corporate offense). This corporate criminal offense places a burden of proof on companies to show they have adequate procedures in place to [prevent bribery](#). To avoid corporate liability for bribery, companies must make sure that they have strong, up-to-date and effective anti-bribery policies and systems. The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faced charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

The Bribery Act creates a corporate criminal offense making illegal the failure to prevent bribery by an associated person. The briber must be “associated” with the commercial organization, a term which will apply to, amongst others, the organization’s agents, employees, and subsidiaries. A foreign corporation which “carries on a business, or part of a business” in the UK may therefore be guilty of the UK offense even if, for example, the relevant acts were performed by the corporation’s agent outside the UK. The Act does not extend to political parties and it is unclear whether it extends to family members of public officials.

### UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UK formally ratified the OECD Convention on Combating Bribery in December 1998. The UK also signed the UN Convention Against Corruption in December 2003 and ratified it in 2006. The UK has launched a number of initiatives to reduce corruption overseas. The OECD Working Group on Bribery (WGB) criticized the UK’s implementation of the Anti-Bribery convention. The OECD and other international organizations promoting global anti-corruption initiatives pressured the UK to update its anti-bribery legislation which was last amended in 1916. In 2007, the UK Law Commission began a consultation process to draft a Bribery Bill that met OECD standards. A report was published in October 2008 and consultations with experts from the OECD were held in early 2009. The new Bill was published in draft in March 2009 and adopted by Parliament with cross-party support as the 2010 Bribery Act in April 2010.

### Resources to Report Corruption

UK law provides criminal penalties for corruption by officials, and the government routinely implements these laws effectively. The Serious Fraud Office (SFO) is an independent government department, operating under the superintendence of the Attorney General with jurisdiction in England, Wales, and Northern Ireland. It investigates and prosecutes those who commit serious or complex fraud, bribery, and corruption, and pursues them and others for the proceeds of their crime.

The SFO is the UK’s lead agency to which all allegations of bribery of foreign public officials by British nationals or companies incorporated in the United Kingdom should be reported – even in relation to conduct that occurred overseas. Some of these allegations, where they involve serious or complex fraud and corruption, may fall to the SFO to investigate. Some may be more appropriate for other agencies to investigate, such as the

Overseas Anti-Corruption Unit of the City of London Police (OACU) or the International Corruption Unit of the National Crime Agency. When the SFO receives a report of possible corruption, its intelligence team makes an assessment and decides if the matter is best dealt with by the SFO or passed to a law enforcement partner organization. Allegations can be reported in confidence using the [SFO's secure online reporting form](#).

Details can also be sent to the SFO in writing:

SFO Confidential  
Serious Fraud Office  
2-4 Cockspur Street  
London, SW1Y 5BS  
United Kingdom

## **Political and Security Environment**

The UK is politically stable but shares with the rest of the world an increased threat of terrorist incidents. 2017 saw an uptick in the number of terrorist incidents in the UK, with deaths from attacks in Westminster, Manchester, London Bridge and Finsbury Park totaling 36. The latest official figure, from December, states that nine Islamist plots had been foiled since March 2017 - and 22 since 2013, when the Islamic State group emerged in Syria. The current threat level for international terrorism in the UK is "Severe."

Environmental advocacy groups in the UK have been involved with numerous protests against a variety of business activities, including: airport expansion, bypass roads, offshore structures, wind farms, civilian nuclear power plants, and petrochemical facilities. These protests tend not to be violent but can be disruptive, with the aim of obtaining maximum media exposure.

The June 2016 EU referendum campaign was characterized by significant polarization and widely varying perspectives across the country. However, this polarization has resulted in few incidents of political violence. Differing perspectives on what should be the terms of the future UK-EU relationship continues to cause political polarization across the UK. The people of Scotland voted to remain in the EU and Scottish political leaders have indicated that the UK leaving the EU may provide justification to pursue another Referendum on Scotland leaving the UK. In addition, Brexit may be a factor contributing to the inability to reconstitute devolved government in Northern Ireland.

## **Labor Policies and Practices**

The UK's labor force is the second largest in the European Union, at just over 40 million people. For the period between December 2017 and February 2018, the employment rate was 75.4 percent, with 32.26 million workers employed – the highest employment rate since 1971. Unemployment also hit a 43-year low with 1.42 million unemployed workers, or just 4.2 percent (down from 4.7 percent a year earlier). This rate is now less than half of the Euro Area average of 8.5 percent. For the same period, the unemployment rate for 16 to 24 year olds was 12.0 percent, lower than for a year earlier (12.5 percent); it has not been lower since fall 2004.

