High Commission of India

London

(Economic & Commerce Wing)

***Economic & Commercial Report on the United Kingdom***

***September 2015***

**Overview of UK’s Economy**

The **Gross Domestic Product** (GDP) was estimated to have increased by 0.7% between Quarter 1 (Jan to Mar) 2015 and Quarter 2 (Apr to June) 2015. GDP was estimated to have increased by 3.0% in 2014, compared with 2013. Between Quarter 2 2014 and Quarter 2 2015, GDP in volume terms increased by 2.6% and GDP in current prices was estimated to have increased by 0.7% between Quarter 1 2015 and Quarter 2 2015.

The **Consumer Prices Index (CPI)** was unchanged in the year to August 2015, that is, a 12-month rate of 0.0%, down from 0.1% in the year to July 2015. A smaller rise in clothing prices on the month compared with a year ago was the main contributor to the slight fall in the rate. There were also downward effects from changes in motor fuel prices and sea fares.

The **unemployment rate** was 5.5%, unchanged compared with February to April 2015 but lower than for a year earlier (6.2%). There were 31.09 million people in work, 42,000 more than for February to April 2015 and 413,000 more than for a year earlier.

**Exports of goods** decreased by £2.3 billion to £22.8 billion in July 2015, the lowest export figure since September 2010. This is attributed to decreases in semi-manufactures (specifically chemicals) of £1.0 billion and finished manufactures of £0.8 billion. **Imports of goods** increased by £0.3 billion to £33.9 billion over the same period. In the 3-months to July 2015, the UK’s deficit on trade in goods and services was estimated to have been £4.7 billion; narrowing by £4.1 billion when compared with the 3-months to April 201.

The **Index of Services** is estimated to have increased by 2.8% in July 2015 compared with July 2014. All of the 4 main components of the services industries increased in the most recent month compared with the same month a year ago. The largest contributions came from: business services and finance, which contributed 1.2 percentage points to total growth; and distribution, hotels and restaurants, which contributed 0.8 percentage points to total growth. The latest Index of Services estimates show that output increased by 0.2% between June 2015 and July 2015, following an increase of 0.6% between May 2015 and June 2015.

The **Bank of England’s Monetary Policy Committee** at its meeting ending on 10 September 2015, decided to **maintain Bank Rate at 0.5%.** The Committee also decided to maintain the size of the Asset Purchase Programme at £375 billion.

**UK’s £72 billion design economy takes centre stage at GREAT Global Investment Conference 2015**

Global business leaders celebrated Britain’s booming design industry at The GREAT Global Investment Conference in London on September 17, 2015. The Design contributed £72 billion to the UK in 2013, employed 5% of the UK workforce and created jobs at 3 times the national average. The full report will be released in October 2015. British talent in technology, design, creativity, advanced manufacturing and automotive was on display to demonstrate UK design capability at its best, in a bid to encourage more investment to the UK and bolster its position as number one for foreign direct investment (FDI) in Europe. Prime Minister David Cameron said: “The scale of foreign investment we are now seeing across Britain is a great success story and a vote of confidence in our long-term economic plan, creating growth and jobs for working people. As the UK takes centre stage once again, I am determined that we show the world just what we have to offer – with a strong economy and a wealth of talent, creativity and unbeatable investment opportunities.”

Investment deals announced at the conference included:

* Signing of an MoU between Global e-commerce company, Amazon and UK Trade and Investment (UKTI) to formalise a partnership giving UK sellers access to new resources and dedicated programmes. The partnership will give customers access to a global market that delivered nearly $90 billion of global sales in 2014 and has 285 million active customers worldwide.
* UK-based Codemasters and Intel Corporation are collaborating to bring a suite of innovative new graphics technologies to the worldwide PC gaming market. The collaboration between Codemasters’ game and Intel’s UK based engineering teams has resulted in improved visual effects adding much improved photo-realism and life-like real world simulation effects to Codemasters’ gameplay on Intel powered PCs. The full suite of cutting-edge effects is due to be announced to the public in the final quarter of 2015.

**UK-India Bilateral**

**UK-India Trade Review (in £ million)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | UK Exports to India | % change | UK Imports from India | % change | Total | % change | India’s Balance of Trade |
| 2010 | 4017 | +36.49 | 5446 | +25.86 | 9463 | +30.16 | 1429 |
| 2011 | 5488 | +36.61 | 5868 | +7.74 | 11356 | +20.00 | +380 |
| 2012 | 4567 | -16.78 | 6010 | +2.41 | 10577 | -6.85 | +1443 |
| 2013 | 5118 | +12.06 | 6186 | +2.92 | 11304 | +6.87 | +1068 |
| 2014 | 3893 | -23.93 | 6566 | +6.14 | 10459 | -7.47 | +2673 |
| Jan –July 2015 | 2353 | +30.57 | 3633 | -3.14 | 5986 | +7.79 | +1280 |

*(Source: Office for National Statistics and Overseas Trade Statistics, HM Customs & Excise)*

