



## Doing Business in the United Kingdom:

### 2014 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in the United Kingdom

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### Market Overview

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- The United Kingdom (estimated 2013 GDP of \$2.5 trillion) has the sixth-largest economy in the world according to the CIA's 2013 World Factbook, the third-largest economy in the European Union, and is a major international trading power.
- While the United Kingdom is geographically relatively small (about the size of Oregon), it has a population of more than 63 million people.
- Highly developed, sophisticated, and diversified, the UK market is the second largest in Europe and the sixth largest in the world for U.S. goods exports. The United Kingdom is the second largest market in the world for U.S. service exports.
- With few trade barriers, the United Kingdom is 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 nearly \$105 billion in 2013.
- Major categories of U.S. exports include aerospace, automotive, electronics, healthcare, information technologies, telecommunications, and safety/security equipment.
- The United Kingdom remains the number one overseas market for travel to the United States with more than 3.8 million UK travelers estimated to have visited the United States in 2013.
- The U.S.-UK investment relationship is the largest in the world with a cumulative bilateral stock in direct investment valued at nearly \$1.1 trillion in 2012. Over two million jobs, approximately one million in each country, have been created over the years to manage and drive 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).

## Market Challenges

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- The UK economy grew by 1.7% in 2013, reflecting a gradual recovery from the recession. The economy is showing signs of picking up steam in 2014 with forecast growth of 2.5%.
- The continuing difficulty in accessing credit, particularly by SMEs, still represents a challenge for many businesses.
- Weak consumer confidence and broadly static wages continue to dampen retail sales and several well-known high street brands have disappeared as a result of severe financial difficulties. There are signs, however, that as the economy and the local housing market pick up, consumer confidence is returning.
- The pound has strengthened against the dollar in recent months, making London one of the world's most expensive cities to do business in.
- 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.
- "Devolved Administrations" present some differences in policies and regulations among England, Northern Ireland, Scotland and Wales. Scotland will hold a referendum in September 2014 on whether to leave the United Kingdom.
- The UK government has introduced deep cuts to public sector spending, affecting many businesses and, more broadly, consumer confidence. Despite an improving economic picture, the government is committed to reducing its deficit and the cuts are likely to continue.
- A debate has arisen about the UK's future membership in the EU. The current government is committed to offering an in-out referendum on EU membership if it is still in power in 2017. The Eurosceptic UK Independence Party secured 27.5% of the vote in recent European parliament elections.

## Market Opportunities

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- The United Kingdom is a highly sophisticated market with strong demand for products and services that improve productivity, including 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 safety/security and, in particular, for 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 proposed U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) has the potential to cut tariffs and address market barriers, thus creating additional opportunities in the UK for U.S. exporters.

## **Market Entry Strategy**

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- 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 challenging and prolonged period of economic recovery.
- Express commitment to the market with a long-term perspective.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3846.htm>

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### Using an Agent or Distributor

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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. When deciding upon the optimal form of representation, U.S. exporters should consider control over price, distribution network, operational expenses, after-sales service, and potential liability under UK and EU labor laws. The UK national laws governing the relationships between agent and principal as well as distributor and supplier are broadly harmonized to comply with EU legislation.

### 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. In essence, 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, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate 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.

Key links:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

[http://ec.europa.eu/internal\\_market/qualifications/docs/other\\_directives/commercial-agents/com\\_1996\\_364\\_en.pdf](http://ec.europa.eu/internal_market/qualifications/docs/other_directives/commercial-agents/com_1996_364_en.pdf)

### **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 affecting 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 undertakings. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2001:368:0013:0015:EN:PDF>

### **Rules Governing Payments**

A new directive governing payments has come into effect as of March 2013. Directive 2011/7/EU replaces Directive 2000/35/EC and 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. In sum, 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 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.

Key link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

## 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.

Key links:

<http://www.ombudsman.europa.eu/home/en/default.htm>

[http://ec.europa.eu/solvit/site/about/index\\_en.htm](http://ec.europa.eu/solvit/site/about/index_en.htm)

## 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

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The UK has an open, transparent and business-friendly system to encourage the formation of new businesses. It is often seen as the gateway to access EU markets. A foreign business may establish its own presence in the UK in many ways, including a partnership, joint venture, representative office, branch office or a subsidiary. Different legal and tax considerations apply according to which structure is chosen. The majority of foreign investors will establish a UK registered company when setting up in the UK.

Currently, there are 3.25 million registered companies in the UK. It is a straightforward process to establish a company in the UK. To register a company, certain mandatory documents such as the "Memorandum of Association" and "Articles of Association" must be filed with Companies House – the key government organization which coordinates the administration of businesses in England, Scotland and Wales. In addition, there is the Companies Registry for Northern Ireland. Further guidance on the requirements for forming a company in the UK is available at:

Key links:

<http://www.companieshouse.gov.uk>

<http://www.ukti.gov.uk/invest.html?guid=none>



Independent professional advice on forming a company in the UK can also be obtained from accountants, solicitors and company formation agents.

## Franchising

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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 fairly 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

<http://www.thebfa.org>

The European Franchise Federation

<http://eff-franchise.com>

## Direct Marketing

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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, in particular, 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.

As of June 13, 2014, the Consumer Rights Directive (CRD), 2011/83/EC, replaces Directive 97/7/EC on the protection of consumers. This new legislation will effectively merge four existing Directives into a single rulebook. Companies are advised to consult the information available via the hyper- links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Key Links:

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm)

<https://www.gov.uk/government/policies/providing-better-information-and-protection-for-consumers/supporting-pages/implementing-the-consumer-rights-directive-2011-83-eu>

<http://www.theguardian.com/media-network/media-network-blog/2014/jan/27/retail-eu-consumer-rights-directive>

## **Processing Customer Data**

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the Information Commissioner's Office Guide to Data Protection at: [http://ico.org.uk/for\\_organisations/data\\_protection/the\\_guide](http://ico.org.uk/for_organisations/data_protection/the_guide) including the section on Sending Personal Data Overseas. In addition, the UK government has information on the law related to Marketing and Advertising at: <https://www.gov.uk/marketing-advertising-law/direct-marketing>.

## **Distance Selling Rules**

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies in the EU doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key links:

Consumer Affairs Homepage:

[http://ec.europa.eu/consumers/index\\_en.htm](http://ec.europa.eu/consumers/index_en.htm)

Distance Selling:

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/distance/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/distance/index_en.htm)

Door-to-Door Selling:

[http://ec.europa.eu/justice/consumer-marketing/rights-contracts/doorstep/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/doorstep/index_en.htm)

## **Distance Selling of Financial Services**

Financial services are the subject of a separate directive that came into force in September 2002 (2002/65/EC). This piece of legislation amends 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 link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

## Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) 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 Directive stipulates that marketing e-mails 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 Directive 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 below).

Key links:

[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0031:En:HTML>

## Joint Ventures/Licensing

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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

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### Government Procurement

Most UK government departments and public bodies are subject to a range of EU procurement directives and to the WTO Government Procurement Code, which give qualified foreign bidders from signatory countries equal access to each other's public sector contracts. Urgency or national security considerations can in certain circumstances be used to justify procurements outside EU and WTO rules. Intended procurements above the EU public procurement thresholds are published in the Official Journal of the European Union (OJEU) and in specialized industry-specific publications. Smaller procurements do not need to be published.

Information on specific tenders may be found using the Tenders Electronic Daily service, accessible via the U.S. Mission to the EU:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

or from

<http://ted.europa.eu/>

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 at [www.contracts.mod.uk](http://www.contracts.mod.uk). 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 at: <http://www.eda.europa.eu/ebbweb/>.

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: Tel 011 44 20 7894 0737; Fax 011 44 20 7514 4634 7894 0739; or Email [odclondon@state.gov](mailto:odclondon@state.gov).

U.S. Embassy London website: <http://london.usembassy.gov/odc/index.html>

Information on EU Public Procurement Rules can be found at:

[http://ec.europa.eu/internal\\_market/publicprocurement/rules/current/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/rules/current/index_en.htm)

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. These restrictions have, however, been waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key link:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

## **Distribution and Sales Channels**

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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.

## **Selling Factors/Techniques**

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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 and also gives powers of investigation and enforcement to the regulatory authorities.

## **Electronic Commerce**

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### **Overview**

Internet shopping is more popular in the UK than in any other major country. Consumers in the UK spent \$150 billion online in 2013. The internet retailing market grew by 16% during the course of the year, according to the IMRG-Capgemini eRetail Sales Index for December. It was capped by a final month in which online sales rose by 18%, with \$18 billion spent up from \$15 billion December 2012. Twice as much was spent via mobile devices as was spent using them in December 2012. The market is forecast to grow to \$180 billion in 2014.

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 books, consumer electronics, white goods 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. 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

## Search Engines

Market share of the top search engines in the UK:

<a href="http://www.google.co.uk">www.google.co.uk</a>	89%
<a href="http://www.bing.com">www.bing.com</a>	6%
<a href="http://www.uk.yahoo.com">www.uk.yahoo.com</a>	4%
Others	1%

Submitting a site is exactly the same process as for submitting it to a search engine in the United States. Generally, search engine websites have an “About us” section on their websites that will include details about how to submit a site or add a URL.

## Domain Names

A local domain is not essential. Indeed, many UK firms use the .com domain. If a U.S. company wishes to localize its site, the domain suffixes “.co.uk”, “.uk.com” and “.org.uk” are easily obtained. In order to qualify for a “.ltd.uk” or “.plc.uk” domain name, a company must be either a UK private (Ltd) or public (plc) limited company.

## Online Marketplaces and Auctions

There are many UK auction sites. A selection of the most visited includes:

Ebay            <http://www.ebay.co.uk>  
Amazon UK    <http://www.amazon.co.uk>  
CQout          <http://www.cqout.com>  
eBid            <http://www.ebid.co.uk>

## Pop-up Ads and Spam

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 Regulations (EC Directive). 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.

## **E-commerce Specific Laws**

The main rules covering sales on the Internet are the Consumer Protection (Distance Selling) Regulations 2000 and the Consumer Protection (Distance Selling) (Amendment) Regulations 2005. These set out the rights consumers have when making purchases over the Internet in the EU.

Key links:

<https://www.gov.uk/online-and-distance-selling-for-businesses/overview>

## **Electronically Delivered Services**

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 HM Revenue and Customs' website at:

[http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&\\_pageLabel=pageOnlineServices\\_ShowContent&propertyType=document&id=HMCE\\_CL\\_001460](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageOnlineServices_ShowContent&propertyType=document&id=HMCE_CL_001460)

The VOES scheme will change on January 1, 2015. See:

<http://www.hmrc.gov.uk/posmoss/>

## **Advertising and Lotteries**

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: <http://www.asa.org.uk/>  
Committee of Advertising Practice: <http://www.cap.org.uk/>

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 (often using tiebreakers to identify the winners) or by offering free entry if the chance-based prize promotion might encourage purchase.

### **Online Payments**

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.

### **Online Sales and Digital Signatures**

Internet transactions are recognized as legal sales contracts. The Consumer Protection (Distance Selling) Regulations and amendments cover consumer rights especially post-purchase.

The EC's 1999 Electronic Signatures Directive was transposed into UK national law as the Electronic Communications Act 2000, the Electronic Signatures Regulations 2002, and the Electronic Commerce (EC Directive) Regulations 2002.

(UK) Electronic Communications Act 2000

<http://www.legislation.gov.uk/ukpga/2000/7/contents>

Section 7 of this Act makes clear that electronic signatures, supporting certificates and the processes under which such signatures and certificates are created, issued and used can be admitted as evidence in court. The court will decide whether an electronic signature has been correctly used and what weight it should be given. In disputes where electronic signatures are fraudulently created, or where people deny having signed payments, the electronic signature and supporting certificates can be supplied as evidence to the court.

Section 7 does not affect any contracts that businesses already have in place regarding electronic communications, nor does the Act mandate the use of electronic signatures or specify particular formats or methods. The legislation aims to be technology-neutral and covers all types of electronic signature from those based on e-mail exchanges to those using public key cryptography or biometric techniques.

(UK) Electronic Signatures Regulations 2002

<http://www.legislation.gov.uk/uksi/2002/318/contents/made>

These regulations provide a framework for the definition and issue of electronic signatures. They cover the rules for the supervision of certification-service-providers and outline their duties and liability. The main point is that an electronic signature (or advanced electronic signature) would be uniquely linked to the person signing via a certificate (or qualified certificate) issued by a certification-service-provider and tied to the data that is signed, so that any subsequent change in the data is detectable.



Electronic signatures can come in many forms, ranging from a typewritten name to a signature created by cryptographic means.

Electronic Commerce (EC Directive) Regulations 2002: These regulations cover a broad range of online activities, including the sale of goods and services.

### **UK Customs Matters**

UK consumers may buy goods freely over the Internet from overseas suppliers (with the exception of certain prohibited goods such as firearms, illegal drugs and the like). As long as the correct paperwork accompanies the goods, there should not be any undue delay in the purchase clearing customs. The shipping company will often contact the purchaser to arrange any payments due for import duty and VAT prior to the goods clearing customs.

The importer is responsible for paying duty (at a variable rate) and VAT when goods are imported to the UK from a non-EU country. However, due to an EU regulation designed to reduce the cost of tax collection on small consignments, an exception is made on shipments where the total value is less than £15 as from April 1, 2012 (previously £18). This is an administrative relief known as Low Value Consignment Relief or LVCR. It can be set between 10 and 22 Euros by individual member states of the EU. Special rules apply to excise goods i.e. cigarettes, tobacco, alcohol, etc., where the duty payable is much higher. Low Value Consignment Relief no longer applies to goods imported to the UK from the Channel Islands.

In the UK, the standard rate of VAT is 20 per cent.

### **Dispute Resolution**

In the UK, Ebay, Amazon, and other similar online trading forums have predefined resolution procedures, just as in the U.S. The British government encourages parties to a legal dispute or complaint to use alternative dispute resolution (ADR) schemes, including arbitration, mediation and ombudsmen. Where these fail, a company may decide to use the services of a debt collection agency. Where all else fails, it may be possible to use the special procedure for handling smaller claims in a county court or use the government's secure online money claim service.

