



## DOING BUSINESS IN THE UNITED KINGDOM

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## Introduction



**CAPITAL: LONDON**



**POPULATION**

**Total Population:** 66,488,991

**Natural Increase:** 0.6%

**Density:** 275 Inhabitants/km<sup>2</sup>

**Urban Population:** 83.4%

**Population of main metropolitan areas:** London (12,090,254); Birmingham (1,919,346); Manchester (1,885,530); Leeds (1,181,206); Newcastle (1,065,336); Glasgow (956,593); Liverpool (943,613); Sheffield (898,347); Nottingham (849,372); Bristol (815,137)

**Ethnic Origins:** European origin (about 87%), African origin (about 3%), Indian (about 3%), Pakistani (about 2%), mixed (about 2%) and other origin (about 3%). ([Office of National Statistics](#))

**Official Language:** English. Welsh in Wales.

**Other Languages Spoken:** Scots and Scottish Gaelic in Scotland, Irish Gaelic in Northern Ireland

**Business Language(s):** English

**Religion:** Anglicans 46.3%

Catholics 21.5%

Muslims - Sunni 10.8%

Sikhs 4.2%

Protestants 2.6%

Hindus 1.4%

Jewish 1.3%

Others 11.9%.

**National Currency:** British Pound (GBP)



**COUNTRY OVERVIEW**

**Area:** 243,610 km<sup>2</sup>

**Type of State:** The United Kingdom is a constitutional monarchy based on parliamentary democracy. It is divided into four parts called constituent countries: England, Scotland, Wales and Northern Ireland. The UK is a unitary state with partial devolution of power in Scotland, Wales, and in Northern Ireland.

**Type of Economy:** High-income economy, OECD member, G8 member..

Second greatest financial market in the world. The country was hard hit by the economic crisis, but is recovering.

High public deficit.

**HDI\*:** 0.907/1

**HDI (World Rank):** 14/188

*Note: (\*) [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*



**TELECOMMUNICATION**

**Telephone Code:**

To call from the United Kingdom, dial 00

To call the United Kingdom, dial +44

**Internet Suffix:** .uk

**Computers:** 80.2 per 100 Inhabitants

**Telephone Lines:** 52.6 per 100 Inhabitants

**Internet Users:** 87.0 per 100 Inhabitants

**Access to Electricity:** 100% of the Population

### Foreign Trade in Figures

<b>Foreign Trade Indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Imports of Goods <i>(million USD)</i>	690,466	625,806	635,762	644,055	673,965
Exports of Goods <i>(million USD)</i>	505,205	460,446	409,397	444,982	486,850
Imports of Services <i>(million USD)</i>	210,230	207,704	198,653	209,775	229,531
Exports of Services <i>(million USD)</i>	361,350	345,052	327,176	347,345	372,745

Source: WTO – World Trade Organisation, 2017

[See the latest updates in the Country Profile for the United Kingdom.](#)

Latest Update: December 2019

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## Economic and Political Overview

### ECONOMIC OUTLINE

#### **Economic Overview**

*This information is subject to frequent change and updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information regularly. The latest political news on the Brexit process is available [here](#).*

The British economy, the world's sixth largest one, has slowed down since the 2016 Brexit referendum. In 2018, the UK's GDP grew by 1.4%, which is less than in 2017 (1.7%). IMF forecasts for 2019 and 2020 expect growth to stabilize around 1.5%, conditional on reaching a broad free trade agreement (FTA) with the EU and a smooth Brexit process. The country's economy is impacted by uncertainties surrounding the ongoing process of Brexit negotiations and expectations of higher future trade costs. Potential growth has also slowed down due to slow capital accumulation, decline in net migration from the European Union (EU), and persistent low productivity. According to the IMF, reverting to WTO trade rules, even in an orderly manner, would lead to long-run output losses for the UK of around 5% to 8% of GDP compared to a no-Brexit scenario.

The United Kingdom voted to leave the European Union in June 2016. Ever since, the government has been negotiating the terms of the country's exit. The UK Parliament has, since January 2019 rejected three times the ex-Prime Minister Theresa May's Brexit Deal, known as the withdrawal agreement), increasing uncertainty and the risk of the "no deal" scenario between the UK and the EU. However the MPs also voted against the prospect of the UK leaving the EU without any deal and in favour of a delay to Brexit, which explains why the UK did not leave the EU on 29 March as previously planned. Due to the continuing political deadlock, The EU and UK agreed on a further delay to Brexit until 31 October. In the meantime, the Prime Minister Theresa May resigned on June 7th, 2019. Her former Foreign Secretary, Boris Johnson, won the Conservative Party leadership contest at the end of July, thus becoming Prime Minister. During the campaign, Boris Johnson pledged to renegotiate the Brexit agreement concluded between the EU and Mrs May.