The most serious issue facing British employers is a skills gap derived from a high-skill, high-tech economy outpacing the educational system's ability to deliver work-ready graduates. The government has placed a strong emphasis on improving the British educational system in terms of greater emphasis on science, research and development, and entrepreneurial skills. The UK's skills base stands just above the OECD average and is improving.

As of 2016, approximately 23.5 percent of UK employees belonged to a union. Public-sector workers have a much higher share of union members, at 52.7 percent, while the private sector is just under 14 percent. Manufacturing, transport, and distribution trades are highly unionized. Unionization of the workforce in the UK is prohibited only in the armed forces, public-sector security services, and police forces. Union membership

has been relatively stable in the past few years, although the trend has been slightly downward over the past decade.

Once-common militant unionism is less frequent, but occasional bouts of industrial action, or threatened industrial action, can still be expected. Recent strike action was motivated in part by the Coalition Government’s deficit reduction program impacts on highly unionized sectors. In the 12 months to January 2015, there were 802,000 working days lost from 214 official labor disputes. Privatization of traditional government entities has accelerated such thinking. The Trades Union Congress (TUC), the British nation-wide labor federation, encourages union-management cooperation as do most of the unions likely to be encountered by a U.S. investor.

In 2017 some cabin crew members of British Airways went on strike; 2018 has seen significant strikes at the university level. In February of this year, university lecturers launched a widespread strike with staff and students taking collective action across 64 different universities. Estimates show over a million students were affected and 575,000 teaching hours were lost.

On April 1, 2016, the UK raised the minimum wage from USD 9.50 (GBP 6.70) an hour to USD 10.15 (GBP 7.20) an hour for workers ages 25 and over. The increased wage impacts about 1.8 million workers across Britain. The government plans to raise the National Living Wage to USD12.70 an hour (GBP 9) by 2020.

The UK decision to leave the EU has also introduced uncertainty into the labor market, with questions surrounding the rights of workers from other EU countries currently in the UK, the future rights of employers to hire workers from EU countries, and the extent to which the UK will maintain EU rules on workers’ rights.

The 2006 Employment Equality (Age) Regulations make it unlawful to discriminate against workers, employees, job seekers, and trainees because of age. The regulations cover recruitment, terms and conditions, promotions, transfers, dismissals, and training. They do not cover the provision of goods and services. The regulations also removed the upper age limits on unfair dismissal and redundancy. It sets a national default retirement age of 65, making compulsory retirement below that age unlawful unless objectively justified. Employees have the right to request to work beyond retirement age and the employer has a duty to consider such requests.

### OPIC and Other Investment Insurance Programs

OPIC does not operate in the UK. Export-Import Bank (Ex-Im Bank) financing is available to support major investment projects in the UK. A Memorandum of Understanding (MOU) signed by Ex-Im Bank and its UK equivalent, the Export Credits Guarantee Department (ECGD), enables bilateral U.S.-UK consortia intending to invest in third countries to seek investment funding support from the country of the larger partner. This removes the need for each of the two parties to seek financing from their respective credit guarantee organizations.

### Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	USD 2,662,000	2017	USD 2,648,000	<a href="#">World Bank Data for the UK</a>

Foreign Direct Investment	Host Country Statistical Source		USG or International Statistical Source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	USD 308,000	2017	USD 682,361,000	<a href="#">BEA data available</a>
Host country's FDI in the United States (\$M USD, stock positions)	2016	USD 241,000	2017	USD 598,319	<a href="#">SelectUSA UK Country Fact Sheet</a>
Total inbound stock of FDI as percent host GDP	2016	11.57%	2017	25.77%	Calculated using respective GDP and FDI data

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (GBP Pounds, Billions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	1,199.5	Proportion	Total Outward	1,212.8	Proportion
USA	308	25.7%	USA	241	19.9%
Netherlands	212	17.7%	Netherlands	142	11.7%
Luxembourg	115	9.6%	Luxembourg	113	9.3%
France	60	5.0%	France	72	5.9%
Germany	60	5.0%	Hong Kong	61	5.1%

Notes:

The UK Department for International Trade Core Statistics Book denominates these figures in GBP. Due to an extremely volatile GBP/USD exchange rate in 2016, Post has decided to leave the numbers in their denominated currency as to maintain the highest accuracy.