Key link:

<https://www.moneyclaim.gov.uk/web/mcol/welcome>

### **Trade Promotion and Advertising**

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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 that the U.S. Commercial Service offers, local advertising agencies and marketing consultants can provide appropriate professional guidance. Also, 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:

<http://www.cap.org.uk/Advertising-Codes.aspx>  
[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)  
[http://ec.europa.eu/avpolicy/reg/avms/index\\_en.htm](http://ec.europa.eu/avpolicy/reg/avms/index_en.htm)

The leading British daily newspapers are:

- The Times ([www.thetimes.co.uk](http://www.thetimes.co.uk))
- The Daily Telegraph ([www.telegraph.co.uk](http://www.telegraph.co.uk))
- The Guardian ([www.guardiannews.com](http://www.guardiannews.com))
- The Independent ([www.independent.co.uk](http://www.independent.co.uk))
- The Financial Times ([www.ft.com](http://www.ft.com))
- Daily Mail ([www.dailymail.co.uk](http://www.dailymail.co.uk))
- Daily Express ([www.express.co.uk](http://www.express.co.uk))
- Sun ([www.thesun.co.uk](http://www.thesun.co.uk))
- Mirror ([www.mirror.co.uk](http://www.mirror.co.uk))
- Metro ([www.metro.co.uk](http://www.metro.co.uk))

The leading British Sunday newspapers are:

- Sunday Times ([www.thesundaytimes.co.uk](http://www.thesundaytimes.co.uk))
- Sunday Telegraph ([www.telegraph.co.uk](http://www.telegraph.co.uk))
- Observer ([www.observer.co.uk](http://www.observer.co.uk))

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:

[www.gazettes-online.co.uk](http://www.gazettes-online.co.uk)  
[http://publications.europa.eu/official/index\\_en.htm](http://publications.europa.eu/official/index_en.htm)

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. 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.

The Commission presented a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key link:

[http://ec.europa.eu/enterprise/sectors/healthcare/competitiveness/pharmaceutical-forum/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/healthcare/competitiveness/pharmaceutical-forum/index_en.htm)

## **Nutrition & Health Claims**

On July 1, 2007, a new 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 on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling directive.

Key link:

[http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/index_en.htm)

## **Food Supplements**

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 was most recently revised in November 2009. 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 these substances.

Key link:

[http://ec.europa.eu/food/food/labellingnutrition/vitamins/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/vitamins/index_en.htm)

## Pricing

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### 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 smaller and the cost of sales usually need to be recovered from smaller sales volumes.

## **Sales Service/Customer Support**

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The provision of after-sales parts and service is essential and should be taken into account when entering into 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 victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/internal-market-for-products/product-liability/>

### **Product Safety**

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. In 2013 the Commission announced with plans to create a Regulation on Consumer Product Safety to replace the current General Product Safety Directive.

[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

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

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:

[http://europa.eu/legislation\\_summaries/consumers/protection\\_of\\_consumers/l32022\\_en.htm](http://europa.eu/legislation_summaries/consumers/protection_of_consumers/l32022_en.htm)

## Protecting Your Intellectual Property

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### IPR in the UK

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 various EU Directives, implemented both the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

The UK Trade Marks Act of 1994 provides for the registration and protection of trade marks in the UK, and has been harmonized with EU Directive No 89/104/EEC.

Trademarks are considered personal property in the UK, and are normally registered for a period of 10 years with an option to renew. However, trademarks may be removed from the register if a period of five years has elapsed, during which time there has been no bona fide use of the trademark in relation to the goods by the proprietor. Detailed information can be found at <http://www.legislation.gov.uk/ukpga/1994/26/contents>

Trade Secrets/Confidential Test Data: Commercially sensitive information is not itself specifically subject to legal protection, but the misappropriation of such information from business premises may be subject to criminal law. Action under employment law may also be taken against an employee who, by disclosing information, breaches a contract with his or her employer. In addition, confidential test data, submitted in conjunction with a registered application for pharmaceuticals or veterinary products, enjoys 10 years of exclusive protection from the date of authorization, provided the product is marketed in the UK.

IPR Resources in the UK: For additional information on IPR in the UK, please visit the UK Intellectual Property Office (UK-IPO) website at <http://www.ipo.gov.uk/>

### **Protecting Your Intellectual Property in the European Union:**

Several general principles are important for effective management of intellectual property (“IP”) rights in the European Union (EU). First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the EU than in the U.S. Third, rights must be registered and enforced in the EU, under local laws. Your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in the EU. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in the EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:



- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.stopfakes.gov/businesss-tools/country-ipr-toolkits](http://www.stopfakes.gov/businesss-tools/country-ipr-toolkits). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contains contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For more information, see:

[http://www.uspto.gov/ip/global/attache/Attache\\_Contacts\\_12-23-11.doc](http://www.uspto.gov/ip/global/attache/Attache_Contacts_12-23-11.doc)

## Due Diligence

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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.

Key link:

[http://export.gov/unitedkingdom/servicesforuscompanies/findaukbusinesspartner/eg\\_gb\\_027227.asp](http://export.gov/unitedkingdom/servicesforuscompanies/findaukbusinesspartner/eg_gb_027227.asp)

### **Local Professional Services**

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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 at <http://export.gov/unitedkingdom/businessserviceproviders/index.asp>. 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 Commercial Service at the U.S. Mission to the European Union at:  
<http://export.gov/europeanunion/businessserviceproviders/index.asp>.

### **Web Resources**

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<http://www.buyusa.gov>  
<http://www.export.gov>  
<http://www.buyusa.gov/unitedkingdom/>  
<http://export.gov/unitedkingdom/index.asp>  
<http://export.gov/europeanunion/index.asp>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

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### **Agricultural Sectors**

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## Aerospace

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	21,854,000	22,000,000	21,700,000	21,700,000
Total Local Production	37,000,000	38,000,000	38,200,000	38,200,000
Total Exports	28,000,000	32,000,000	32,500,000	32,500,000
Total Imports	12,854,000	16,000,000	16,000,000	16,000,000
Imports from the U.S.	6,835,000	8,300,000	8,000,000	8,300,000
Exchange Rate: 1 USD	0.65	0.65	0.65	0.65

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: ADS

Total Exports: UK Trade Info

Total Imports: UK Trade Info

Imports from U.S.: USITC Dataweb

The UK aerospace industry is a major market for U.S. exports and is the second largest in the world behind that of the U.S. Total UK civil aerospace sales in 2013 amounted to \$20.2 billion, and the sector had a 17% global market share. The UK does not produce any large civil aircraft and 75% of domestic production is exported. The UK has a particular reputation as a global center of excellence for the design and production of wings and aero structures, aero engines and aircraft systems (including landing gear). In addition, the UK has a thriving maintenance, repair and overhaul sector, servicing the huge numbers of military and civil aircraft that fly through and from the UK every year. The UK has a highly developed and competitive aerospace industry in which more than 3,000 aerospace companies operate. The UK supply chain employs some 230,000 people directly and indirectly, ranging from very large companies such as OEMs to small businesses making very specialized components.

### Sub-Sector Best Prospects

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The key areas and focus of the UK aerospace market for the foreseeable future include:

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

### Opportunities

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Entry or expansion by U.S. companies into the UK aerospace market is challenging for SMEs and OEMs alike. Due to a mature and sophisticated supply chain, a U.S.

company can expect to commit both time and resources to enter or expand within the UK aerospace market. The aerospace supply chain is well-integrated with the primes who are all looking to reduce the number of their suppliers. Developing and increasing the domestic supply chain is a matter of significant interest to the UK Government, and in 2013 the Department of Business, Innovation and Skills unveiled a \$20.2 billion initiative to help give a competitive advantage to UK companies in the aerospace market. In addition, through the Aerospace Growth Partnership, UK industry and government have established a collaborative partnership to increase investment in UK innovation, supply chains and engineering skills, with both UK industry and government committing \$3.5 billion towards the creation of an Aerospace Technology Institute.

Due to the highly developed and competitive nature of the UK aerospace industry, U.S. suppliers may want to consider collaborating with a larger customer that has established a presence in market which could provide strategic access to the UK and Europe. U.S. companies should also expect to enter the UK market at a lower tier of the supply chain than they might usually enter in the U.S or globally. Suppliers may also need to consider using a local distributor or agent who has established ties within the market.

## **Web Resources**

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### **Industry Events:**

Farnborough International Airshow, Farnborough, July 14-20, 2014  
[www.farnborough.com](http://www.farnborough.com)

DSEI, ExCeL, London, September 15-18, 2015  
[www.dsei.co.uk](http://www.dsei.co.uk)

Helitech International, ExCeL, London, September 22-24, 2015  
[www.helitechevents.com](http://www.helitechevents.com)

### **Trade Associations:**

ADS: Advancing UK Aerospace, Defense, Security & Space Industries  
[www.adsgroup.org.uk](http://www.adsgroup.org.uk)

British Helicopter Association  
[www.britishhelicopterassociation.org](http://www.britishhelicopterassociation.org)

### **Government Departments:**

Department for Business, Innovation and Skills (BIS)  
[www.gov.uk/government/organisations/department-for-business-innovation-skills](http://www.gov.uk/government/organisations/department-for-business-innovation-skills)

Defence Contracts Online (DCO)  
[www.contracts.mod.uk](http://www.contracts.mod.uk)

### **Contact Details:**

For further information about the UK aerospace market, please contact:

PJ Menner  
Commercial Specialist  
U.S. Commercial Service  
Tel: +44 20 7894 0470  
Fax: +44 20 7894 0020  
Email: [pj.menner@trade.gov](mailto:pj.menner@trade.gov)

## Cyber Security

### Overview

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The UK market for information security solutions remains strong across all sectors of the economy. The UK government has a robust Cyber Security Strategy and recently launched the first national computer emergency response team. The UK cyber security market is valued at about \$8 billion. It is the largest and most concentrated market in Europe. Despite decreased IT budgets during the downturn of the economy, the increasing threat of cyber-attacks has led to greater spending on security. According to the National Audit Office, in 2012 cybercrime cost the UK economy about \$43 billion. The number of attacks on companies and government departments in the UK rose from two a day in 2010 to 500 a day in 2012. The UK remains open to U.S. cyber solutions despite the Snowden revelations.

The UK Cyber Security Strategy outlined the UK Government's commitment to making the country one of the safest places to do business online. An estimated 20% of public sector IT spending and 5% of all IT budgets are spent on Cyber Security.

Companies are also increasing the demand for Cyber Security as they face more and more security breaches. They are taking more proactive steps to ensure IT security, with 82% of large companies and 75% of smaller ones assessing information security risks now, compared to only 48% who did so in 2008.

### Sub-Sector Best Prospects

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**Security Software:** Software as a Service (SAaS); Anti-virus software; content-management software; Security Information and Event Management (SIEM); software associated with compliance and disclosure regulations.

**Security Services:** Managed Information Security Services (MISS); Outsourcing; security audits and penetration testing; services associated with compliance and disclosure regulations.

**Security Appliances:** Unified Threat Management (UTM) - the unification of firewall, VPN, ID&P and gateway antivirus into a single platform; wireless and application security solutions; biometric technology.

### Opportunities

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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, data privacy in the UK is covered by the Data Protection Act:

[http://ico.org.uk/for\\_organisations/data\\_protection/the\\_guide](http://ico.org.uk/for_organisations/data_protection/the_guide). This Act will be superseded by the EU Data Protection Regulation that will harmonize data privacy rules across the EU: [http://europa.eu/rapid/press-release\\_MEMO-14-186\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-186_en.htm). In addition, companies need to be aware of the pending EU Directive on Network and Information Security: <http://ec.europa.eu/digital-agenda/en/news/commission-proposal-directive-concerning-measures-ensure-high-common-level-network-and>. Further information regarding issues relating to the hosting of personally identifiable information overseas can be obtained from the U.S. Department of Commerce at <http://export.gov/safeharbor/>.

To sell information security products and services to the UK public sector, U.S. companies should be aware of the required testing and accreditation procedures. Further information can be obtained from the UK Home Office's Centre for Applied Science and Technology: <https://www.gov.uk/government/publications/introduction-to-the-centre-for-applied-science-and-technology>.

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.

The UK government has set up G-Cloud framework agreements through which suppliers of cloud services, including information security solutions, can register following accreditation. See: <https://www.gov.uk/how-to-use-cloudstore>.

## Web Resources

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CESG - <http://www.cesg.gov.uk/>

UK Cyber Security Strategy - <https://www.gov.uk/government/publications/cyber-security-strategy>

Cyber news <http://www.infosecurity-magazine.com/news/>

techUK - <https://www.techuk.org/>

IA 14, London, June 16-17, 2014 - <http://www.cesg.gov.uk/ia14/Pages/index.aspx>

Infosec, London, June 2-4, 2015 - [www.infosec.co.uk](http://www.infosec.co.uk)

## Contact Details

For further information about the UK Cyber Security market, please contact:

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## Medical Equipment

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	8,576,000	9,087,000	9,631,000	10,127,000
Total Local Production	7,165,000	7,365,000	7,912,000	8,380,000
Total Exports	3,147,000	3,275,000	3,401,000	3,549,000
Total Imports	4,558,000	4,997,000	5,120,000	5,296,000
Imports from the U.S.	1,800,960	1,908,270	2,022,570	2,126,670
Exchange Rate: 1 USD	0.65	0.65	0.65	0.65

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: ONS, Espicom MR

Total Exports: ONS

Total Imports: ONS

Imports from U.S.: ONS, ITA

The UK medical equipment market is the world's sixth largest and Europe's third largest. Valued at \$9 billion, the market is expected to increase by approximately 5-6% each year in 2014/15. The U.S. is the most important overseas source of medical devices, with an estimated \$1.9 billion or 21% of share of the market in 2013.

The principal purchaser of medical equipment is the National Health Service (NHS), the public sector health care system, which accounts for about 86% of the country's healthcare provision. It receives funding from central government through taxation, but is essentially managed as four separate segments: NHS Wales, NHS Scotland, HSC Northern Ireland, and NHS England. The NHS delivers strategy and services both centrally and locally, through regional local authorities and other public or private organizations.

The largest segment, NHS England, is comprised of around 211 general practitioner-led (GP) clinical commissioning groups (CCG's), which plan and commission approximately \$42 billion of NHS services, such as hospital care or community health services, for their local patients; 160 acute trusts, which manage and provide hospital services; 10 ambulance trusts; and 56 mental health trusts. Most medical device procurement is carried out by acute trusts. They can purchase goods through centralized procurement bodies, such as NHS Supply Chain ([www.supplychain.nhs.uk](http://www.supplychain.nhs.uk)), procure products individually, or pool their resources with other trusts to form consortia for procurement decisions. Although the NHS has been tasked with achieving \$33 billion efficiency savings by 2015, decision-makers now understand that investment in innovative technology is essential to maintain a system that can provide efficient, quality care.