On 17 October 2019 the EU and the UK government reached a [new agreement](#) on a revised deal on Brexit. Most of the changes in the withdrawal agreement negotiated by Boris Johnson concern the status of the Irish border after Brexit, both sides wishing to avoid the return of a "hard border" between Northern Ireland and the Republic of Ireland after Brexit. [The new Northern Ireland protocol](#) replaces the former controversial Irish backstop plan in Theresa May's deal. On 28th October, after agreeing to the UK's extension request, **the EU accepted the delay of the Brexit date until 31 January 2020**. The UK could leave earlier than 31 January if the new deal is passed by MPs. However, if no deal is passed by Parliament, the UK will leave the EU on 31 January 2020 without any agreement on the terms of its departure and without any transition period. Leaving without a deal (or withdrawal agreement) means the UK would immediately exit the customs union and single market. The degree of uncertainty around the Brexit process remains therefore high and the UK government is now required to achieve a consensus and indicate a way forward with regards to its future relationship with the EU.

The UK economy slowed in 2018 and further slowing is expected in 2019 due to persisting Brexit-related uncertainty. Since 2018 business investment has declined, consumption has been constrained by slow real income growth and public debt remained at a high level (above 87% of GDP). However, sustained fiscal consolidation has brought the public deficit below 2% of GDP for the first time in 15 years, and inflation (2.5%) started to decline. The government authorities are focused on Brexit preparation work, which entails significant administrative and legislative changes. A comprehensive strategy is underway to boost productivity based on supporting investment in physical and human capital. The 2018 Autumn Budget marked the beginning of a less restrictive fiscal policy in 2019 to support activity. The measures include a spending increase of GBP 10.9 billion (0.5% of GDP), two thirds of which will be allocated to the NHS, with the remainder going to education, social assistance and defence; and various tax increases as well as the introduction of a new tax on digital services.

Despite the moderation in growth, the employment rate has reached historic heights. Unemployment is estimated at 4.1% of the labour force according to the IMF. However, job creation has been characterized by precariousness, wage freezing and the expansion of part-time work. Unemployment is still present among young job-seekers. It is estimated that one out of five people under 24 years of age is unemployed. The UK's relatively solid macroeconomic results hide weaknesses and situations of inequality. Therefore, as pointed out by the IMF, a key priority is strengthening human capital. The government's efforts to invest in infrastructure, boost housing supply, and increase female labour force participation will also help support a more sustainable and inclusive growth.

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (billions USD)	2,640.07e	2,828.83e	2,743.59	2,716.53	2,806.24
GDP (Constant Prices, Annual % Change)	1.8e	1.4e	1.2	1.4	1.5
GDP per Capita (USD)	39,977e	42,580e	41,030	40,392	41,505
General Government Balance (in % of GDP)	-2.0	-1.5e	-1.3	-1.4	-1.5
General Government Gross Debt (in % of GDP)	87.1	86.8e	85.6	84.8	84.6
Inflation Rate (%)	2.7	2.5e	1.8	1.9	2.0
Unemployment Rate (% of the Labour Force)	4.4	4.1e	3.8	3.8	4.0
Current Account (billions USD)	-88.06	-109.06e	-94.72	-99.55	-104.54
Current Account (in % of GDP)	-3.3	-3.9e	-3.5	-3.7	-3.7

Source: IMF - World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

**Main Sectors of Industry**

The United Kingdom is one of the world’s biggest manufacturing nations, with the civil and military aerospace and the pharmaceutical industries of particular importance. The agricultural sector accounts for around 0.5% of the GDP, but is very productive, as the country manages to produce enough to meet about 60% of its food demand. The sector employs around 1% of the workforce. The main crops produced in the UK are potatoes, beetroot, wheat and barley. Livestock farming (especially sheep and cattle) continues to be a major agricultural activity. The fishing sector is also well developed but is currently suffering from the depletion of fish volumes in the traditional fishing areas.

The UK possesses considerable mineral resources. Once the world's 10th biggest oil producer with huge natural gas reserves, its production is dropping fast. Nevertheless, groups like British Petroleum (BP) and Shell continue to be amongst the global leaders in the oil industry. However, the secondary sector, which represents less than 20% of GDP and employs 18% of the workforce, is not very competitive, mostly because of low productivity levels. The main sectors are tool machinery, transport material and chemical products. The sectors with high potential are information and communication technologies, biotechnology, the aviation industry, renewable energies and defence.

The services sector, which employs more than 80% of the active population and contributes around 70% of GDP, is the driving force behind the economy. London remains Europe's largest financial marketplace, on par with New York. The banking sector is extremely dynamic. London is also home to the headquarters of many multinationals.

<b>Breakdown of Economic Activity By Sector</b>	<b>Agriculture</b>	<b>Industry</b>	<b>Services</b>
Employment By Sector <i>(in % of Total Employment)</i>	1.1	18.0	80.9
Value Added <i>(in % of GDP)</i>	0.6	17.5	70.1
Value Added <i>(Annual % Change)</i>	-4.3	-0.3	1.5

Source: World Bank, Latest available data.

