

The UK - #1 Market in Europe

Over 41,000 U.S. Exporters Can't Be Wrong!

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Snapshot of the UK Economy

- The UK has the world's sixth largest economy.
- 2010 GDP: UK \$2.3 trillion v U.S. \$14.6 trillion v CA \$1.9 trillion (est.)
- 2010 per capita GDP: UK \$35,100 v U.S. \$47,400 v CA \$55,000 (est.)
- The UK has not adopted the Euro.
- Services account for about 75% of the economy – similar to the U.S.
- The area of the UK is 94,000 square miles v 164,000 in CA.
- The UK has a population of 61 million v 34 million in CA.

Snapshot of the UK Economy (2)

- GDP growth: 2010 = 1.3%. Q1 2011 = 0.5%
- Inflation: 4.0% CPI / 5.3% RPI (Mar 2011)
- Unemployment: 7.8% (2.5 million unemployed)
- Bank of England Base Rate: 0.5%

Snapshot of the UK Manufacturing Sector

- The UK is the world's sixth largest manufacturing nation.
- Manufacturing is worth \$260 billion to the UK economy.
- Manufacturing accounts for about 12% of UK GDP.
- The leading manufacturing sectors are:
 - Food, drink and tobacco
 - Paper, printing and publishing
 - Chemicals and man-made fibers
 - Electrical and optical equipment
 - Basic metals and metal products
 - Transport equipment
 - Machinery and equipment
- These seven sectors account for 80% of UK manufacturing.

U.S. – UK Trade Relationship

- Total U.S. – UK trade in goods and services in 2010 was about \$200 billion.
- Trade in Goods – 2010:
 - U.S. Exports to the UK were \$49 billion (up 6%).
 - U.S. Imports from the UK were \$50 billion (up 5%).
- Trade in Services – 2009:
 - U.S. Exports to the UK were \$51 billion.
 - U.S. Imports from the UK were \$38 billion.

U.S – UK Trade Relationship: Goods

- Bilateral trade in goods totaled \$99 billion in 2010.
- U.S. goods exports of \$49 billion in 2010 make the UK the U.S.'s largest export market in Europe and the fifth largest worldwide, after Canada, Mexico, China and Japan.
- More than 41,000 U.S. firms export to the UK, exceeded in number only by those exporting to Canada and Mexico.

Top 10 U.S. Exports to the UK

The top 10 U.S. exports to the UK in 2010 were:

	\$ billion
Precious metals	7.4
Aircraft	5.3
Medicines	3.5
Artwork	1.6
Automobiles	0.9
Medical devices	0.6
Jewelry	0.5
Coal	0.5
Automobile engines	0.4
Telecommunications equipment	0.4

U.S. – UK Investment Relationship

- Of total U.S. investment abroad, 13% is in the UK, more than in all of South and Central America, and nearly as much as in all of Asia Pacific, including Japan.
- The U.S. is the largest foreign investor in the UK (24%), and the UK is the largest foreign investor in the U.S. (20%).
- Cumulative bilateral investment is nearly \$1 trillion with U.S. investment of \$471 billion in the UK and UK investment of \$454 billion in the U.S.
- Of total U.S. investment in the EU, 27% is in the UK.

UK Best Prospect Markets: 2011 Estimates

	Market size (\$ billion)
Renewable energy products	40.0
Environmental technologies	40.0
Aerospace products	35.5
Automotives parts	23.7
Computers and peripherals	19.7
Sustainable construction	18.6
Franchising	17.4
Security products and services	13.0
Medical equipment	6.7

Travel and tourism: four million annual arrivals from the UK spend an est. \$10.8 billion.

Best prospects: Key trends

- **Renewable Energy**

- The UK has aggressive carbon emission reduction targets.
- The UK is investing heavily in renewable electricity generation.
- The UK will invest about \$50 billion in a smart grid over the next 10 years.
- Best prospects are on- and offshore wind, solar, biomass, wave and tidal generation, microgeneration and smart grid systems.
- Microgeneration products must be certified under the Microgeneration Certification Scheme to be eligible for the Feed-in-Tariff.