The private health sector, which accounts for around 7% of the total market, is funded through health insurance and, increasingly, through self-pay patients. Its strengths lie in the provision of secondary and tertiary care in fields not traditionally offered by the NHS (e.g. cosmetic surgery and care homes) or where public sector service is limited (NHS dental care). 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. The balance of the healthcare sector is made up of charities and alternative medicine.

Medical devices are regulated by EU Directives, the Medical Devices Directive, the Active Implantable Medical Devices Directive, and the In-Vitro Diagnostic Medical Devices Directive, that set out compliance requirements and procedures. The existing legislation is currently being revised at European level. All three of the above Directives will be replaced with two European regulations, which are expected to come into force between 2018 and 2020 in the UK. For more information about these directives, and updates on new regulations, visit the Medicines and Healthcare Products Regulatory Agency (MHRA) web site at [www.mhra.gov.uk](http://www.mhra.gov.uk).

In addition, various Health Technology Assessment (HTA) agencies such as the National Institute for Health and Clinical Excellence (NICE) ([www.nice.org.uk](http://www.nice.org.uk)) in England, which judge the cost-effectiveness of new and existing medical devices and provide the NHS with guidance on treatment strategy, may present an additional regulatory hurdle that innovative U.S. devices must overcome.

### **Sub-Sector Best Prospects**

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

### **Opportunities**

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Under the 'Any qualified provider scheme' (AQP) 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 NHS Supply2Health website at [www.supply2health.nhs.uk](http://www.supply2health.nhs.uk).

While the private sector currently accounts for less than one-fifth of the health care market, opportunities exist for companies to supply private hospital, residential, and nursing facilities, as well as home care service providers with equipment.

Department of Health (DoH), NHS and regional trust tenders can be found on the Official Journal of the European (OJEC) web site at [www.ted.europa.eu](http://www.ted.europa.eu).

### **Web Resources**

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### **Industry Events**

Med-Tech Innovation Expo, Coventry, April 22-23, 2015 [www.mtiexpo-uk.com/](http://www.mtiexpo-uk.com/)

Naidex National, Birmingham, April 28-30, 2015 [www.naidex.co.uk](http://www.naidex.co.uk)

MEDTEC UK, location and dates to be confirmed [www.medtecuk.com/](http://www.medtecuk.com/)

### **Trade Associations**

The Association of British Healthcare Industries (ABHI) [www.abhi.org.uk](http://www.abhi.org.uk)

The British Healthcare Trades Association (BHTA) [www.bhta.net](http://www.bhta.net)

British Anesthetic & Respiratory Equipment Manufacturers Association (BAREMA)  
[www.barema.org.uk](http://www.barema.org.uk)

British In-Vitro Diagnostics Association (BIVDA) [www.bivda.co.uk](http://www.bivda.co.uk)

GAMBICA (Instrumentation, Control, Automation and Laboratory Technology)  
[www.gambica.org.uk/](http://www.gambica.org.uk/)

### **Government Departments**

The Department of Health (DOH) [www.doh.gov.uk](http://www.doh.gov.uk)

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## Low Carbon Energy and Smart Grids

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	92,107,000	99,187,000	101,260,000	105,183,000
Total Local Production	96,405,000	103,356,000	105,680,000	109,557,000
Total Exports	9,845,000	9,434,000	10,535,000	10,566,000
Total Imports	5,547,000	5,265,000	6,115,000	6,182,000
Imports from the U.S.	159,000	160,000	175,000	180,000
Exchange Rate: 1 USD	£0.65	£0.65	£0.65	£0.65

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: UK Department for Business, Innovation and Skills (BIS)

The UK's determination to become a low carbon economy creates many opportunities for U.S. companies to supply products and services that will help the country develop sustainable, secure, low carbon energy sources. The UK electricity industry is on the brink of a transformation. As a result of tightening environmental regulation and ageing power stations, at least 22 GW of existing electricity generating capacity in the UK (about a quarter of the current generation capacity) will need to be replaced over the next decade. Over \$300 billion of investment is needed over the next ten years to replace older power plants and upgrade the grid - twice the rate of investment seen in the previous decade. Some of the best prospects are found in the smart grid sector, renewables, and civil nuclear energy.

Approximately 50,000 companies are actively involved in the low carbon and energy efficiency industry in the UK. U.S., UK and foreign companies have been attracted to the UK by the strength of market demand, substantial government investment, and the country's relatively low-risk business environment. Partnerships between UK and overseas organizations are increasingly viewed as an important means of fast-tracking the introduction of low carbon energy and energy efficiency projects into the UK.

### Sub-Sector Best Prospects

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- Smart grids: UK public and private organizations are investing in the upgrade of the grid, creating significant business opportunities for U.S. companies that have developed related products, services or technologies. Pilot projects undertaken in the UK market can serve as a benchmark to provide U.S. companies with early adopter opportunities in other European countries and in the global market.
- The uptake of renewable energy technologies has been identified by the UK Government as key for the provision of new, secure supply, whilst contributing to meeting CO2 reduction targets. The UK has been the world leader in offshore wind since October 2008, with as much capacity already installed as the rest of the world combined. Almost 4GW of offshore capacity have been installed in the

UK through 22 projects for a total of 1,075 turbines already in the water. In addition to the capacity already installed a further 3.8GW is either in construction or has planning approval, and a further 7.8GW is in the planning system. Industry projections see a total of around 8GW of capacity installed by 2016 and around 18GW installed by 2020, by which point offshore wind will supply between 18 and 20 per cent of the UK's electricity annually.

- Another renewable technology with great potential is biomass. Biomass contributes approx. 10% of the total renewable energy generation in the UK. Over the last 10 years biomass-fuelled generation increased by 400%. In addition to biomass-dedicated plants, all major UK coal power plants are now co-firing a proportion of biomass (wood pellets). Wood pellet imports from the U.S. are and will continue to be a significant source of biomass feedstock in the UK.
- New nuclear electricity generation plant will also play a role in the UK energy mix. The UK nuclear energy sector generates 19% of the United Kingdom's electricity, using 16 operational nuclear reactors at nine plants, providing 11GW capacity. All but one of these will be retired by 2023. The first of some 19 GW of new-generation plants are expected to be on line by 2018, with the government aiming at having 16 GW of new nuclear capacity on line by 2030. The estimated investment for this planned, future 16GW new nuclear capacity currently stands at \$90 billion and is estimated to create 30,000 jobs by 2030. Additionally, the Nuclear Decommissioning Authority (NDA), which was established to supervise decommissioning and clean-up work, will be spending around \$13bn over the next couple of years.

## Opportunities

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The United Kingdom is the foremost market in the rapidly developing smart grid sector in Europe. \$18 billion will be invested in the UK mass roll-out of smart meters, expected to begin in 2014. Private sector utilities are also expected to invest more than \$65 billion in the upgrade and expansion of the UK's transmission and distribution networks. Target sectors holding high potential for U.S exporters include: smart meters and advanced metering infrastructure; communication and data management software; grid optimization; demand response and control systems; cyber security software and services; transmission and distribution equipment; and consumer engagement platforms and services.

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
- Transmission networks operators: National Grid, Scottish Power Transmission, Scottish Hydro Electric Transmission and Northern Ireland Electricity
- Distribution networks operators: Electricity North West, Northern Ireland Electricity, Northern PowerGrid, SP Energy Networks, SSE Power Distribution, UK Power Networks and Western Power Distribution.

Industry plans for the 19GW of new nuclear capacity can be broken down as follows:

- EDF Energy: 2 Areva EPR at Hinkley Point and 2 Areva EPR at Sizewell amounting to a total capacity of 6.4GW

- Horizon (owned by Hitachi Ltd): 2 to 3 GE-Hitachi ABWR at Oldbury and 2 to 3 GE-Hitachi ABWR at Wylfa amounting to a total capacity of at least 6 GW
- NuGeneration (a 60:40 joint venture of Toshiba/Westinghouse and GDF Suez): up to 3.6GW capacity at Moorside

Suppliers will need to demonstrate that the equipment and services they offer are both commercially competitive and meet the required standards if they are to win orders, which would cover a wide spectrum of services ranging from the provision of mechanical and electrical equipment to civil materials such as structural steel and concrete etc. For the supply chain, decommissioning is also a significant market – almost \$2.4 billion a year – and one that is set to grow.

The first offshore wind farm in the UK was a near-shore installation in Blyth Harbour, north east England, which started operating in 2001. Since then, the sector has developed with a series of licensing 'Rounds' co-ordinated by the Crown Estate, the landlord and owner of the seabed.

Round 1 was launched in 2001 and is now almost complete. It involved 18 sites in England and Wales, and added a potential capacity of 1.5GW. In 2003, the much larger Round 2 was issued, located further offshore and in deeper waters. When complete, Round 2 will add another 7GW of capacity. Round 3, released in 2010 is the biggest so far and features nine zones across the UK. Round 3 is set to enter construction from 2014 onwards and has a total of around 31GW already leased to developers. In addition to Rounds 1, 2 and 3, there is a further development program in Scottish Territorial Waters overseen by the Scottish government providing the potential for 5GW across 6 sites. In Northern Ireland a 2012 leasing round is now underway.

With regard to biomass, the major UK utilities currently consuming wood pellets on a large scale, or planning to develop large-scale biomass power stations include Drax, E.ON and RWE.

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## Industry Events

Global Offshore Wind, Glasgow, June 11-12, 2014

<http://www.renewableuk.com/en/events/conferences-and-exhibitions/global-offshore-wind-2014/index.cfm>

World Nuclear Association Symposium, London, September 10-12, 2014

<http://www.wna-symposium.org/ehome/index.php?eventid=81896&>

Low Carbon Network Fund Conference, Aberdeen, October 21-11, 2014

<http://www.energynetworks.org/events/lcni-conference/lcni-conference-2014/>

RenewableUK, Manchester, November 11-13, 2014

<http://www.renewableuk.com/en/events/conferences-and-exhibitions/renewableuk-2014/index.cfm>

Argus European Biomass Trading, London, April 9-10, 2015,

<http://www.argusmedia.com/events/argus-events/europe/argus-euro-biomass/home>

All-Energy 2015, Aberdeen, May 6-7, 2015

[www.all-energy.co.uk](http://www.all-energy.co.uk)

### **Trade Associations**

Energy Networks Association [www.energynetworks.org/](http://www.energynetworks.org/)

Nuclear Industry Association [www.niauk.org](http://www.niauk.org)

RenewableUK, [www.renewableuk.com](http://www.renewableuk.com)

Smart Grid GB [www.smartgridgb.org](http://www.smartgridgb.org)

### **Government Departments**

Department of Energy and Climate Change (DECC)

[www.gov.uk/government/organisations/department-of-energy-climate-change](http://www.gov.uk/government/organisations/department-of-energy-climate-change)

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## Pet Products

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	4,626,000	4,767,000	4,912,000	5,080,000
Total Local Production	3,403,000	3,509,000	3,616,000	3,720,000
Total Exports	1,855,000	1,910,000	1,967,000	2,010,000
Total Imports	3,078,000	3,168,000	3,263,000	3,370,000
Imports from the U.S.	1,050,000	1,095,000	1,130,000	1,170,000
Exchange Rate: 1 USD	\$1.65	\$1.65	\$1.65	\$1.65

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Unofficial estimates based on industry figures for pet products

The total pet products market in the United Kingdom reached nearly \$4.77 billion in 2013 and is forecast to grow by 6.5% to reach \$5.1 billion by 2015. Imports accounted for 65% of the market in 2013 with U.S. products accounting for 22%.

Pet food is the largest sector of the pet products market, accounting for around three quarters of sales. The growth in pet food has been driven by 'premiumization' in terms of convenient single-serve packs and foil pouches, natural and organic products, and products offering functional health benefits (such as improved coat, teeth and brain function).

There is an increasing "humanizing" of pets by their owners who wish to treat them as a family member. This is especially evident in the accessories segment where owners are purchasing high quality, premium-priced products, especially in the toys, bedding and collar categories. This sector has been driven by fashionable pet housing and bedding that fits in with home decor. Fashion and celebrity are the driving forces behind pet leads and collars with metallic effects and jewels being popular.

To be successful in the UK market, pet products need to be innovative and incorporate the newest trends.

### Sub-Sector Best Prospects

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There are numerous market opportunities for U.S. manufacturers of "dog treats" and wet cat foods, especially those that are organic or 'sports' nutrition based. However, exporters need to be aware of the specific requirements for importing meat or meat based products into the UK.

### Opportunities

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There has been a growing trend in the ownership of miniature purse dogs in the UK and products that are geared towards these breeds are in demand. As well as the food and toy sectors, there are many other areas that offer massive appeal – bedding, housing, clothing, grooming and healthcare products. These have all been bestselling items in UK pet stores over recent years and offer potential for U.S. companies in the UK.

## **Web Resources**

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### **Upcoming Events**

PATS

September 14-15, 2014

Harrogate International Exhibition Centre

<http://www.patshow.co.uk/>

GLEE

September 14-16, 2014

Birmingham National Exhibition Centre

<http://www.gleebirmingham.com/>

### **Trade Associations**

Product Products Retail Association

<http://www.bira.co.uk/ppra/>

Pet Food Manufacturers' Association (PFMA)

[www.pfma.org.uk](http://www.pfma.org.uk)

International Trade Association of Pet Equipment Suppliers (PetQuip)

<http://www.petquip.com/>

Pet Industry Federation

<http://www.petcare.org.uk/>

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## Security Products and Services

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	13,515,000	13,726,000	14,098,000	14,394,000
Total Local Production	12,498,000	12,867,000	13,229,000	13,486,000
Total Exports	3,487,000	3,787,000	3,825,000	3,866,000
Total Imports	4,504,000	4,646,000	4,694,000	4,774,000
Imports from the U.S.	1,431,000	1,578,000	1,627,000	1,694,000
Exchange Rate: 1 USD	0.65	0.65	0.65	0.65

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: ONS, BSIA

Total Exports: ONS, BSIA

Total Imports: ONS

Imports from U.S.: ONS, ITA

In 2013, the UK market for security products and services grew by around 1.6% to \$13.7 billion. The market continues to benefit from the focus on national security and counter terrorism, the need to guard against the increased threat of crime in an economic downturn, and general demand for security products and services. It is expected to continue to grow steadily over the next couple of years, as the threat to national security remains high.

