**CONSULATE GENERAL OF INDIA**

**BIRMINGHAM**

**Monthly Economic & Commercial Report, June, 2016**

1. **EU referendum**

UK voted on June 23 whether it should continue to remain in EU. The result was in favour of Brexit camp (52% Leave, 48% Remain) led to resignation of Mr.David Cameron. The result shook the financial markets and shares of major British bank fuel by 20% and the pound sterling by 10%. Former Home Secretary Mrs.Theresa May took over a new PM on July 13.

1. **Movements on Macro-Economic Factors of UK**

Before the vote to leave the EU, the pace of UK economic growth was slowing. While services were still expanding robustly, construction and manufacturing was struggling. Official data for the impact of the referendum will begin flowing in August, but unofficial indications so far are for a further slowdown. The British economy turned in a subdued performance in the first quarter of 2016. How much of this is due to the uncertainty generated by the Brexit referendum is unclear.

Confidence among British consumers fell sharply after Brexit vote. The YouGov/CEBR Consumer Confidence Index, which measures people's economic sentiment on a daily basis, slumped to its lowest level since May 2013, when Britain's economy was just starting to emerge from its post-financial crisis sluggishness. Households were "highly spooked" by the referendum outcome which would hurt retail sales and household spending, particularly on big-ticket items. Britain's consumers have been the main drivers of the country's economy which outpaced most of other rich countries in past three years but showed signs of slowing ahead of the referendum which resulted a surprise decision to leave the EU.

1. **Major Economic Developments in UK**

**UK sets 2032 climate goal, allays ambition fears**

Britain set a target to reduce emissions by 57 percent by 2032, allaying fears the country’s climate ambitions would become one of the first casualties of Brexit vote. The target, based on 1990 levels, was suggested last year by a government advisory body, the Committee on Climate Change, as a part of Britain's fifth carbon budget (2028-2032). By 2050, Britain has a legally binding target to cut emissions by 80 percent based on 1990 levels. The government plans to close coal-fired power plants by 2025 to help to meet its environmental targets but a lack of incentives to invest in replacement plants have led to concerns about potential power shortages.

**Car industry generates record £71bn turnover**

THE UK’s automotive industry turned over a record £71.6bn last year, helping to support thousands of jobs and generate massive levels of investment, latest figures have shown.

1. **UK-International Economic Relations**

**EU tells UK single market access requires full free movement**

European Union leaders met for the first time without Britain on 29th June, delivering a tough message that London can access the bloc's lucrative single market only if it agrees to allow free movement for EU workers. UK's referendum vote to leave the EU has caused global financial market turmoil, sent the pound sterling tumbling and wiped billions off the value of British shares. Britain's giant financial services sector, roughly 8 percent of economy, relies crucially on access to the EU market. They also called on Britain to trigger the EU's exit clause by notifying them of its intention to withdraw, which would start a two year clock to negotiate its exit.

**Beijing flight touches down in Birmingham**

A Boeing 767-300 aircraft, operated by Hainan Airlines, arrived at Birmingham Airport from Beijing on 3rd July with 233 passengers visiting the UK on organized package tours. The airport is hoping that the move could lead to regular flights between China and Birmingham which could prove a huge boost to the regional economy - an estimated £62m a year from a daily service.

1. **Regional Developments**

**Government gives green light to JLR's £250m Whitley expansion**

A decision by the Government not to call in plans by Jaguar Land Rover for a massive expansion of facilities at its Whitley head office has been welcomed by business chiefs and council leaders. Local councils in Coventry and Warwickshire have supported plans for the new development, which is a vital part of the Midlands Engine. The £250m plan focuses on a huge expansion of the company’s research and development facilities.

Jaguar Land Rover enjoyed its best ever May for sales – its fifth consecutive record-breaking month. The company sold 44,946 vehicles worldwide in May, up 18% on the same month last year.

JLR is to mount legal action against Chinese firm Jiangling Motor for mimicking the design of the best-selling Range Rover Evoque

**West Midlands' house prices driving up the cost of residential land**

Rising house prices in the West Midlands are driving up the cost of residential land in the region, according to new research. The CBRE’s latest ‘Regional Residential Report’ shows the average price of a home in the region increased by 4.1% over the last year, more than anywhere outside the traditional hotspots of London, the South East and East Anglia. Elsewhere around the country, prices in the East Midlands climbed 2.2%, Yorkshire and Humberside saw a 1.9% hike.