**Trade and Investment Enquiries from India**: 115

**Trade and Investment Enquiries from UK**: 01

**Tenders from India**: 14

**Visit of Rt Hon Amber Rudd, UK Secretary of State for Energy and Climate Change to India during September 22-23, 2015**

Rt Hon Amber Rudd, UK Secretary of State for Energy and Climate Change visited India during September 22-23, 2015 to strengthen the India and UK’s cooperation on energy and climate change, and prepare for the visit of the Prime Minister of India to the UK later this year. The UK Secretary of State met Indian government ministers, British and Indian renewable energy companies, and delivered speeches on energy and climate change. The Secretary of State Amber Rudd said, “The Indian and British governments are both working to provide secure, affordable and sustainable energy for our citizens. Working together, we can achieve this in a way that is good for our economies and good for the environment. We now have the potential to go even further together, in particular concerning low carbon energy.” During her visit, Rt Hon Rudd met Shri Prakash Javadekar, Hon’ble Minister of State for Environment, Forests and Climate Change to discuss both countries’ ambitions for a climate agreement later this year, and met Dr Jitendra Singh, Minister of State in the Prime Minister’s Office (PMO) to discuss the economic ties and opportunities to strengthen these through Prime Minister of India’s upcoming visit. Rt Hon Rudd also met British and Indian businesses to discuss the length and breadth of commercial opportunities that exist in clean energy and low carbon technology.

**Visit of the UK Secretary of State for Business, Innovation and Skills to India**

Rt Hon Sajid Javid, UK Secretary of State for Business, Innovation and Skills visited New Delhi on September 11, 2015 to attend the annual ‘UK India Business Convention’ organised by the UK India Business Council, with UK Trade and Investment, the British Business Groups, and UK Export Finance.

**Visit of Lord Maude, Minister of State, UK Trade and Investment to India**

Rt Hon Lord Francis Maude of Horsham, UK Minister of State for Trade and Investment visited Bengaluru, Mumbai and Delhi from September 8-11, 2015. During his visit, Lord Maude along with Shri Siddaramaiah, Chief Minister of Karnataka laid the foundation stone of a new GlaxoSmithKline (GSK) factory near Bangalore. In Mumbai, the Minister met key existing and potential investors in the UK, from Tatas to India Bulls. In New Delhi, the minister delivered the keynote address to the UK-India Business Convention extending his support for trade and investment between India and the UK.

**UK leads G20 nations in FDI flow to India**

According to Confederation of British Industry (CBI)’s first edition of the Indian version of ‘Sterling Assets’, an annual CBI study into the impact of the UK’s FDI in India (in collaboration with PwC and UKIBC), UK leads the G20 nations in FDI flow into India. The study states that UK is India’s largest G20 investor and employer; companies currently employ around 691,000 people across India, 5.5% of total organised private sector jobs in the country. Between 2000 and 2015, UK FDI worth US$22.2bn has generated around 138,000 direct jobs, 7% of the total 1.96 million jobs generated by FDI in India. According to the findings, UK is a close second (after the USA) in generating service sector jobs in India, with an estimated 43,000 positions created. The chemicals sector attracts the lion's share of British investment in India, at $5.78 billion (26 per cent of UK FDI), followed by the pharmaceutical sector at $3.76 billion (17 per cent of UK FDI) and the food processing sector at $3.05 billion (14 per cent of UK FDI).  CBI said that, "India remains a hugely attractive investment destination for British companies and several of them are now household names in India. It is easy to guess why. India is Asia's third-largest economy. The sheer size of the domestic market - fuelled by growing purchasing power and size of the Indian middle class, successive democratically elected governments, a vast pool of talented workforce, a legal and educational system rooted in British tradition and English as an official language - are some of the many factors that have attracted and retained British investments in India".

**UK experts preparing roadmap for New Town's smart city project**

A six-member technical team of urban planning experts from the UK were in the city to help develop New Town as a smart city. A team from London-based urban planning organisation Future Cities Catapult (FCC) has started work with the West Bengal Housing Infrastructure Development Corporation (WBHIDCO) and New Town Kolkata Development Authority. The three-month-long project to help prepare a road map for New Town is financially supported by the UK government. "The UK has world-leading smart city expertise and we are excited to be here as a hand-holding agency to help New Town Kolkata develop their own smart city strategy," Peter Madden, CEO of Future Cities Catapult, said.   
British Deputy High Commissioner Scott Furssedonn Wood said this is a direct outcome of West Bengal Chief Minister Mamata Banerjee's visit to London during which an MoU was signed between FCC and WBHIDCO to work together on smart city projects. New Town, a satellite township to Kolkata, is among the list of 98 cities nominated for the central government's Smart City project. Officials said the project would help New Town turn into a sustainable smart city providing excellent quality of life to its citizens. As a start to the project, FCC, WBHIDCO and NKDA have been holding a number of meetings, on-site visits and workshops.