Government statistics indicate a further decrease in the overall number of crimes, especially violent offences, committed in 2013. However demand for solutions that help enhance retail, property and personal security, address the problems of shoplifting, opportunistic crime and street robbery remain. The theft of cell phones, particularly smart phones remains a major problem as one half of all street crime in the UK is now related to mobile phone theft.

The need for increased security at airports and other high profile national locations continues to drive the demand for better screening and surveillance solutions. There has also been an increase in the call for solutions that combat the growing threat of identity theft, which affects around 2% of UK adults and costs the UK economy just over \$2.5 billion a year.

Various facets of organized crime, the illegal drugs market, which has an estimated social and economic cost of \$28 billion a year, money laundering, intellectual property crime, firearms, and human trafficking/people smuggling, also present major threats to the UK.

## Sub-Sector Best Prospects

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- Physical screening products at airports, ports, prisons or high-profile public buildings.
- Electronic security systems (intruder/burglar alarms, building control systems).
- Physical security solutions (locks/safes/fencing/security doors/manned guarding).

## Opportunities

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The constant terrorism threat from internal and external groups raises the need for new technology and product innovation. The U.S. security market is highly advanced and leads the UK in the implementation of new security technology.

An increasing number of public sector police support services, such as crime scene management, custody or security services, are being outsourced to private companies. This growing trend, together with diminishing police resources and budgets, is likely to create opportunities for private sector companies that work in this segment.

## Web Resources

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### Industry Events

IFSEC, London, June 17-19, 2014 [www.ifsec.co.uk](http://www.ifsec.co.uk) (2015 dates to be announced)

Security and Policing Show, Farnborough, March 10-12, 2015  
[www.securityandpolicing.co.uk/](http://www.securityandpolicing.co.uk/)

Counter Terror Expo, London, April 21-22, 2015 [www.counterterrorexp.com](http://www.counterterrorexp.com)

INFOSEC, London, June 2-4, 2015 [www.infosec.co.uk/](http://www.infosec.co.uk/)

### Trade Associations

British Security Industry Association [www.bsia.co.uk/](http://www.bsia.co.uk/)

ADS - Aerospace, Defence, Security Group [www.adsgroup.org.uk/](http://www.adsgroup.org.uk/)

Information Systems Security Association UK Chapter [www.issa-uk.org/](http://www.issa-uk.org/)

### Government Departments & Documents

Home Office Centre for Applied Science and Technology  
[www.homeoffice.gov.uk/publications/science/cast/intro-to-cast?view=Binary](http://www.homeoffice.gov.uk/publications/science/cast/intro-to-cast?view=Binary)

Centre for the Protection of the National Infrastructure [www.cpni.gov.uk/](http://www.cpni.gov.uk/)

Office of Cyber Security and Information Assurance  
[www.cabinetoffice.gov.uk/content/office-cyber-security-and-information-assurance-ocsia](http://www.cabinetoffice.gov.uk/content/office-cyber-security-and-information-assurance-ocsia)

Office of Counter Terrorism [www.homeoffice.gov.uk/counter-terrorism/](http://www.homeoffice.gov.uk/counter-terrorism/)

UK Government Cyber Security Strategy [www.cabinetoffice.gov.uk/resource-library/cyber-security-strategy](http://www.cabinetoffice.gov.uk/resource-library/cyber-security-strategy)

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## Sustainable Construction Products and Services

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
UK Construction Market	183,339,000	185,796,000	186,722,000	187,690,000
Sustainable Construction	31,167,000	31,585,000	31,742,000	31,907,000
Exchange Rate: 1 USD	£0.65	£0.65	£0.65	£0.65

#### Data Sources:

Total Construction Output: ONS

Sustainable Construction: Unofficial estimate

The UK construction market was worth an estimated \$185 billion in 2013, an increase of 1.3% on the previous year. New public housing (up +8.8% from 2012) and the much larger new private housing segment (+10.8%) continue to drive output. The private segment in particular is growing as a result of government-backed initiatives such as the Help-to-Buy property scheme for first time-purchasers and as efforts continue to tackle the country's chronic housing shortage. Overall construction growth has been muted by the fall in output within the public sector: public sector, repair and maintenance (-4.8%), new public work (-8.7%) and infrastructure (-8.7%), all ongoing casualties of government austerity measures.

A large number of projects are taking place in London and the South East region; however other parts of the country, such as the West Midlands and the North of England, are beginning to benefit from increasing levels of activity. Figures indicate that construction output is higher than at the time of the start of the recession in 2009.

Economic challenges aside, the construction market remains large and competitive with a constant need for new products and services, especially within the sustainable segment. Sustainable construction was estimated to account for around 17% (\$31 billion) of the total market in 2013. Gradual recovery and demand for 'green' or sustainable products and services should help the segment to maintain and possibly increase value in 2014. It will experience growth as the industry recovers and continues to implement initiatives to encourage the use of efficient and sustainable materials.

Measures to reduce CO<sub>2</sub> emissions, address climate change and improve energy and water efficiency continue to be the key drivers of the UK sustainable construction market. The main legislative driver is The Climate Change Act 2008, which introduced legally binding targets for greenhouse gas emissions by 2050. In addition to the Act, the UK's Strategy for Sustainable Construction provides additional targets for the construction industry. The 2011 Energy Bill created the Green Deal, a financing framework for fixed improvements to the energy efficiency of homes, launched in January 2013. Revisions to Part L of Building Regulations (England and Wales) constitute another step towards the government's pledge that all new homes and non-

domestic buildings will be zero carbon from 2016 and 2019 respectively. Initiatives such as the mandatory CRC Energy Efficiency Scheme, which aims to improve energy efficiency in large public and private sector organizations, create opportunities in the commercial segment.

### **Sub-Sector Best Prospects**

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- Design/architecture and related products, in the affordable, sustainable housing segment.
- Various government and industry initiatives, such as the Green Deal and Heat Strategy, will continue to drive demand for products which improve building energy efficiency.

### **Opportunities**

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The Code for Sustainable Homes is a national standard which rates and certifies the sustainability of new homes within nine sustainable categories (e.g. materials, waste or energy). The Code follows a star rating system from Level 1 (10%) up to Level 6 (Zero Carbon) to indicate sustainability. This is driving demand for competitive priced building materials that can help achieve higher levels of sustainability and efficiency in buildings.

The Green Deal, launched in January 2013, creates demand for products which improve energy efficiency in domestic and non-domestic buildings. It enables private firms to offer consumers energy efficient improvements for their homes, community spaces or businesses at no upfront cost. Suppliers will recoup the money that they have advanced to consumers through the savings made on the customer's energy bills.

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#### **Industry Events**

UK Concrete Show, Birmingham, February 25-26, 2015 [www.concreteshow.co.uk/](http://www.concreteshow.co.uk/)

Ecobuild, London, March 3-5, 2015 [www.ecobuild.co.uk](http://www.ecobuild.co.uk)

PLANTWORX, Coventry, June 2-4, 2015 [www.plantworx.co.uk/](http://www.plantworx.co.uk/)

Greenbuild Expo, Manchester (2015 dates to be confirmed) [www.greenbuildexpo.co.uk/](http://www.greenbuildexpo.co.uk/)

#### **Trade Associations**

UK Green Building Council [www.ukgbc.org/](http://www.ukgbc.org/)

Low Carbon Trust [www.lowcarbon.co.uk/](http://www.lowcarbon.co.uk/)

BREEAM (BRE Environmental Assessment Method) (UK equivalent of LEED)  
[www.breeam.org/](http://www.breeam.org/)

The Construction Products Association [www.constructionproducts.org.uk/](http://www.constructionproducts.org.uk/)

Construction Equipment Association [www.coneq.org.uk/](http://www.coneq.org.uk/)

### **Government Departments**

Department for Communities and Local Government  
[www.gov.uk/government/organisations/department-for-communities-and-local-government](http://www.gov.uk/government/organisations/department-for-communities-and-local-government)

Department for Environment, Food and Rural Affairs (DEFRA)  
[www.gov.uk/government/organisations/department-for-environment-food-rural-affairs](http://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs)

Department for Business Innovation and Skills (BIS)  
[www.gov.uk/government/organisations/department-for-business-innovation-skills](http://www.gov.uk/government/organisations/department-for-business-innovation-skills)

Highways Agency [www.highways.gov.uk/](http://www.highways.gov.uk/)

### **Contact Details**

For further information about the UK Sustainable Construction Products and Services market, please contact:

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U.S. Commercial Service  
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Fax: 011 44 20 7894 0020  
Email: [Cheryl.Withers@trade.gov](mailto:Cheryl.Withers@trade.gov)

## Travel and Tourism

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
UK Visits Abroad - All Countries (millions)	56.54	58.51	60.56	62.68
UK Visitors to the U.S. (millions)	3.76	3.84	3.92	4.03
UK Expenditure Abroad - All Countries (billions)	51.92	55.84	60.08	64.64
UK Expenditure in the U.S. (billions)	12.6	13.7	14.1	14.7

Source: UK Office of National Statistics, Travel Trends 2013

After a period of stagnation and decline, the UK outbound travel market is showing clear signs of recovery and growth. There are more visitors who are staying longer and spending more during their trips. According to the UK Office of National Statistics, UK residents made 3.5% more visits abroad in 2013 than in 2012. The length of stay increased by 4.7% and UK visitors increased their spending by \$4 billion (or 7.6%) to reach \$55.84 billion in 2013. This represents a return to 2008 spending levels, after which spending began to fall during the recession. The United States is the number three destination for UK travelers, with Spain and France holding the number one and two spots respectively. The top reason UK travelers visited the U.S. in 2013 was for a vacation.

According to the U.S. Office of Travel and Tourism Industries (OTTI), 2013 saw 3.84 million UK arrivals into the United States, with an estimated spend of \$13.39 billion. This represents a 1.9% growth from 2012 arrivals. The UK remains the number one overseas market for travelers to the U.S., and forecasts indicate this will continue.

### Sub-Sector Best Prospects

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According to the 2012 Market Profile for the UK (produced by OTTI), the top three U.S. city destinations for UK travelers are New York City, Orlando, and Las Vegas. The top two U.S. state destinations are Florida and New York State, while the number one region visited in the U.S. is the South Atlantic.

### Opportunities

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Opportunities exist for U.S. travel suppliers in specific niche sectors. These are usually outdoors, e.g. National and State Parks, Scenic Byways, Walking, Hiking, Golf Holidays, and Agritourism. Cultural Tourism, especially musical heritage, visiting small towns and

historical sites are popular with UK travelers. Shopping remains a major activity of UK travelers.

## Web Resources

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### Industry Events:

IPW (International Pow Wow), Orlando, Florida, May 30 – June 3, 2015 [www.ipw.com](http://www.ipw.com)

World Travel Market, ExCel London, November 3-6, 2014 [www.wtmlondon.com](http://www.wtmlondon.com)

### Trade Associations:

Brand USA (UK)

[www.thebrandusa.com](http://www.thebrandusa.com)

U.S. Travel Association

[www.ustravel.org](http://www.ustravel.org)

Visit USA Association (VUSA)

[www.visitusa.org.uk](http://www.visitusa.org.uk)

### Contact Details:

For further information about the UK travel and tourism market contact:

Chrystal Denys

Commercial Specialist

U.S. Commercial Service

Tel: +44 (0)20 7894 0432

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Email: [Chrystal.Denys@trade.gov](mailto:Chrystal.Denys@trade.gov)



The UK is a very important market for U.S. agricultural products. In calendar year 2013, U.S. exports of agricultural, fish and forestry products to the UK were \$2.2 billion, an all-time high. 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 41% (\$912 million) of total U.S. exports of agricultural, fish and forestry products to the UK in calendar year 2013. Ranked as the eleventh most import destination for U.S. consumer-orientated food products, the UK continues to differentiate itself from its European neighbors in this product area. Fruit, vegetables and nuts account for 38% of this category imported from the U.S. into the UK. U.S. wines, particularly from California, have established a high profile in the UK and, despite a dip in 2009, direct sales (additional volume is transshipped from mainland EU) remain strong at \$270 million in calendar year 2013. 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 (\$132 million in calendar year 2013). Over 56% of U.S. seafood exports to the UK in calendar year 2013 were accounted for by canned salmon shipments, although increasing volumes of fresh and frozen salmon from the wilds of Alaska are entering the UK and appearing on retailer’s shelves. Also, considerable volumes of Alaskan Pollack have entered the UK over the last 5 years. These shipments are destined for the 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 are recovering after having been under pressure in recent years 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 have also made trade difficult. However, calendar year 2013 trade to the UK generated a record \$435 million of export revenue.

**Opportunities and Challenges for U.S. Products in the UK**

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.

## Best Prospects and Top Ten Exports

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### Ten 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
- Beer (including micro-breweries)
- Soft Drinks

Top U.S. Agricultural Product Exports to the UK by Value & Calendar Year (\$ Millions)					
	2009	2010	2011	2012	2013
Other Value-Added Wood (including wood for fuel, finished wood products, builders joinery etc)	92	111	142	207	413
Other Consumer-Oriented (including spices, pasta, soup, ice cream, etc)	108	181	240	238	253
Wine & Beer	194	218	239	227	234
Other Intermediate (other crop products, animal products, etc)	169	181	200	185	182
Processed Fruit & Vegetables (including frozen, preserved, dried, shelled, cut, etc)	102	102	130	127	140
Soybean Meal	22	33	27	100	140
Tree Nuts (including coconuts, brazil nuts,	68	95	100	111	110

cashew nuts, hazelnuts, almonds, chestnuts, pistachios, etc)					
Salmon, Canned	61	55	81	75	83
Live Animals (includes race horses)	119	81	49	73	54
Soybeans	-	28	128	7	31

## Resources

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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 7894 0464  
 Email: [aglondon@fas.usda.gov](mailto:aglondon@fas.usda.gov)

Information on FAS global services can be found at FAS Online:  
<http://www.fas.usda.gov/>

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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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 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 an average of 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 or at:

<https://www.gov.uk/trade-tariff>

(Note: HS codes are only common to the 6 digit level.)