The current fourth ranking for Inward Direct Investment is the UK offshore island of Jersey, a self-governing dependency of the United Kingdom. However, we have chosen to focus here on country-to-country FDI only.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets		
Top Five Partners (Millions, U.S. Dollars)		
Total	Equity Securities	Total Debt Securities

All Countries	Amount	Proportion	All Countries	Amount	Proportion	All Countries	Amount	Proportion
United States	930,658	26%	United States	540,871	33%	United States	389,786	19%
France	278,954	8%	Ireland	143,555	9%	France	215,153	11%
Germany	246,460	7%	Japan	126,769	8%	Germany	183,154	9%
Ireland	219,186	6%	France	63,801	4%	Brazil	142,808	7%
Japan	195,043	5%	Germany	63,306	4%	Italy	100,224	5%

The official government statistics are released in GBP. Given the large fluctuations in the GBP/USD rate, it is difficult to provide precise numerations in USD for some of these figures.

### Contact for More Information

U.S. Embassy London  
Economic Section  
33 Nine Elms Ln  
London SW11 7US  
United Kingdom  
+44 (0)20-7499-9000

[LondonEconomic@state.gov](mailto:LondonEconomic@state.gov)

## **Trade & Project Financing**

### **Methods of Payment**

Although the UK economy is recovering, many UK importers are carefully considering their purchases and may seek special trade finance arrangements.

Normal practice has been for payments to be made on open account, payment in advance, letter of credit, documentary draft, or consignment. British buyers will typically ask for credit on 60, 90, or 180 day terms, depending on what is accepted practice in the industry.

### **Banking Systems**

There are many British and foreign-owned banks and financial institutions based in London. There are more U.S.-owned banks operating branches and subsidiaries in London than there are on Wall Street. In addition, many of the smaller U.S. banks have correspondent relationships with one or more of the major British banks, and those UK correspondents can provide financial services for exporters and investors.

### **Foreign Exchange Controls**

There are no exchange controls restricting the transfer of funds into or out of the UK, although anyone carrying the equivalent of €10,000 or more in cash when they enter the UK must declare it.

### **US Banks & Local Correspondent Banks**

The many U.S. banks operating in the UK are generally members of the British Bankers' Association and the Association of Foreign Banks.

British Bankers' Association has merged into [UK Finance](#).

[Association of Foreign Banks](#).

### **Project Financing**

London is a major source of international project financing. The UK is seen as a safe haven and has attracted substantial amounts of investment for some key infrastructure projects. London's future as a major financial services center will greatly depend on the post-Brexit arrangements the UK is able to negotiate with the EU and other trading partners.

UK importers are carefully considering the volume and price of their purchases. Therefore, U.S. exporters should consider offering very competitive prices and should coordinate closely with their UK business partners to explore available opportunities to finance trade transactions.

### **Multilateral Development Banks**

London is home to the headquarters of the European Bank for Reconstruction and Development (EBRD), an international financial institution whose single largest shareholder is the U.S. Government. The [EBRD](#) supports projects from central Europe to central Asia. Investing primarily in private sector clients whose needs cannot be fully met by the market, the EBRD offers debt, equity and local currency financing with tenors not usually obtained from commercial banking sources. The [Commercial Service \(CS\) maintains a presence at the EBRD](#) to represent the interests of U.S. firms.

[U.S. Export-Import Bank financing](#) is available to support major capital equipment sales to the UK.

## **Financing Web Resources**

[EU Project Financing](#)

[U.S. Government International Financing Programs](#)

[Exim BankCountry Limitation Schedule](#)

[OPIC](#)

[Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[European Bank for Reconstruction and Development \(EBRD\)](#)

## **Business Travel**

### **Business Customs**

UK business customs are similar to those in the United States, as the British class structure, based on family history, profession, as well as property and land ownership, continues to erode through taxation, education, and social developments over the last few decades. Liberalization of business and industry has rewarded enterprise and a new generation of professionals schooled in management, marketing and finance techniques has increasingly taken charge. The 2011 Census demonstrated that England and Wales have become more ethnically diverse, with minority ethnic groups continuing to rise since 1991.