Best prospects: Key trends

- **Environmental Technologies**

- The UK is seeking to reduce the amount of waste generated and to recycle more of what is produced.
- The UK is investing in improving its water supply and waste water treatment infrastructure.
- Best prospects are material recovery and recycling, waste management systems, fresh and waste water treatment, and environmental consulting services.
- Regulations affecting the environmental sector include WEEE, RoHS, EU Landfill Directive, Large Combustion Plant Directive, EU Waste Framework Directive and Battery Directive.

Best prospects: Key trends

- **Aerospace Products**

- The UK aerospace market is the second largest in the world.
- The market is split nearly equally between civil and defense.
- Best prospects are aircraft systems and frames, engines, aircraft parts and unmanned systems.
- The UK's aviation industry is regulated by the European Aviation Safety Agency (EASA) and the UK's Civil Aviation Authority (CAA). Military aerospace products are subject to UK Defence Standards.

Best prospects: Key trends

- **Automotive Parts**

- The UK is one of the top five automotive manufacturing countries in Europe.
- The UK's 36 million vehicles present an excellent aftermarket opportunity.
- The UK is actively promoting electric vehicles as a means to reduce its carbon emissions.
- Each automobile manufacturer has its own quality system. Otherwise, EU standards apply.

Best prospects: Key trends

- **Computers and Peripherals**

- The UK has the largest information and communications technology (ICT) market in Europe.
- There is a growing focus on energy efficiency that will boost demand for green IT solutions.
- Cyber security is top-of-mind in the UK and is attracting considerable investment.
- ISO27001 (BS7799-2) is the international standard for information security management systems. The EU Battery Directive affects devices containing batteries.

Best prospects: Key trends

- **Sustainable Construction**

- The UK is seeking to reduce carbon emissions from its building stock.
- The UK is actively promoting the electrification of heat and improved energy efficiency of buildings.
- Best prospects include design/architecture services, energy efficiency products, and innovative waste management systems.
- Products need to comply with BREEAM, which is the UK version of LEED.

Best prospects: Key trends

- **Franchising**

- There are about 840 franchise systems in operation in the UK.
- The market is receptive to new systems.
- Best prospects include restaurants, particularly those with a healthy angle; health and beauty; retail; and printing and business services.

Best prospects: Key trends

- **Security Products and Services**

- There are three main areas of focus: national security/counter terrorism, cyber security and general security.
- The UK's five million analog CCTV cameras need replacing with digital systems.
- The UK is increasing spending on cyber security.
- Demand for retail, property and personal security systems is increasing.
- The Data Protection Act and the Human Rights Act have implications for the use of products such as CCTV. Individual products will be subject to relevant EU Directives.

Best prospects: Key trends

▪ **Medical Equipment**

- The UK's medical equipment market is the sixth largest in the world and the fourth largest in Europe.
- The National Health Service (NHS) is the predominant provider of health care. The NHS has a budget of about \$160 billion and employs some 1.7 million people.
- Best prospects include telemedicine, monitoring equipment, orthopedic devices, rehabilitation equipment, needle free systems and diagnostics.
- The Medicines and Healthcare Products Regulatory Agency (MHRA) is the UK's Competent Authority responsible for the regulation of medical equipment covered by the:
 - EU Medical Devices Directive
 - EU Active Implantable Medical Devices Directive
 - EU In Vitro Diagnostics Directive

The United Kingdom - #1 Market in Europe

- In sum, there are three compelling reasons why you should export to the UK - our #1 market in Europe:
 - It is a large, open, transparent and stable market.
 - It is receptive to U.S. products and services with strong value propositions.
 - It is an effective entry point to the rest of the EU, the Middle East and Africa.

Because the UK is a Sophisticated Market...

- Evaluate the opportunities carefully – the UK is not for everyone.
- Demonstrate a clear competitive advantage (i.e., price, quality, branding).
- Make sure you have all necessary approvals before entering the market.
- Pay close attention to both the obvious and subtle cultural differences between the U.S. and the UK 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 challenging period of economic recovery.
- Express commitment to the market with a long-term perspective.

CSUK Supports U.S. Pavilions at these Major UK Trade Events

- The Franchise Show – February 2011
- Infosecurity Europe – April 2011
- IFSEC – May 2011
- DSEi – September 2011
- World Travel Market – November 2011
- Farnborough International Airshow – July 2012

Contact us today
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