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. The online TARIC is updated daily.

Key link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/)

## **Trade Barriers**

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The UK has no significant trade or investment barriers and no restrictions on the transfer of capital or repatriation of profits. The very 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 USTR and available through the following website: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2013/NTE-FTB>.

Information on agricultural trade barriers can be found at the following website: <http://www.fas.usda.gov/topics/trade-policy/market-access-issues>.

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://export.gov/europeanunion/>.

## **Import Requirements and Documentation**

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A limited range of goods requires import licenses, which are issued by the Import Licensing Branch of the UK Department for Business, Innovation and Skills. These include firearms and explosives, nuclear materials, controlled drugs and certain items of military equipment.

Key link:

<https://www.gov.uk/import-controls>

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

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The U.S. Senate ratified the U.S.-UK Defense Trade Cooperation Treaty on September 29, 2010. This treaty allows for the export of certain defense articles and the furnishing of defense services, controlled pursuant to the International Trafficking in Arms Regulations (ITAR).

Key link:

<http://www.pmdtc.state.gov/treaties/>

In addition, the President's Export Control Reform Initiative has seen many products moved from the Munitions List and ITAR to the Commerce Control List and EAR. For more information see:

<http://export.gov/%5C/ecr/index.asp>

In addition to International Trafficking in Arms Regulations (ITAR), re-exports from the UK and the activities of UK-based subsidiaries are subject to UK export controls. These are managed by the Export Control Organisation (ECO), an office of the UK Department for Business, Innovation and Skills. 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 on the trafficking and brokering provisions contained in the UK Export Control Act 2002.

Key link:

<https://www.gov.uk/government/policies/controlling-defence-security-and-dual-use-strategic-exports--2>

### **Temporary Entry**

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Raw materials, temporarily imported for incorporation into products for export, may be admitted without payment of duties and taxes. The importer must provide a bank or insurance company guarantee or indemnity for the applicable duties and taxes. Goods intended for unaltered re-export may also be imported free of duty for a period of up to six months by prior arrangement with Her Majesty's Revenue & Custom (HMRC), <http://www.hmrc.gov.uk/index.htm>. Temporary entries and goods imported for technical examination and testing are subject to a VAT deposit scheme with VAT refunded following the re-export of the goods. Products imported for repair, calibration or incorporation are admitted with conditional relief from duty and VAT pending correct disposal of goods, usually re-export from the European Community.

Professional and demonstration equipment may be temporarily imported into the UK free of duty and tax under the Customs Convention on the Temporary Importation of Professional Equipment. A carnet should be obtained from the U.S. Council of the International Chamber of Commerce: <http://www.iccwbo.org/>. Additionally, these goods may also be imported under the above-mentioned VAT deposit scheme for temporary entries.

### **Labeling and Marking Requirements**

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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.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:

[http://buyusainfo.net/docs/x\\_366090.pdf](http://buyusainfo.net/docs/x_366090.pdf)

## Prohibited and Restricted Imports

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Prohibited imports include AM citizens band radios, switchblade knives, devices that project toxic, noxious or harmful substances (e.g., tear gas), counterfeit coins and currency, certain types of pornography and hormone-treated beef.

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 TARIC 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 product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/)

## Customs Regulations and Contact Information

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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. For additional information, please visit the UK Customs website: <http://www.hmrc.gov.uk/>.

## Standards

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## Overview

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Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to 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.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to <http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>.

The concept of new approach legislation is likely to disappear as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

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*

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.usda-eu.org>.



There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>.

## Standards Organizations

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EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/> )
2. ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
3. CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cen/pages/default.aspx>)

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 member states, which have "mirror committees" that monitor and 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 gives away 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. Mandates – or requests for standards - can be checked on line at: [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm).

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Mongolia, Kyrgyzstan and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

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 ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm)

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## **Conformity Assessment**

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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. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

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

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. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides 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.

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" (<http://www.european-accreditation.org>) 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.

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 (<http://eur-lex.europa.eu/JOIndex.do?ihmlang=en>). It lists the standards reference numbers linked to legislation ([http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm)).

National technical Regulations are published on the Commission's website [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm) to allow other countries and interested parties to comment.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

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 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. Key Link: [http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm).

### *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 17000 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 €275 and €1600 depending on the tests required to verify if the product is eligible, and an annual fee for the use of the logo (typically between \$480 to \$2000), with a 20% reduction for companies registered under the [EU Eco-Management and Audit Scheme](#) (EMAS) or certified under the international standard [ISO 14001](#). Discounts are available for small and medium sized enterprises (SMEs).

Key Links:

[Eco-label Home Page](#)

## Contacts

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U.S. Mission to the EU  
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### ***National Institute of Standards & Technology***

Mr. George W. Arnold  
Director  
Standards Coordination Office  
100 Bureau Dr.  
Mail Stop 2100  
Gaithersburg, Maryland 20899  
Tel: (301) 975-5627  
Website: <http://ts.nist.gov/Standards/Global/about.cfm>

### ***CEN – European Committee for Standardization***

Avenue Marnix 17  
B – 1000 Brussels, Belgium  
Tel: 32.2.550.08.11  
Fax: 32.2.550.08.19  
Website: <http://www.cen.eu>

### ***CENELEC – European Committee for Electrotechnical Standardization***

Avenue Marnix 17  
B – 1000 Brussels, Belgium  
Tel: 32.2.519.68.71  
Fax: 32.2.519.69.19  
Website: <http://www.cenelec.eu>

### ***ETSI - European Telecommunications Standards Institute***

Route des Lucioles 650  
F – 06921 Sophia Antipolis Cedex, France  
Tel: 33.4.92.94.42.00  
Fax: 33.4.93.65.47.16  
Website: <http://www.etsi.org>

### ***SBS – Small Business Standards***

4, Rue Jacques de Lalaing  
B-1040 Brussels  
Tel: +32.2.285.07.27  
Website: under development (<http://www.ueapme.com/spip.php?rubrique220>)

***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  
Fax: 32.2.706.54.30  
Website: <http://www.anec.org>

***ECOS – European Environmental Citizens Organization for Standardization***

Rue d'Edimbourg 26  
B – 1050 Brussels, Belgium  
Tel: 32.2.894.46.55  
Fax: 32.2.894.46.10  
Website: <http://www.ecostandard.org>

***EOTA – European Organization for Technical Assessment (for construction products)***

Avenue des Arts 40  
B – 1040 Brussels, Belgium  
Tel: 32.2.502.69.00  
Fax: 32.2.502.38.14  
Website: <http://www.eota.be/>

**Trade Agreements**

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For a list of trade agreements with the EU and its member states, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

**Web Resources**

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*EU websites:*

Online customs tariff database (TARIC):

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

The Modernized Community Customs Code (MCCC):

[http://europa.eu/legislation\\_summaries/customs/do0001\\_en.htm](http://europa.eu/legislation_summaries/customs/do0001_en.htm)

ECHA: <http://echa.europa.eu>

Taxation and Customs Union:

[http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Electronic Customs Initiative: Decision N° 70/2008/EC

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>

Modernized Community Customs Code Regulation (EC) 450/2008):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

Legislation related to the Electronic Customs Initiative:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

Export Help Desk

[http://exporthelp.europa.eu/thdapp/index\\_en.html](http://exporthelp.europa.eu/thdapp/index_en.html)

### International Level:

What is Customs Valuation?:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/european/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm)

Customs and Security: Two communications and a proposal for amending the Community Customs Code:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>

Pre Arrival/Pre Departure Declarations:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/prearrival\\_predeparture/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm)

AEO: Authorized Economic Operator:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/aeo/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm)

Contact Information at National Customs Authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

New Approach Legislation:

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>

Cenelec, European Committee for Electrotechnical Standardization:

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

ETSI, European Telecommunications Standards Institute:  
<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:  
<http://www.cen.eu/cen/Pages/default.aspx>

Standardisation – Mandates:  
[http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

ETSI – Portal – E-Standardisation :  
[http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)

CEN – Sector:  
<http://www.cen.eu/work/areas/Pages/default.aspx>

CEN - Standard Search:  
<http://esearch.cen.eu/esearch/>

Nando (New Approach Notified and Designated Organizations) Information System:  
<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):  
<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main>

European Co-operation for Accreditation:  
<http://www.european-accreditation.org/home>

Eur-Lex – Access to European Union Law:  
<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:  
[http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm)

What's New:  
[http://ec.europa.eu/enterprise/news/index\\_en.htm](http://ec.europa.eu/enterprise/news/index_en.htm)

National technical Regulations:  
[http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm)

NIST - Notify U.S.:  
<http://www.nist.gov/notifyus/>

Metrology, Pre-Packaging – Pack Size:  
[http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm)

European Union Eco-label Homepage:  
<http://ec.europa.eu/environment/ecolabel/>



U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1>

Agricultural Trade Barriers:

<http://www.usda-eu.org/>

Trade Compliance Center:

<http://tcc.export.gov/>

U.S. Mission to the European Union:

<http://useu.usmission.gov/>

The New EU Battery Directive:

[http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

The Latest on REACH:

<http://export.gov/europeanunion/reachclp/index.asp>

WEEE and RoHS in the EU:

<http://export.gov/europeanunion/weeerohs/index.asp>

Overview of EU Certificates:

<http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/>

Center for Food Safety and Applied Nutrition:

<http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview

[http://buyusainfo.net/docs/x\\_366090.pdf](http://buyusainfo.net/docs/x_366090.pdf)

The European Union Eco-Label:

[http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

Trade Agreements:

[http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

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## Chapter 6: Investment Climate

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### Executive Summary

The British economy's openness to investment has been a long established fact, with many of the world's largest firms having UK branch plants and manufacturing subsidiaries located in the United Kingdom. The UK imposes few impediments to foreign ownership and throughout the past decade, the UK has remained Europe's top recipient of foreign direct investment (FDI), including the destination of choice for U.S. investors. The UK was the world's ninth largest recipient of foreign direct investment in 2013 and attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country. The United States remains the primary source of FDI into the UK and remains the most favored location for UK direct investment abroad, continuing the strong investment partnership between the two countries.

The United Kingdom is politically stable with a modern infrastructure, and U.S. companies have found establishing a base in the UK an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms. The UK Government has sought to further increase the UK's attractiveness in areas such as taxation, trade missions, and support for small and medium enterprises. Recent studies show that the UK is also making improvements in terms of financial flexibility, policy regime for start-ups, and

entrepreneurial culture. The UK is especially well supported by its financial and professional services industries.

The UK has a transparent tax system in which local and foreign-owned companies are taxed alike. The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK has a long history of applying the rule of law to business disputes, which are resolved through litigation in the UK Courts or by arbitration, mediation, etc.; and, London is a hub for international dispute resolution with over 10,000 cases annually. Expropriations or nationalization of corporate assets are prohibited by law, and the UK legal system provides a high level of protection for intellectual property. Private ownership is also protected by law and monitored for competition-restricting behavior. U.S. exporters and investors generally will find little difference between the U.S. and UK in the conduct of business, and common law prevails in the UK as the basis for commercial transactions

The UK banking sector is the largest in Europe, and foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. UK legal, regulatory, and accounting systems are transparent and consistent with international standards

There are 20 state-owned, or partly-owned, enterprises in the UK spread across a wide range of sectors, ranging from large, well-known companies to small trading bodies. Some of these, where appropriate, are due to be sold to the private sector over the next few years. There is a strong awareness of corporate social responsibility principles among UK businesses. 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 UK's labor force is the second largest in the European Union, at just over 40 million people with an unemployment rate of 6.9%. About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage.

The U.S. and UK have no formal bilateral investment treaty relationship, although 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 (mostly developing) countries and a network of about a dozen double taxation agreements.

## **Openness to Foreign Investment**

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The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving U.S. \$53 billion (£31.62 billion at exchange rate of \$1.66 to £1), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. Despite the drop in ranking, however, inflows increased 22 percent over 2011. The UK attracted 18 percent of all European

Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany's share of FDI rising for the fifth year in a row to reach 16 percent. The United States remains the primary sources of foreign direct investment into the UK. In FY 2012-2013, the United States contributed 39% of all inward investment projects to the UK and over 30% of all inward investment-generated jobs. In 2012, the United States contributed FDI positions to the UK of \$331.2 billion (£197.5 billion), compared to \$306.9 billion (£183 billion) in 2011.

With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. U.S. 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 in the UK, foreign-owned companies are treated no differently from UK firms. Within the EU, the British Government is a strong defender of the rights of any British- registered company, irrespective of its nationality of ownership.

Market entry for U.S. firms is greatly facilitated by a common language, legal heritage, and similar business institutions and practices. Long-term political, economic, and regulatory stability, coupled with relatively low rates of taxation and inflation make the UK particularly attractive to foreign investors. The Coalition Government, formed between Conservatives and Liberal Democrats in May 2010, is committed to economic reforms, including privatization, deregulation, and support for competition. Both political parties in the coalition believe in a liberal economic policy.

Local and foreign-owned companies are taxed alike. Inward investors may have access to certain EU and UK regional grants and incentives that are designed to attract industry to areas of high unemployment, but no tax concessions are granted. As of 2014, the UK taxes corporations 21 percent on profits over \$2.4 million (£1.5 million). Small companies are taxed at a rate of 20 percent for profits up to \$471,000 (£300,000) and marginal tax relief is granted on profits between these thresholds. 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.

TABLE 1: Corporate Tax rates for 2008–2012

<b>Corporate Tax rates for 2008–2012</b>					
	<b>2008–2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Small profits rate	21%	20%	20%	20%	20%
Small profits upper limit	£300,000	£300,000	£300,000	£300,000	£300,000
Marginal relief limits	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000	£300,001 – £1,500,000
Main rate	28%	26%	24%	23%	21%

In April 2011, the government announced an increase in the tax levied on North Sea oil and gas production. The increase in the levy was not pre-announced or consulted, and oil and gas producers in the region, as well as the Scottish Executive (many of the jobs

and revenues associated with North Sea energy extraction are generated in Scotland), complained that they had not been consulted and that investment in the region would be curtailed. Investment decisions were delayed at the time, but the continued high level of the oil price has meant that new North Sea energy extraction continues.