Some fundamental cultural differences between the U.S. and the UK remain. Variations in pace and style may be most noticeable and sustained personal contact with potential business partners is expected. Prompt acknowledgment of correspondence, longer lead time for appointments, adherence to appointment schedules and a greater formality in the conduct of business is the norm.

British executives communicate typically by phone and e-mail. The British are less likely to seek legal advice and guidance than their U.S. counterparts, although a litigation culture is developing along the lines of the U.S. model – i.e. no win, no fee cases have recently been permitted.

### **Travel Advisory**

The State Department's [Passports and International Travel](#) department provides information for travel to the United Kingdom.

The State Department's Travel Alerts provides information on [travel warnings](#).

### **Visa Requirements**

[Entry, exit and visa requirements Information for the United Kingdom](#)

[UK Visa Information](#)

[Registered Traveller](#): faster entry through the UK border

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.:

- [State Department Visa Information](#)
- [U.S. Visa Information](#)

## Currency

The UK's currency is the pound sterling £/GBP. Despite being a member of the European Union (at least until 2019), the UK has not adopted the euro. The pound is generally a stable currency. Banknotes are issued in England and Wales by the Bank of England. There are four different denominations of banknote. They are £5, £10, £20 and £50. There are 100 pence (p) in a pound. UK coins come in 1p, 2p, 5p, 10p, 20p and 50p denominations. There are also £1 and £2 coins.

Seven banks in Scotland and Northern Ireland are authorized to issue banknotes.

Three banks are authorized to issue banknotes in Scotland:

- Bank of Scotland plc;
- Clydesdale Bank plc; and
- The Royal Bank of Scotland plc.

Four banks are authorized to issue banknotes in Northern Ireland:

- Bank of Ireland (UK) plc
- AIB Group (UK) plc (trades as First Trust Bank in Northern Ireland);
- Northern Bank Limited (trades as Danske Bank); and
- Ulster Bank Limited.

Businesses in England and Wales generally accept the Scottish and Northern Irish notes, but are not obliged to.

The Channel Islands, Gibraltar, British Overseas Territories and the Isle of Man also issue their own banknotes, but these are not accepted on the UK mainland or for foreign exchange purposes. It is imperative you exchange these before your return to the UK mainland or the U.S. They can be exchanged at banks in the UK. Some places in the Channel Islands have ATMs side by side, one for English notes and the other for Island notes.

Credit cards, especially Visa and Mastercard are widely accepted in London's restaurants, bars, cafés and shops. American Express and Diners Club are less commonly accepted.

There are many cash machines, also known as cashpoints or ATMs located across the UK. Most accept international cards with the Visa, Plus, Mastercard, Cirrus or Maestro symbols. Some other systems are also recognized though it is a good idea to check with your bank or card company before you travel. If you have a non-UK account, you will most certainly be charged when you withdraw cash.

You may see cash machines in some corner shops and small supermarkets. Please check before using them as they are likely to charge a fee for transactions. In more rural areas, cash machines are rarer and tend to be located near supermarkets or at the odd bank, if this is open.

If you are using your debit card and are accustomed to entering your PIN alphabetically, please make sure that you also know its numeric equivalent. Most UK cashpoints have only a numeric keypad.

Contactless payment systems using a card or mobile phone are becoming more prevalent, especially in metropolitan areas. There is a £30 (approx. \$40) limit on contactless transactions.

With wide availability and use of cash machines/ATMs, traveler's checks are less commonly used and some shopkeepers may be reluctant to accept these for modest purchases. It is advisable to take a variety of payment methods when you travel.

## Telecommunications/Electronics

The telecommunications system in the United Kingdom is comparable to that of United States. A direct-dial telephone system links the UK to the U.S. and the rest of the world. Calls on landlines can be charged to international telephone cards such as AT&T, MCI and Sprint. The UK has a highly developed mobile network with a 4G signal widely available. Visitors from the U.S. can readily rent or buy pre-pay mobile (cell) phones.

To call the UK from the United States, you should dial: 011 44 followed by the number of the individual or organization whom you are calling, but without the leading 0. For instance, the phone number for the U.S. Commercial Service in London is: 020 7891 3419. To call from the U.S., you should dial: 011 44 20 7891 3419.

To call the United States from the UK, dial: 00 1 then the number of the receiving party, including their area code.