**UK's Bagris snap up Leela Goa for Rs 725 crores**

India-born, London-based businessman Raj Bagri is buying the marquee [Leela hotel in Goa](http://timesofindia.indiatimes.com/topic/Leela-hotel-in-Goa) for Rs 725 crore, marking the [biggest single property deal](http://timesofindia.indiatimes.com/topic/biggest-single-property-deal) in the [Indian hospitality sector](http://timesofindia.indiatimes.com/topic/Indian-hospitality-sector). This is the latest transaction by Bagri, promoter of the [Metdist Group](http://timesofindia.indiatimes.com/topic/Metdist-Group), which owns metal assets in Malaysia and other parts of the world, after the acquisition of denim brand Spykar last year. While the ownership of the 206-key hotel is changing hands from the [Nairs-owned Hotel Leelaventure](http://timesofindia.indiatimes.com/topic/Nairs-owned-Hotel-Leelaventure) to Metdist, the former will continue to manage and operate the luxury hotel, which will retain the name The Leela.

**Lupin eyes UK pharma company Sinclair for $500 million**

Lupin, India's third-largest drug maker by sales, is said to have plans to acquire London-listed Sinclair IS Pharma in a deal topping $500 million. The skin-focused pharma company, owned by a group of private equity investors, has asked investment bank NM Rothschild to help find a buyer for all or part of its business. Lupin has been the most positive Indian pharma company active Indian pharma company in terms of overseas acquisitions, having struck five transactions this year, according to M&A data tracker Dealogic. Sinclair, with a range of brands in aesthetics, wound care and skin care, has reported sales of $115 million, coming mostly from the developed markets, which could fit in Lupin's sharp focus on these regions, one of the sources said. If the Sinclair deal materialises, it will boost the Mumbai-based company's presence in Europe, which contributes less than 3 per cent to the pharma giant's sales.

**UK fashion brands Topshop, Topman to make India entry through Jabong**

British fashion brands Topshop and Topman are set to enter the country through e-commerce company Jabong.com. Jabong.com announced its partnership with leading fashion retailer, the Arcadia Group Ltd., which sees covetable British fashion brands officially entering Indian market in September. Both the brands will debut on Jabong.com with their autumn winter 2015 collections. In the past, Jabong has brought brands like Dorothy Perkins, Miss Selfridge, River Island, Sisters' Point, Burton, G Star Raw, Miss Bennett London, Tom Tailor, Bugatti Shoes, to India.

**TCS secures contract from UK's Nationwide Building Society for neural automation system**

IT major Tata Consultancy Services announced a new partnership with a British mutual financial institution for providing a neural automation system which automates and optimises IT operations and processes of an enterprise. Nationwide Building Society selected TCS' Services-as- Software platform ignio -- the world's first neural automation system for enterprise IT -- as part of its continued transformation of its technology and operations, the TCS said in a statement. As the world's largest building society, Nationwide Building Society delivers a wide range of products to its customers and recognises the importance of deploying new services rapidly and increasing the resilience of its digital solutions, it said.

**UK-Rest of the world**

**UK-World Trade Review (in £million)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | UK Exports to the rest of the world | % change from Jan-July 2014 | UK Imports from the rest of the world | % change from Jan – July 2014 | Total | % change from Jan- July 2014 | UK’s Balance of Trade |
| Jan–July 2015 | 177631 | -2.01 | 242266 | -0.95 | 419897 | -1.40 | -64635 |

**UK-China 7th Economic and Financial Dialogue**

At the 7th UK-China Economic and Financial Dialogue in Beijing, UK and China made a landmark announcement on a new government guarantee of up to £2 billion for Hinkley point. The Chancellor established further ties between the UK’s Northern Powerhouse and China’s growing nuclear industry by announcing that the two countries will work together to co-fund a £50 million cutting-edge nuclear research centre, to be headquartered in the UK. The Chancellor also announced a regional collaboration agreement between Cumbria and Sichuan Province, deepening commercial ties between the province and the North West’s world-leading expertise in nuclear decommissioning and waste management. Together, these announcements will pave the way for deepening collaboration in nuclear sectors in the UK and China, including for UK companies accessing China’s rapidly growing nuclear market.

**PM announces £300 million fund for Caribbean infrastructure**

The government is to invest £300 million in vital new infrastructure in the Caribbean such as roads, bridges and ports to help drive economic growth and development across the region. The Prime Minister announced the new fund on Tuesday in Jamaica on the first leg of a 2-day visit focused on reinvigorating the relationship between the UK and the Caribbean countries. It will make the UK one of the largest bilateral donors to the region. Types of infrastructure the fund could provide include:

* 750km of upgraded single-lane roads, including 30-40 bridges
* 20 large water production, storage and transmission systems
* 75km of sea and river defences
* 15 ports upgraded by providing specialist equipment to speed up freight movements
* 30 solid waste management projects for major cities/communities

To further encourage UK-Jamaica business links, the government will also extend £100 million in export finance to Jamaica. With UK exports to the Caribbean totalling £1.1 billion and bilateral trade at £2.55 billion in 2014, the UK is the number one export destination for much of the Commonwealth Caribbean.

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