In the 2014 budget, however, the chancellor extended tax allowances in the North Sea to encourage billions of pounds of investment in the UK's maturing oil and gas industry. The incentives were allocated in the budget in order to develop temperature fields that require a high amount of capital to exploit, due to the technical difficulties of bringing oil and gas to the shore. These tax allowances build on previous tax breaks to brownfield extensions, smaller projects and developments in the west waters of Shetland. The widening of the tax allowances, which followed the unexpected \$3.4bn (£2bn) tax increase made by the chancellor on North Sea operators in 2011, is aimed at extending extraction of oil and gas reserves, particularly since these operations are dependent on economically marginal fields.

The UK has a simple system of personal income tax. The basic income tax rate for 2014-2015 is 20 percent on income over a personal tax free allowance of \$16,605 (£10,000) and less than \$53,028 (£31,866). For earnings over \$160,500 (£100,000) and less than \$199,433 (£118,880), the tax free allowance is reduced by GBP 1 for every GBP 2 of over additional income. As part of the Coalition Government's plan to reduce the significant UK budget deficit, tax rates on income over £35,000 increased from 40 to 45 percent as of 6 April 2013. 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 for 7 years or more, and they choose to pay tax only on their remitted earnings, they may be subject to an additional charge of \$48,141 (£30,000) or \$83,235 (£50,000).

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 3 percentage points. The Scottish Government has been opposed to a rise in tax, 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. In practice HM Revenue & Customs (HMRC) admitted to the Scottish Cabinet Secretary for Finance in 2010 that the computer systems between Scotland and the HMRC are incapable of processing collections that fall under this category of devolved taxation power.

The UK imposes few impediments to foreign ownership. The UK subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT).

U.S. companies have found that establishing a base in the UK is an effective means of accessing the European Single Market, and the abolition of most intra-European trade barriers enables UK-based firms to operate with relative freedom throughout the EU. Many U.S. companies have operations in the UK, including all top 100 of Fortune 500 firms. The UK hosts more than half of the European, Middle Eastern and African corporate headquarters of American-owned firms.

## **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 and its dependencies 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.

The UK's Department for International Development (DFID) is committed to "help to provide an improved environment for economic and social development and promote self-sustainability" of the BOTs. Many of the territories are now broadly self-sufficient. However, DFID maintains development assistance programs in St. Helena, Montserrat and Pitcairn, including budgetary aid to meet the islands' essential needs and development assistance to help encourage economic growth and social development. 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, have been 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 have resulted in falling output and government revenue. Fisheries and tourism activity in the Falkland Islands have fallen while the government revenues of Gibraltar, with its more diversified economy, have been resilient. To mitigate the impact of the crisis, the territories are reprioritizing government expenditure and looking at ways to increase revenue. Additionally, BOTs may request higher borrowing limits from the UK.

Seven of the BOTs have financial centers: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands. In April 2009, during the London G20 Summit, all of these territories were placed on the OECD's "grey list" of jurisdictions that have committed to the internationally agreed tax standard, developed by the OECD, but have not yet substantially implemented it by signing the 12 tax information exchange agreements. As of October 11, 2010, all but Montserrat were listed on the OECD's list of jurisdictions that have substantially implemented the internationally agreed tax standard.

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-Anguillian 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. These range from relief on customs duties on imported capital goods to relief from corporation tax payments over specific periods. 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. Company tax is 15 percent on chargeable income. Personal income taxes are payable at the rate of three percent on the first \$2,500 of income, six percent on the next \$5,000, ten percent on the next \$7,500, 15 percent on the next \$10,000 and 20 percent on income exceeding \$25,000.

**Cayman Islands:** There are no direct taxes in the Cayman Islands. The government charges stamp duty of six percent on the value of real estate at sale and there is a one percent fee payable on mortgages of less than CI\$300,000, and one and a half percent on mortgages of CI\$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 \$21,793 (£13,000) and 26 percent above this level.

**Gibraltar:** The government of Gibraltar encourages foreign investment. Gibraltar is a low-tax jurisdiction (no capital or sales taxes) with a stable currency and few restrictions on moving capital or repatriating dividends. It is a member of the EU and offers EU funding for projects that improve the island'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. 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 operates an Approved Investor scheme, which offers concessions to businesses that meet a set of criteria outlined in the government's Economic Development Ordinance and Tourism Policy – particularly tourism projects that will be trading at the time of the opening of the St. Helena airport. All applications under the scheme are processed by the St. Helena Development Agency.

**Pitcairn Islands:** The Pitcairn Islands have approximately 50 residents, with a workforce of approximately 15. 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.

TABLE 2: UK Standings on Cross-National Indices

UK Standings on Cross-National Indices		
Measure	Year	Ranking/Index
TI Corruption Perceptions Index	2013	14 <sup>th</sup> out of 177/76
Heritage Economic Freedom	2014	14 <sup>th</sup> out of 178/74.9
World Bank Doing Business	2014	10 <sup>th</sup> out of 189
Global Innovation Index	2013	3 <sup>rd</sup> out of 142/61.25
World Bank GNI per capita	2012	GBP 23,288 (USD 38,670)

### Conversion and Transfer Policies

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The British pound sterling is a free-floating currency with no restrictions on its transfer or conversion. There are no exchange controls restricting the transfer of funds associated with an investment into or out of the UK.

The UK is not a member of the Euro area and the current Coalition government does not wish to join, or prepare to join, over the next 5 year Parliament. Even at that time, it is likely that any decision to join would only be made through a referendum.

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 who have borrowed from a UK 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.

### Expropriation and Compensation

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Expropriation of corporate assets or nationalization of an industry requires a special Act of Parliament, as seen in the February 2008 nationalization of Northern Rock. In the event of nationalization, the British government follows customary international law, providing prompt, adequate, and effective compensation.

### Dispute Settlement

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International disputes are resolved through litigation in the UK Courts or by arbitration, mediation, or some other alternative dispute resolution (ADR) method. Over 10,000 disputes a year take place in London, many with an international dimension, reflecting its strong position as an international center for legal services. Most of the disputes center on the maritime, commodities, financial services, and construction sectors. The London Court of International Arbitration and the International Chamber of Commerce's International Court of Arbitration are the leading administrators of international arbitrations. The Stock Exchange Panel on Takeovers and Mergers mediates takeover



bid disputes, and there is a further right of appeal to the Stock Exchange Appeals Committee.

As a member of the International Center for Settlement of Investment Disputes, the UK accepts binding international arbitration between foreign investors and the state. As a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the UK permits local enforcement on arbitration judgments decided in other signatory countries.

## Performance Requirements and Incentives

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UK business contracts are legally enforceable in the UK, but not in the United States or other foreign jurisdictions. Performance bonds or guarantees are generally not needed in British commerce, nor is any technology transfer, joint venture, or local management participation or control requirement imposed on suppliers. Government and industry encourage prompt payment, but a tradition does not exist of providing an additional discount to encourage early settlement of accounts.

The UK offers a wide range of incentives for companies of any nationality locating in depressed regions of the country, as long as the investment generates employment. The Grants for Business Investment (GBI) program provided government grants to qualifying projects in parts of the UK needing investment to revitalize their economies, but closed on February 1, 2011. It was replaced by the Regional Growth Fund (RGF), a \$5.3 billion (£3.2 billion) fund dedicated to helping companies through England create jobs between now and the mid-2020s. Its funds are aimed at supporting projects and programs that leverage private sector investment creating economic growth and sustainable employment, particularly in those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity. The allocation of RGF funds is spread between 2011 and 2017. Spending is made in several rounds to different bids. Each bid can be allocated to a minimum of \$1.7 million (£1 million). Further information can be found at: <http://www.bis.gov.uk/policies/economic-development/regional-growth-fund>.

The June 2013 spending round allocated £600 million to project bids. Despite this, a 2014 report by the National Audit Office (NAO) determined that much of the funds allocated to the RGF remained unspent. The NAO found that around £492m had actually been allocated towards projects, but £425m is still being held by intermediaries. Additionally, it found that the number of jobs since the inception of the fund had increased to 44,000. This increase, however, is associated with a rise in the average cost for each job from £33,000 to £37,400.

Additionally, assistance can be obtained through the EU Structural Funds from 2014 to 2020. The UK will receive approximately \$13.2 billion (€9.571 billion) in structural funds. \$633 million (€457 million) will be allocated to Northern Ireland, \$1.1 billion (€795 million) to Scotland, \$2.9 billion (€2.145 billion) to Wales, and \$8.6 billion (€6.174 billion) to England. The UK is currently working on what sorts of projects the funds will be allocated to with the European Commission. The EU Structural Investment Funds (ESIF) Growth Programme that helps allocate the funds in England has stated that the funds will be allocated towards projects that promote sustainable and quality employment, promote social inclusion, combat poverty and any discrimination, and invest in education, training and vocational training.

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.

## **Right to Private Ownership and Establishment**

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The Companies Act of 1985, administered by the Department for Business, Innovation and Skills (BIS), 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.

BIS 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 BIS. 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.

Only a few exceptions to national treatment exist. For example, foreign (non-EU or non-EFTA, European Free Trade Association) ownership of UK airlines is limited by law to 49 percent. Registration of shipping vessels is limited to UK citizens or nationals of EU/EFTA member states resident in the UK. For some of these companies, restrictions of foreign ownership of ordinary shares apply. Citizenship requirements for certain senior executive and non-executive posts also apply for these enterprises. Foreign investment in financial services that are not covered by EU Directives on banking, investment, services, and insurance may be subject to a bilateral agreement.

The Takeover Panel, an independent authority that administers the City of London's code on takeovers and mergers has revised their code as it relates to hostile takeovers and the impact on existing shareholders for the target firm. They have made a range of amendments to their code to reduce the negative impact of hostile takeovers, with the stated objective of: increasing the protection for offeree companies against protracted 'virtual bid' periods; strengthening the position of the offeree company; increasing transparency and improving the quality of disclosure; and, providing greater recognition of the interests of offeree company employees.

The privatization of state-owned utilities is now essentially complete. With regard to future investment opportunities, the few remaining government-owned enterprises or remaining government shares in other utilities are likely to be sold off to the private sector when market conditions improve. These include the postal service and parts of the air traffic control service.

## **Protection of Property Rights**

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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 various EU Directives, implemented both the WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT), known as the internet treaties.

In November 2010, Prime Minister David Cameron announced an independent review of the UK's IP framework, chaired by Professor Ian Hargreaves. The Hargreaves Review is the fifth in a series of IPR reviews since 2006 – the Gowers Review (2006), the Creative Economy Programme (2007), the Digital Britain Review (2008-2009) and the Copyright Strategy (2009).

The Hargreaves Review, released in May 2011, covers all aspects of how intellectual property (IP) is created, used and protected in the UK. It concludes that the current UK IP framework impedes innovation and economic growth and outlines ten recommendations to make the UK a more competitive IP marketplace. The UK government responded positively to the Review and has committed acting upon all ten Hargreaves. Some of the more controversial recommendations include creating copyright exemptions around format shifting and clearing patent thickets.

The government is currently consulting with stakeholders and preparing draft legislative and regulatory remedies to address the Hargreaves recommendations. Legislative progress has been slow. In May 2013, the Intellectual Property Bill was introduced in Parliament. It proposes changes that would help businesses better understand what is protected under the law, thus reducing the need for costly litigation and providing greater certainty for investors in technology. As of September 2013, the IP bill has left the House of Lords and proceeded to the First Reading stage in the House of Commons. In February 2014, draft secondary legislation, known as The Copy Right Regulations 2014, along with an Explanatory Memorandum and Impact Assessment, were introduced in Parliament. These draft regulations are intended to support a system of self-regulation by giving Government powers to close gaps that can emerge in the self-regulatory framework. This is intended to improve the effectiveness of collective licensing.

**Patents:** Many of the key features of the UK Patents Act 2004 entered into effect on January 1, 2005. The Act is designed to bring UK patent law into line with the updated European Patent Convention (2000). The Act lifts restrictions on filing patent applications from abroad, with exceptions made for military technology and applications whose contents could affect UK national security. The Act expands options for non-binding, written opinions on patent infringement to be issued by the UK Patent Office. The

legislation also lays out significant changes to the process of approaching alleged infringers (sometimes known as "threats"). The changes are designed to aid genuine attempts to settle infringement disputes while providing protection -- particularly to small and medium enterprises -- against frivolous threats. A UK patent application requires that an invention must be new, involve an innovative step, and be capable of industrial application. A patent cannot be granted in the UK for any invention used for offensive, immoral, or anti-social purpose, for any variety of animal or plant, or for a biological process used in its production. The UK IPO and the U.S. Patent and Trademark Office (USPTO) are cooperating in various ways (including a 2007 Patent Prosecution Highway (PPH) scheme) to allow U.S. or UK patent applicants who have received a report by either the UK IPO or the USPTO to request accelerated examination of a corresponding patent application filed in the other country.

Copyright: The Copyright, Designs and Patents Act of 1988 grants the originator the exclusive right to assign those rights or to exploit them through copying, dissemination, publication, or sale. Computer programs and semiconductor internal circuit designs are included as works that are protected by this act. Under the terms of an EU Directive, which took effect in January 1988, databases are also protected in each EU-member country by the national legislation that implements the Directive.

Trademarks: The UK submits to the WIPO system of international registration of marks, as governed by the Madrid Agreement and the Madrid Protocol. The UK Trade Marks Act of 1994 is the current law providing for the registration and protection of trade marks in the UK, and has been harmonized with EU Directive No 89/104/EEC. Trademarks are considered personal property in the UK, and are normally registered for a period of 10 years with an option to renew. However, trademarks may be removed from the register if a period of five years has elapsed, during which time there has been no bona fide use of the trademark in relation to the goods by the proprietor.

Trade Secrets/Confidential Test Data: Commercially sensitive information is not itself specifically subject to legal protection, but the misappropriation of such information from business premises may be subject to criminal law. Action under employment law may also be taken against an employee who, by disclosing information, breaches a contract with his or her employer. In addition, confidential test data, submitted in conjunction with a registered application for pharmaceuticals or veterinary products, enjoys 10 years of exclusive protection from the date of authorization, provided the product is marketed in the UK.

## **Transparency of Regulatory System**

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U.S. exporters and investors generally will find little difference between the U.S. and UK in the conduct of business. 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. These include the Office of Communications (Ofcom), the Office of Water Regulation (Ofwat), the Office of Gas and Electricity Markets (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 FPC is headed by a new Deputy Governor (currently Andrew Bailey, who assumed his role 1 April 2013). 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. 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 Coalition government has stated its ambition to reduce the regulatory burden on firms. To do so, they have established a Cabinet Office sub-committee to review all planned regulation inherited from the previous government, scrutinize all new regulation and implement the new 'one in, one out' rule of regulation. This rule, applied to new regulation from every government department, means that for every piece of regulation a department introduces, it must find a regulation to remove in order to keep the regulatory burden to a minimum.