Internet access is available to businesses and home users in various forms, including cable, DSL, and wireless. Wireless internet (Wi-Fi) has become increasingly common in the UK whether this be free or paid for. Most hotels will offer in-house wireless internet, though will likely charge rather high amounts for access. However, many guest houses offer this for free to their guests. In larger cities, simply sitting in a café and checking for Wi-Fi will work, though visitors must be aware of the following safety points when considering Wi-Fi:

- It is an offence in the United Kingdom to use wireless internet without being given the express permission of the administrator. Check for "Free Wi-Fi" or "Wi-Fi Access Here" signs before logging on.
- Connecting to a Wi-Fi network without an adequate firewall poses a security risk to your device.
- Attempting to connect to a person's private Wi-Fi router is known as "freeloading" and is an offence, punishable by law.

In the UK the standard voltage is 230 V. The standard frequency is 50 Hz. The power sockets that are used are of type G. Traveler adapters and power/voltage converters can be purchased throughout UK stores or ordered online.

## Transportation

Road conditions in the UK can differ significantly from those in the U.S. UK penalties for driving under the influence of alcohol or drugs are stiff and often result in prison sentences. In contrast to U.S. traffic, which moves on the right side of the road, UK traffic moves on the left. Visitors uncomfortable with or intimidated by the prospect of driving on the left side of the road may wish to use the United Kingdom's extensive bus, rail, and air transport networks.

Roads in the UK are generally excellent though are narrow and often congested in urban areas. If you plan to drive while in the UK, you may wish to obtain a copy of the [Highway Code](#), available for purchase at most UK bookstores.

It is illegal to use a hand-held cell phone or similar device while driving in the United Kingdom. Only hands-free phones may be used.

The speed limit on highways/motorways in the United Kingdom is 70 mph, or lower when posted. Motorways generally have a hard shoulder (breakdown lane) on the far left, defined by a solid white line. It is illegal to stop or park on a hard shoulder unless it is an emergency. In such cases, you should activate your hazard lights, get out of your vehicle, and go onto an embankment for safety.

Emergency call boxes (orange telephone booths with "SOS" printed on them) may be found at half-mile intervals along the motorway. White and blue poles point in the direction of the nearest call box. Emergency

call boxes dial directly to a motorway center. It is best to use these phones rather than a personal cell phone, because motorway center personnel will immediately know the location of a call received from an emergency call box.

Roadside towing services may cost approximately £150 (approximately \$220). However, membership fees of automotive associations such as the RAC (Royal Automobile Club) or AA (Automobile Association) often include free roadside towing service.

Travelers intending to rent cars in the United Kingdom should be aware that the steering wheel will be on the right side of the car and the driver will use the left hand to operate the gear shift. Travelers should make sure they are adequately insured. U.S. auto insurance is not always valid outside the United States, and travelers may wish to purchase supplemental insurance, which is generally available from most major rental agents.

Authorities impose a congestion charge of £11.50 (about \$16) on all cars entering much of central London Monday through Friday from 7:00 a.m. to 6:00 p.m. The easiest way to pay is by registering for Congestion Charge Auto Pay. Exemptions and discounts are available. You can pay in advance or on the day of travel. If you don't pay by midnight, on the following charging day after you drove in the zone, you'll get a Penalty Charge Notice (PCN). The penalty charge is £160 or discounted to £80 if paid within 14 days. Information on the congestion charge can be found on the Transport for London website.

Non-UK-resident drivers charged with motoring offenses are often unable to provide a verifiable address for delivery of a summons (subpoena) to appear in court, or fail to return for court if released on bail. U.S. citizens may be detained and arrested if they cannot provide a UK address to receive a subpoena or are about to depart the United Kingdom and have to be brought to court quickly for a motoring offense. If alleged offenders attend court and are found not guilty, the deposit is returned.

Public transport in the United Kingdom is extensive. London has a comprehensive bus network, the London Underground (the Tube) and public bicycles for hire (Santander Cycles). Fares on buses and the Tube should be paid for with an Oyster contactless card or with a contactless debit or credit card. Tickets are not available. Cash is not accepted on buses. Information on disruptions to London transportation services can be found on the Transport for London website. Information about the status of National Rail Services can be found on the National Rail Enquiries website. Other cities such as Manchester and Edinburgh have trams. It is against the law to ride bicycles on the pavement (sidewalk).