**New business growth slowed in May as uncertainty infects decision-making**

Uncertainty continued to affect business activity in May as output growth slipped to a 37-month low. The manufacturing and service sectors in the West Midlands reported its slowest employment growth in more than two years.

**West Midlands proves employment hotspot, fuelled by manufacturing demand**

According to a new study, the West Midlands has the strongest hiring intentions in the country – driven by increasing demand in the manufacturing and engineering sector. Workforce provider Manpower, which compiled the survey said that along with Wales, the West Midlands was reporting a chart-topping Outlook of +11% for the current quarter, the region’s most optimistic level in over a year.

**Slump in sterling may help save Port Talbot as Tata nears rescue deal**

Tata Steel is close to a deal to save its Port Talbot plant despite Britain's vote to leave the EU, as sterling's slump potentially boosts the industry's survival prospects. MPs and trade unions have said the steel sector faces a new crisis after the referendum result, with bidders for Tata Steel UK ready to pull out. But sources familiar with Tata Steel's thinking say the company is still working on a deal with government to keep its UK business, and that the slump in the sterling's value following the referendum could help the industry.

**Birmingham Councillors call for Whitehall to stump up £300m shortfall in EU grants to city**

Birmingham Councillors are calling for the Government to make up at least £300 million in EU funding which is now at risk following the referendum in which the UK voted to leave. The move raises to fears over the future or funding for youth employment training, business investment and transport schemes in the city. Another £250 million of EU funding for universities across the region is also now at stake.

**West Midlands'** **population rises by 25,000**

The West Midlands saw its population increase by 25,201 people last year compared to 2014 with the total population of the area now standing at 2.83 million, according to Office for National Statistics. That represented an increase of 0.9 per cent and means that the region's population was increasing at a faster rate compared to the UK average of 0.79 per cent. More than half the people moving to the West Midlands last year came from abroad with net international migration at 17,400. This was the equivalent of 6.1 immigrants per 1,000 residents and was higher than the UK average of 5.2 per 1,000.

**Leeds jobs on the line as Carlsberg announces plans to outsource 900 positions**

A review of operations at brewery giant Carlsberg will reportedly affect 900 staff, including those at its Leeds operations. The company, which has a depot in Tingley on the outskirts of Leeds, is planning to outsource secondary logistics to DHL Tradeteam in 2017 and 2018.

**500 jobs in pipeline in Yorkshire as £360m power plant plans move forward**

Utility company SSE has announced it will proceed with the Ferrybridge Multifuel 2 (FM2) project in West Yorkshire, with construction expected to begin later this year. The project was awarded planning consent by the Secretary of State in October 2015 and will be built next to the recently completed FM1 project, on land at Ferrybridge ‘C’ Power Station in Knottingley.

**West Midlands Combined Authority appoints new portfolio heads**

The newly-vested West Midlands Combined Authority has designated the portfolio responsibilities for its lead members. The positions were allocated after the body held its inaugural annual general meeting. Cllr Bob Sleigh, leader of Solihull Borough Council, will be the chair of the new authority and he will have special responsibility for HS2 growth strategy, devolution deals and communications & engagement. His deputy will be Cllr Pete Lowe, leader of Dudley Borough Council.

**Brexit breeds uncertainty across industrial sector**

A clear vision for a post-Brexit UK’ is being demanded by Birmingham business leaders after a key quarterly survey revealed ‘subdued’ conditions and uncertainty across the region’s industrial sector. Sales had remained at similar levels to Quarter One 2016, with a rising number of businesses expecting turnover to stay constant, according to The Greater Birmingham Chambers of Commerce Business Report for the Second Quarter, in partnership with the University of Birmingham.

1. **Bilateral trade and investment promotion activities**

The Post answered thirteen trade enquiries from India, publicized five Exhibition/Business promotion events and four global tenders in June, 2016.

1. **UK Overseas Trade Statistics January 2016**

UK exports for May 2016 decreased 4.3% to £23.4 billion compared with April, 2016; the decline was 9.1 per cent compared with May 2015. The imports contacted by 11.1% to £36.1 billion compared to April, 2016 and by 10.2 % compared to May, 2015. The trade deficit was £12.7 billion for May 2016.

India exported goods worth $699.21 to UK in April, 2016 and the imports from UK were worth $367.86.

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