## **Efficient Capital Markets and Portfolio Investment**

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The City of London houses one of the world's largest and most comprehensive financial centers. 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 has been highly regarded by investors because of its solid regulatory, legal, and tax environment, a supportive market infrastructure, and a dynamic and highly skilled workforce. The financial and related professional services industry contributed approximately 12.6 percent of total UK GDP in 2013, employs around 1.16 million people, and contributes \$1.1 trillion (£65 billion) in tax receipts (which is 11.7 percent of total UK tax receipts). While banks remained concerned that excessive regulation in the wake of the financial crisis could drive business and talent away from London, the UK is expected to maintain its position as a top financial hub.

UK banks have been particularly hard-hit by the global financial crisis. Large-scale layoffs have been common over the past year. 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 (Virgin Money). 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. In March 2014, however, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. The sale will be worth around \$7 billion (£4.1 trillion), reducing the government's stake in Lloyds to about 25 percent from

32.7 percent. The government currently holds about 81 percent of the Royal Bank of Scotland.

While the financial services sector did shrink over 2013, there has been a slight improvement in the start of 2014. Financial services employment has grown at its fastest rate since 2007. New job vacancies in the financial services sector were up 51 percent in December 2013 compared with a year earlier. Financial services employment, by the end of the first quarter in 2013, will be around 1.16m. This is still 52,000 lower than at the end of 2008. While there has been growth in the financial services sector, there is still a long way to reach pre-crisis levels.

Since the beginning of the financial crisis in 2008, the UK's economy has taken longer to recover than other G8 economies. Since contraction began in the second quarter of 2008, the UK has experienced a double dip recession and remains more than 3 percent below its pre-crisis GDP. After three consecutive quarters of negative growth, the UK barely emerged from its latest recession with 0.9 percent growth in the third quarter of 2012. Most observers believe 3Q 2012 growth reflected a one-off boost from the 2012 Summer Olympics and Paralympics, and favorable comparisons to the previous quarter.

Looking forward, slow growth is expected: 2.7% in 2014 and 2.3 in 2015, according to the Office of Budget Responsibility; with marginal increases every year following and expansion reaching to 2.6% by 2016-2017. In 2014, a challenged financial services sector, which struggles to adapt to increasing regulation; declines in North Sea oil and gas production; and the ongoing eurozone crisis will continue to weigh heavily on the UK economy. Housing prices in the U.K. have accelerated; with a shortage of homes for sale, this will put a further upward pressure on property values. Unemployment stands at 6.9% (February 2014). The BoE, whose quantitative easing program has helped stimulate the economy in recent past, now says its ability to ease further will have limited effect. Inflation is currently at 1.7 percent – below the BoE's 2.0 percent target rate.

Following fiscal stimulus under the previous Labour government, in 2010 the Coalition Government committed to a deficit reduction plan to cut \$127 billion (£81 billion) from the budget, eliminate the structural deficit, and begin reducing the national debt by 2014-15. While reaffirming the Government's commitment to deficit reduction, in December 2012, Chancellor Osborne announced that the target of reducing public debt as a share of GDP by fiscal year 2015-16 would not be met, pushing the date out further to 2016-17. At the end of January 2014 the public sector net debt was £1,239.6 billion (74.6% of GDP). This compares with £1,158.4 billion (72.6% of GDP) at the end of January 2013. Debt-to-GDP is expected to peak in 2015-16 at 80% and then start declining.

In the Spring 2014 Budget, the Chancellor announced new forecasts predicting that the government will borrow 107.8 billion pounds in 2014, 6.4 percent less than in the 2012/13 financial year, compared to a 3 percent reduction targeted in December 2013. The U.K.'s public finances showed a slight improvement in February 2014 compared to a year earlier, but the gain may not be enough to meet the more ambitious borrowing targets set by Chancellor Osborne.

In the Autumn 2013 Statement, the Chancellor said the Government will take another year, until 2017-18, to eliminate the structural deficit. Since the financial crisis, Fitch, Moody's and S&P placed the UK on Negative Outlook, warning that the UK's coveted AAA bond rating may be in jeopardy if economic and fiscal recovery weaken further. In



2013, however, Fitch and Moody's placed the UK on Stable Outlook, while S&P again affirmed a Negative Outlook. The Coalition government views fiscal consolidation as essential to restore confidence in the UK economy and to avoid the fates of other European countries.

In all observable circumstances, foreign investors, employers, and market participants have been treated equally and benefit from government initiatives equally. There are no signs of increased protectionism against foreign investment, and none are expected. Recently, a Parliamentary committee opened an investigation into tax avoidance by multinational companies, including several major U.S. firms. However, foreign and UK firms remain subject to the same tax laws, and several UK firm have also been criticized for tax avoidance.

Government policies are intended to facilitate the free flow of capital and to support the flow of resources in the product and services markets. Foreign investors are able to obtain credit in the local market at normal market terms, and a wide range of credit instruments are available. The principles involved in 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 Prudential Regulatory Authority (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, growing 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 approximately \$38 billion (£24 billion) for more than 2,200 companies.

The UK banking sector is the largest in Europe. According to TheCityUK, 164 financial services firms from the EU are based in the UK and EU banks in the UK hold \$2.3 trillion (£1.4 trillion) in assets, 17 percent of total UK bank assets.

## **Competition from State Owned Enterprises**

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There are 20 state-owned, or partly-owned, enterprises in the UK, with a combined turnover of about \$17.9 billion (£11.5 billion) in the year ending March 2011. The UK's state-owned enterprises are spread across a wide range of sectors. They range from large, well-known companies such as the Royal Mail, to small trading funds like the UK Hydrographic Office that supplies marine navigational information and services and government financing bodies such as the Exports Credit Guarantee Department and the student loans company. Some of these, where appropriate, are due 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 in 2007. It has also sold its shares in Tote, the betting firm, for \$444 million (£265 million).

The UK's Shareholder Executive, within the Department for Business, Innovation and Skills (BIS), works with government departments and management teams to help these companies perform effectively. It advises government ministers and officials on a wide

range of shareholder issues including objectives, governance, strategy, performance, monitoring, board appointments and remuneration. It sets overall objectives for the businesses and agrees on a strategic plan with the board for delivering those objectives; the board is then accountable for delivery. Where appropriate, it appoints the Chair and actively participates in other board appointments. It sets compensation principles, works with the business to agree dividend policy, and monitors performance. Under the terms of the Government-Owned Business Framework, the UK government must provide all external financing for state-owned business. Businesses are charged at the market rate to ensure they do not receive any commercial advantage from the ability to borrow at, or below, the market rate.

During 2008 and 2009, the UK government nationalized two banks, Northern Rock and Bradford & Bingley, and took significant stakes in the Royal Bank of Scotland (RBS) and Lloyds Banking Group. The government's stake in these banks is managed, at arm's-length, by UK Financial Investments (UKFI), a company wholly owned by HM Treasury. With the exception of Bradford & Bingley (which will be wound down), UKFI will execute an investment strategy for disposing of the investments through sale, redemption or buy-back. The UK government does not intend to be a permanent investor in UK financial institutions. The government has successfully sold the "good bank" section of Northern Rock to VirginMoney. Additionally, in March 2014, UKFI announced it would sell 5.35 billion of the shares it holds in Lloyds, or around 7.5%. Further sales of RBS and Lloyds are expected once market conditions improve. The rescue packages were authorized by the European Commission under EC Treaty state aid rules, which ensures state aid packages do not result in significant market distortions. At the end of 2009, the European Commission approved state aid measures for RBS and Lloyds but insisted on substantial divestments to limit market distortions. These divestments of retail branches have been fulfilled.

## **Corporate Social Responsibility**

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Businesses in the UK are accountable for some activities that fall under corporate social responsibility – 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 corporate social responsibility principles among UK businesses, promoted by UK business associations such as the Confederation of British Industry and the UK government.

The UK government has signed up to the OECD's guidelines for Multinational Enterprises. The government 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 established a National Contact Point (NCP) to promote the guidelines and to consider allegations that a multinational enterprise's behavior is inconsistent with them. It is housed in the Department for Business, Innovation and Skills and is partially funded by the UK Department for International Development (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.



The United Kingdom is politically stable, with a modern infrastructure, but shares with the rest of the world an increased threat of terrorist incidents. On June 29 and 30, 2007, terrorists unsuccessfully attempted to bomb a nightclub area in London and the Glasgow airport. In August 2006, the UK government heightened security at all UK airports following a major counterterrorism operation in which individuals were arrested for plotting attacks against U.S.-bound airlines. On July 7, 2005, a major terrorist attack occurred in London, as Islamic extremists detonated explosives on three Underground trains and a bus in Central London, resulting in over 50 deaths and hundreds of injuries. Following the attacks, the public transportation system was temporarily disrupted, but quickly returned to normal. A similar, but unsuccessful attack against London's public transport system took place on July 21, 2005. UK authorities have identified and arrested people involved in these attacks. These attacks do not seem to have significantly impacted investment in the UK.

With the Northern Ireland Assembly elections of May 2011, Northern Ireland marked the successful completion of the first full term of representative, power-sharing government in its history. The first anniversary of fully- devolved policing and justice powers into Northern Ireland was also celebrated in 2011. Despite continuing political stability and progress, certain small but potentially violent groups opposed to the peace settlement have targeted police, military, and justice-related entities with firearms and explosives. It is likely possible that these groups, to include dissident republican groups such as the Real IRA and Continuity IRA, will attempt future attacks on security targets. Most recently, in December 2012 and January 2013, violent frequent demonstrations have taken place in Belfast due to a decision by Belfast City Hall to limit the amount of days the Union flag will fly over the building. Some of these demonstrations have turned violent, resulting in injuries to police, opposition, and personal property; arrests; and, in some cases, criminal charges being brought against the participants. These demonstrations remain highly localized and do not negatively affect the positive overarching investment climate in Northern Ireland.

Environmental pressure 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 are disruptive and work toward obtaining maximum media exposure.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the

foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational

business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

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 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 on February 8, 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.

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 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 - promising or giving a financial or other advantage; Passive bribery- 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 offence). The first prosecution under the Act (a domestic case) went forward in 2011. A UK administrative clerk faces charges under Section 2 of the Act for requesting and receiving a bribe intending to improperly perform his functions as a result.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.



- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## Bilateral Investment Agreements

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The U.S. and UK have no formal bilateral investment treaty relationship, although a Bilateral Tax Treaty reviewed in 2008 specifically protects U.S. and UK investors from double taxation. The UK has its own bilateral tax treaties with more than 100 (mostly developing) countries and a network of about a dozen double taxation agreements.

The UK has concluded 104 Bilateral Investment Treaties (known in the UK as Investment Promotion and Protection Agreements) with other countries, of which 92 are in force. These countries are: Albania, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia & Herzegovina, Bulgaria, Burundi, Cameroon, Chile, China, Congo, Cote D'Ivoire, Croatia, Cuba, Czech Republic, Dominica, Ecuador, Egypt, El Salvador, Estonia, Georgia, Ghana, Grenada, Guyana, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Jamaica, Jordan, Kazakhstan, Korea, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Saint Lucia, Senegal, Serbia, Sierra Leone, Singapore, Slovenia, South Africa, Sri Lanka, Swaziland, Tanzania, Thailand, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, UAE, Uruguay, Uzbekistan, Venezuela, Vietnam, and Yemen.

## OPIC and Other Investment Insurance Programs

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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.

## Labor

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The UK's labor force, that is, people of a working age (between 16 and 64) is the second largest in the European Union, at just over 40 million people. 30.19 million people were in employment as of January 2014, equivalent to 72.3 percent of the working age population. As of the same date, unemployment was 2.23 million or 7.2% of the workforce lower than the EU average of 10.6 percent. In September 2013, the largest proportion of the workforce was placed in the education, health, and public administration sector with 5.7 million people or 18.8 percent of the total work force.

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 entrepreneurship skills. The UK's skills base remains just above the OECD average, but is improving.

About 26 percent of UK employees belong to a union, a low proportion by UK historical standards, but still quite high to an employer used to a much lower American percentage. Public-sector workers have a much higher share of union members -- nearly 60 percent -- while the private sector is about 15 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 has become more frequent as the Coalition Government's deficit reduction program impacts on highly unionized sectors. In the 12 months to January 2014, there were 447,000 working days lost from 119 official labor disputes. Most British unions have adapted to the reality of a globalized economy in which jobs are contingent on the competitiveness of their employers. Privatization of traditional government entities has accelerated such thinking. The Trades Union Congress (TUC), the British AFL-CIO equivalent, encourages union-management cooperation as do most of the unions likely to be encountered by a U.S. investor.

As of October 2013, the minimum wage is \$10.58 (£6.31) for adults (those 21 and over) and \$8.44 (£5.03) for young people (18-20) and \$6.25 (£3.72) for workers aged 16 and 17. As of October 2010, a new rate of \$4.49 (£2.68) was introduced for apprentices under 19 and apprentices over 19 who are in their first year of training.

Much of the employment legislation currently affecting the UK labor market is based on EU regulations and directives. EU regulations affect working patterns, wage structures, and employee protection rights. For example, the European Working Time Directive creates an entitlement to minimum daily and weekly rest periods, an average work-week

limit of 48 hours, and restrictions on night work. It also entitles workers who meet the qualifying criteria, including part-time and seasonal workers, to a minimum of 28 working days annual paid holiday. The universal application of labor regulations across respective EU borders undermines British competitiveness to the extent that the UK has made its historically more flexible labor market a major selling point to investors. As it has implemented EU directives, however, the UK government has been proactive in maintaining its flexibility and competitiveness. For example, it negotiated a special provision under the Working Time Directive that allows employees to opt out of the work week limitations and has favored changes to the rules on temporary workers.

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.

#### **Foreign-Trade Zones/Free Ports**

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The cargo ports and freight transshipment points at Liverpool, Prestwick, Sheerness, Southampton, and Tilbury that are used for cargo storage and consolidation are designated as Free Trade Zones. No activities that add value to the 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.