London black taxis are licensed by Transport for London. All drivers must take The Knowledge showing that they have a comprehensive knowledge of the streets of London and the routes from points A to B. Black cabs have meters to calculate the fare. Apps such as mytaxi can be used to hail black cabs. Uber and other apps are available to call public-hire vehicles.

Many U.S. citizen pedestrians are injured, some fatally, every year in the United Kingdom because they forget that oncoming traffic approaches from the opposite direction than in the United States. You should exercise extra care when crossing streets; remember to remain alert and look both ways before stepping into the street. Be aware that pedestrians generally do not have the right of way and should not expect vehicles to stop for them.

Driving in Gibraltar is on the right side of the road, as in the United States and continental Europe. Persons traveling overland between Gibraltar and Spain may experience long delays in clearing Spanish border controls. There are no entry tax or other fees payable to enter Gibraltar.

Key links: [Transport For London](#) and [national rail](#).

## Language

English is the official language of the United Kingdom. Welsh is spoken by a significant minority in Wales. Gaelic is spoken by a small minority in Scotland. In addition, there are many large communities in the UK whose first language is not English. Over 100 languages are spoken in London alone, which continues to be one of the most culturally diverse cities in the world.

## Health

While medical services are widely available, free care under the National Health System (NHS) is allowed only for UK residents, certain EU nationals, and some visa holders. An NHS surcharge is assessed on certain visa applicants at the time of application. Tourists and short-term visitors will not be assessed the surcharge though will be charged 150% of the cost of any medical treatment they receive from the NHS. Unpaid balances of £1,000 or more, can result in being barred from return to the UK. The U.S. Government does not pay medical bills and U.S. Medicare is not valid overseas. Travelers to the United Kingdom should ensure they have adequate medical insurance to cover the cost of any treatment received.

Information about [health matters in the United Kingdom](#)

## Local Time, Business Hours and Holidays

England, Scotland, Wales, and Northern Ireland are all in the Greenwich Mean Time Zone which is five hours ahead of U.S. Eastern Standard Time. The clocks go forward in spring to British Summer Time and back to GMT in the fall. The dates of the time change are different from those in the U.S.

Opening times for banks in the UK often vary from town to town, city to city and from bank to bank. Standard banking hours are generally, however, 9:00 a.m. - 9:30 a.m. until 3:30 p.m. or 4:00 p.m., Monday through Friday. Some banks stay open late once per week as well as being open on Saturdays for a limited number of hours.

Offices hours are typically from 9 a.m. until 5 p.m., Monday through Friday. Stores are generally open from 9 a.m. to 5:30 p.m., Monday through Saturday, and Sunday 10 a.m. to 4 p.m. or 11 a.m. to 5 p.m. Some grocery stores open 24 hours a day for 6 day a week. At traditional vacation times, many British executives are unavailable except by advance appointment.

[List of UK Bank Holidays](#)

## Temporary Entry of Materials or Personal Belongings

Includes information on what is required for temporary entry.

The ATA Carnet is a system allowing the free movement of goods across frontiers and their temporary admission into a Customs territory with relief from duties and taxes. The goods are covered by a single document known as the ATA carnet that is secured by an international guarantee system. The term "ATA" is a combination of the initial letters of the French words "Admission Temporaire" and the English words "Temporary Admission".

With this system, the international business community enjoys considerable simplification of Customs formalities. The ATA carnet serves as a goods declaration at export, transit and import. Almost everything from the ordinary to the extraordinary, the usual and unusual; computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, medial appliances and aircraft, etc.

No import duties or taxes are collected for the temporary importation of goods covered by the system since internationally valid security has been established by the national associations issuing the ATA carnets. These national associations are approved by Customs and are affiliated to an international guaranteeing chain administered by the [International Chamber of Commerce World Chambers Federation \(ICC/WCF\)](#).

When showing commercial samples to customers or potential customers, demonstration of professional equipment for use at a trade fair or transporting equipment to provide a service, the ATA carnet is now the document most widely used by the business community for international operations involving temporary admission of goods.

[For information about importing personal belongings into the UK.](#)

### **Travel Related Web Resources**

[U.S. Embassy London](#)

[UK Home Office](#)

[UK Visa Information](#)

[Transport for London](#)

[National Rail Services](#)

[UK Department for Transport](#)

[Centers for Disease Control and Prevention](#)

[World Health Organization](#)

[U.S. Department of State, Bureau of Consular Affairs](#)

[International Chamber of Commerce](#)