#### **Foreign Direct Investment Statistics**

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The UK was the world's ninth largest recipient of foreign direct investment in 2013, slipping from sixth position in 2012, receiving \$53 billion (£31 billion), according to the United Nations Conference on Trade and Development (UNCTAD) latest available figures. The UK attracted 18 percent of all European Union (EU) FDI inflows, the highest percentage for a single EU country, but this position is under threat, with Germany's share of FDI rising for the fifth year in a row to reach 16 percent. The U.S. remains the primary sources of foreign direct investment into the UK. In 2012, the United States contributed FDI positions to the UK of \$331.2 billion (£197.5 billion), compared to \$306.9 billion (£183 billion) in 2011.

The United States remained the most favored location for UK direct investment abroad in 2010, continuing the strong investment partnership between the two countries. By the end of 2010, 25.9 percent of UK-owned assets abroad were in the United States, reflecting a net position of \$309.1 billion (£184.3 billion), although this was down by \$68.1 billion (£40.6 billion) compared with 2009. This is the lowest level for direct investment in the U.S. by the UK since 2006. Non-EU European countries attracted much of the remaining outward UK FDI.

TABLE 3: Sources and Destination of FDI



Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
<b>Total Inward</b>	1,271,425	100%	<b>Total Outward</b>	1,810,315	100%
<b>United States</b>	331,296	26%	<b>United States</b>	333,657	18%
<b>Netherlands</b>	197,659	16%	<b>Netherlands</b>	214,872	12%
<b>France</b>	107,634	8%	<b>Luxembourg</b>	210,052	12%
<b>Germany</b>	84,093	7%	<b>France</b>	86,485	5%
<b>Luxembourg</b>	77,986	6%	<b>Ireland</b>	77,262	4%

"0" reflects amounts rounded to +/- USD 500,000

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
<b>World</b>	3,758,317	100%	<b>World</b>	1,324,183	100%	<b>World</b>	2,434,134	100%
<b>United States</b>	929,229	25%	<b>United States</b>	383,872	29%	<b>United States</b>	545,356	22%
<b>Germany</b>	327,188	9%	<b>Ireland</b>	118,285	9%	<b>Germany</b>	268,955	11%
<b>France</b>	254,530	7%	<b>Japan</b>	78,165	6%	<b>Netherlands</b>	198,795	8%
<b>Netherlands</b>	233,534	6%	<b>Germany</b>	58,233	4%	<b>France</b>	198,199	8%
<b>Ireland</b>	210,158	6%	<b>France</b>	56,331	4%	<b>Brazil</b>	113,176	5%

Contact Point at Post

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
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### **How Do I Get Paid (Methods of Payment)**

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Although the UK economy is recovering, UK businesses, particularly SMEs, are still experiencing a serious shortage of available credit, not only for domestic business transactions, but also for trade. In light of this, 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.

### **How Does the Banking System Operate**

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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**

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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.

### **U.S. Banks and Local Correspondent Banks**

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The many U.S. banks operating in the UK are generally members of the British Bankers' Association and the Association of Foreign Banks. Contact details for these associations are listed below under web resources and in Chapter 9.

### **Project Financing**

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Although London is a major source of international project financing, there has been a serious shortage of available credit not only for domestic business transactions but also for trade in light of the slow recovery from the recession. In light of slow economic recovery, 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.

In addition, 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. CS EBRD website: <http://export.gov/ebrd/index.asp>.

U.S. Export-Import Bank financing is available to support major capital equipment sales to the UK.

For detailed information on EU Project Financing, please visit the CSEU website: <http://export.gov/europeanunion/>

#### **Web Resources**

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

European Bank for Reconstruction and Development: <http://www.ebrd.com/>

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## Chapter 8: Business Travel

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### **Business Customs**

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UK business customs are increasingly similar to those in the U.S. 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. In addition, ethnic minorities are expected to rise from 8% of the population, as recorded in the 2001 census, to 20% by 2051 and become increasingly active throughout the British economy.

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**

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The State Department's Country Specific Travel Alerts and Warnings are posted at: <http://travel.state.gov/content/passports/english/alertswarnings.html>.

### **Visa Requirements**

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Information about entry, exit and visa requirements can be found in the relevant section at:

<http://travel.state.gov/content/passports/english/country/united-kingdom.html>.

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 Website: <http://travel.state.gov/visa/>

<http://london.usembassy.gov/service.html>

## Telecommunications

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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. 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 7894 0419. To call from the U.S., you should dial: 011 44 20 7894 0419.

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

## Transportation

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While in the United Kingdom, U.S. citizens may encounter road conditions that differ significantly from those in the United States. UK penalties for driving under the influence of even minimal amounts of alcohol or drugs are stiff and often result in prison sentences. In contrast to U.S. and continental European 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 United Kingdom are generally excellent but are narrow and often congested in urban areas. If you plan to drive while in the United Kingdom, you may wish to obtain a copy of the Highway Code, available for purchase at most UK bookstores.

It is illegal to operate a motor vehicle in the UK while you are using a hand-held cell phone or similar device, including a Personal Data Assistant (PDA) that incorporates a cell phone. Hands-free phones may be used. Use of cell phones and hand-held communication devices while driving can lead to a substantial fine, and in the event of an accident, could result in a jail sentence.

The maximum speed limit on highways/motorways in the United Kingdom is 70 mph. 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 placed every 100 yards along the motorway 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 \$253). 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 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.

A congestion charge of £11.50 (about \$20) is imposed on all cars entering much of central London Monday through Friday from 7:00 a.m. to 6:00 p.m. Failure to pay the charge by the end of the day results in large fines. Information on the congestion charge can be found on the Transport for London website.

Public transport in the United Kingdom is excellent and extensive. 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. Information on bus and train services in Northern Ireland can be found on the Translink website. Information on bus and train services in Scotland can be found on the Traveline Scotland website.

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.

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.

Key links:

<http://www.tfl.gov.uk/>

<http://www.nationalrail.co.uk/>

For more information about travel and transportation, see the relevant section at: <http://travel.state.gov/content/passports/english/country/united-kingdom.html>.

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

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For information about health matters in the United Kingdom see the relevant section at: <http://travel.state.gov/content/passports/english/country/united-kingdom.html>.

## Local Time, Business Hours, and Holidays

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Banking hours are generally 9:30 a.m. to 4.30 p.m., Monday through Friday, except on Thursdays when they tend to stay open later. Offices are open 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. At traditional vacation times, many British executives are unavailable except by advance appointment.

England, Scotland, Wales, and Northern Ireland are in the same time zone, five hours ahead of U.S. Eastern Standard Time.

For a list of UK Bank Holidays see:

<https://www.gov.uk/bank-holidays>

## Temporary Entry of Materials and Personal Belongings

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Raw materials, temporarily imported for incorporation into products for export, may be admitted without payment of duties and taxes. The importer must provide a bank or insurance company guarantee or indemnity for the applicable duties and taxes. Goods intended for unaltered re-export may also be imported free of duty for a period of up to six months by prior arrangement with HM Revenue and Customs. Duty-free entry is also permitted by prior arrangement for leased or loaned machinery, plant, and equipment, and goods imported solely for processing, repair, technical examination and testing. Professional and demonstration equipment may be temporarily imported into the UK free of duty and tax under the Customs Convention on the Temporary Importation of Professional Equipment. For this, a carnet should be obtained from the International Chamber of Commerce: <http://www.iccwbo.org/>.

## Web Resources

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U.S. Embassy London: <http://london.usembassy.gov/>

UK Home Office: <https://www.gov.uk/government/organisations/home-office>

UK Security Service (MI5): <https://www.mi5.gov.uk>

UK Visa Information: <https://www.gov.uk/government/organisations/uk-visas-and-immigration>

Transport for London: <http://www.tfl.gov.uk>

National Rail Services: <http://www.nationalrail.co.uk>

UK Department for Transport:  
<https://www.gov.uk/government/organisations/department-for-transport>

Centers for Disease Control and Prevention: <http://wwwnc.cdc.gov/travel/default.aspx>

World Health Organization: <http://www.who.int>

U.S. Department of State, Bureau of Consular Affairs: <http://travel.state.gov>

International Chamber of Commerce: [www.iccwbo.org](http://www.iccwbo.org)

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## Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### U.S. Embassy Trade Related Contacts

American Embassy  
24 Grosvenor Square  
London, W1K 6AH  
UK  
Embassy Switchboard: 011 44 20 7499 9000  
<http://london.usembassy.gov/index.html>

U.S. Commercial Service  
Tel. 011 44 20 7894 0419  
Fax 011 44 20 7894 0020  
E-mail: [Office.London@trade.gov](mailto:Office.London@trade.gov)  
<http://export.gov/unitedkingdom/>

Economic Section  
Tel. 011 44 20 7894 0291  
Fax 011 44 20 7409 1637

Foreign Agricultural Service  
Tel. 011 44 20 7894 0464 and 0040  
Fax 011 44 20 7894 0031  
E-mail: [AgLondon@fas.usda.gov](mailto:AgLondon@fas.usda.gov)  
<http://london.usembassy.gov/fas/index.html>

Office of Defense Cooperation (ODC)  
Tel. 011 44 20 7894 0737  
Fax 011 44 20 7894 0730  
E-mail: [odclondon@state.gov](mailto:odclondon@state.gov)  
<http://london.usembassy.gov/odc/index.html>

The European Bank for Reconstruction & Development  
U.S. Commercial Service  
Tel. 011 44 20 7338 7493  
Fax 011 44 20 7338 6487  
E-mail: [Mary.Boscia@trade.gov](mailto:Mary.Boscia@trade.gov)  
<http://export.gov/ebd/>

## **Bilateral Business Councils**

BritishAmerican Business  
<http://www.babinc.org/>

For information about the other British American Business Council chapters in the UK and the U.S., please visit: <http://www.babc.org>.

## **UK Trade and Industry Associations**

The UK's trade associations are too numerous to list in a report of this nature. Those organizations specifically identified in preceding chapters are listed below. In addition, there is information on the Trade Association Forum, with links to virtually all of the trade and industry associations in the UK.

Trade Association Forum  
<http://www.taforum.org>

British Chambers of Commerce  
<http://www.britishchambers.org.uk>

International Chamber of Commerce  
<http://www.international-chamber.co.uk/>

Confederation of British Industry (CBI)  
<http://www.cbi.org.uk>

British Bankers' Association  
<http://www.bba.org.uk>

Association of Foreign Banks  
<http://www.foreignbanks.org.uk>

Direct Marketing Association  
<http://www.dma.org.uk/>

Advertising Standards Authority  
<http://www.asa.org.uk/>

## **UK Government Offices**

UK government websites are readily identified and accessed via the official portal:  
<https://www.gov.uk/>

UK Trade & Investment (UKTI)

<http://www.ukti.gov.uk/home.html?guid=none>

UKTI has teams located in the British Embassy in Washington, D.C. and seven British Consulates General around the United States.

<https://www.gov.uk/government/priority/increasing-business-with-the-usa>

Embassy of Great Britain

<https://www.gov.uk/government/world/organisations/british-embassy-washington>

Department for Business Innovation & Skills (BIS)

<https://www.gov.uk/government/organisations/department-for-business-innovation-skills>

The House of Commons

<http://www.parliament.uk/commons>

The House of Lords

<http://www.parliament.uk/lords>

General Inquiries

The Stationery Office (UK equivalent of the U.S. Government Printing Office)

<http://www.tso.co.uk>

Statistical Information

Office for National Statistics (ONS)

<http://www.ons.gov.uk>

Work Permits, Consular Matters

UK Border Agency (UKBA)

<http://www.ukba.homeoffice.gov.uk>

Environmental Regulations

Department for Environment, Food & Rural Affairs (Defra)

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>

UK Patents

Intellectual Property Office

<http://www.ipo.gov.uk>

Central Bank

Bank of England

<http://www.bankofengland.co.uk/>

## **UK Commercial Banks**

Barclays Bank PLC

<http://www.barclays.co.uk>

HSBC Bank PLC

<http://www.hsbc.co.uk/1/2/>

Lloyds TSB Bank PLC  
<http://www.lloydstsb.com>

Metro Bank  
<https://www.metrobankonline.co.uk/>

National Westminster Bank PLC  
<http://www.natwest.com>

Royal Bank of Scotland (RBS)  
<http://www.rbs.co.uk>

### **Multilateral Development Banks**

European Bank for Reconstruction and Development  
<http://www.ebrd.com>

U.S. Commercial Service Liaison Office  
E-mail: [Mary.Boscia@trade.gov](mailto:Mary.Boscia@trade.gov)  
<http://export.gov/ebrd/>

### **U.S. Department of Commerce**

UK Desk Officer – Office of the European Union  
U.S. Commercial Service & Global Markets  
International Trade Administration  
Room 3513  
Washington, D.C. 20230  
Tel. (202) 482-2178  
Fax (202) 482-2897  
<http://www.ita.doc.gov/ooms/USFCS-AND-GLOBAL-MARKETS.pdf>

Trade Information Center  
International Trade Administration  
U.S. Department of Commerce  
1401 Constitution Ave., NW  
Washington, D.C. 20230  
Tel. 1-800-USA-TRADE/1-800-872-8723  
[http://www.export.gov/exportbasics/eg\\_main\\_017483.asp](http://www.export.gov/exportbasics/eg_main_017483.asp)

### **U.S. Department of Agriculture**

Foreign Agricultural Service  
1400 Independence Ave., S.W.  
Washington, D.C. 20250  
<http://www.fas.usda.gov/contactus.asp>  
<http://www.fas.usda.gov>

### **Export-Import Bank of the U.S.**

Washington D.C. Office

811 Vermont Ave., NW  
Washington, D.C. 20571  
Tel. (202) 565-3946  
<http://www.exim.gov/about/contact/>  
<http://www.exim.gov/>

## **Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

## **Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

U.S. Commercial Service UK: <http://export.gov/unitedkingdom/events/index.asp>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative marshals federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov).

For more information on the services the U.S. Commercial Service UK offers to U.S. exporters, please click on the following link:  
<http://export.gov/unitedkingdom/servicesforuscompanies/index.asp>.

For customized solutions for multi-market opportunities, please visit also visit the U.S. Commercial Service Europe: <http://export.gov/europe/index.asp>.

### Connect with CS Europe on social media:

Twitter:  
@Export2Europe  
#Export2Europe

LinkedIn:  
Export to Europe - U.S. Commercial  
Service

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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