Learn more about [Market Analyses about the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

**Indicator of Economic Freedom**

Score: 78,9/100  
 World Rank: 7  
 Regional Rank: 3

[Economic freedom in the world \(interactive map\)](#)  
 Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

**Business environment ranking**

Score: 7.44  
 World Rank: 22/82

Source: [The Economist - Business Environment Rankings 2014-2018](#)

**Country Risk**

See the country [risk analysis](#) provided by [Coface](#).



## Sources of General Economic Information

Ministries	<a href="#">HM Treasury</a> <a href="#">UK Export Finance</a> <a href="#">British Monarchy</a> <a href="#">Parliament</a> <a href="#">Prime Minister's Office</a> <a href="#">Department for Environment Food &amp; Rural Affairs</a> <a href="#">Department for Business Innovation &amp; Skills</a> <a href="#">UK Defence Standardization DStan</a> <a href="#">HM Revenue &amp; Customs</a>
Statistical Office	<a href="#">Official Statistics</a>
Central Bank	<a href="#">Bank of England</a>
Stock Exchange	<a href="#">FTSE Russell Indexes</a> <a href="#">London Stock Exchange</a>
Other Useful Resources	<a href="#">Confederation of British Industry</a> <a href="#">Invest in Britain Bureau</a>
Main Online Newspapers	<a href="#">Financial Times</a> <a href="#">The Economist</a> <a href="#">The Guardian</a> <a href="#">The Times</a> <a href="#">The Independent</a> <a href="#">The Daily Telegraph</a>
Economic Portals	<a href="#">Monthly forecasts for the UK economy from HM Treasury</a>

## POLITICAL OUTLINE

Type of State	The United Kingdom is a constitutional monarchy based on parliamentary democracy. It is divided into four parts called constituent countries: England, Scotland, Wales and Northern Ireland. The UK is a unitary state with partial devolution of power in Scotland, Wales, and in Northern Ireland.
Executive Power	<p>The Queen is the Chief of State. Though her role is in reality largely ceremonial, the Queen does continue to exercise three essential rights: the right to be consulted, the right to advise and the right to warn. Following legislative elections of the lower house of parliament, the leader of the majority party or the leader of the majority coalition is usually appointed as Prime Minister by the Queen to serve a five-year term.</p> <p>The Prime Minister is the Head of Government and enjoys all the executive powers that include implementation of the law in the country and running the day-to-day affairs. The Cabinet of Ministers is appointed by the Prime Minister.</p>
Legislative Power	The legislature is bicameral in UK. The Parliament consists of the House of Lords (the upper house)—which has approximately 781 life peers, 92 hereditary peers and 26 clergy—and the House of Commons (the lower house)—which has 650 seats with its members elected by popular vote to serve five-year terms. The Government is directly answerable to and dependent on the Parliament.
Main Political Parties	<p>The three dominant parties:</p> <ul style="list-style-type: none"> <li>- <a href="#">Labour Party</a>: left-wing socialist and social democratic, grew out of trade union movement in the 19th century</li> <li>- <a href="#">Conservative Party</a>: centre-right; believes in free-market economy, strong military and traditional cultural values</li> <li>- <a href="#">Liberal Democrats</a>: centrist, moderate pro-European, opposed the Iraq war and strong</li> </ul>

on civil rights

Other parties exist, such as:

- The [Scottish National Party](#) (SNP)
- The [UK Independence Party](#) (UKIP: Euro-skeptic, right-wing populist)
- The [Democratic Unionist Party](#), right

Current Political Leaders	Queen: Elizabeth II (since February 1952) Prime Minister: Boris Johnson (since 24 July 2019), Conservative Party
Next Election Dates	Legislative (British House of Commons): 12 December 2019 (snap elections)

### Indicator of Freedom of the Press

World Rank: 33/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

### Indicator of Political Freedom

Ranking: Free

Political Freedom: 1/7

Civil Liberties: 1/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: December 2019



## Trade Profile

### FOREIGN TRADE IN FIGURES

The United Kingdom is one of the biggest actors in international trade. Trade represented 62.5% of its GDP in 2017 (World Bank). The UK is the world's second largest exporter and the sixth biggest importer of commercial services, and the tenth largest exporter and fifth largest importer of goods (WTO, 2017). The country imports mainly machinery and transport equipment, chemicals, manufacturing products, fuels, food and beverages, live animals and crude materials. The UK's main exports are similar in nature as its imports.

UK's main export partners are the US, Germany, the Netherlands, France and Ireland. Its main suppliers are Germany, China, the Netherlands, the United States and France. Given its vote in favour of leaving the EU, the UK will renegotiate its various trade agreements. This is expected to add an element of uncertainty to its international trade.

The country has a structural trade deficit even if it enjoys a large surplus in the services sector. According to the data from the World Bank, the UK registered in 2017 a trade deficit of -36,659 million USD (including Services). According to the Office for National Statistics, the total trade deficit widened GBP 8.4 billion to GBP 32.3 billion between 2017 and 2018, due mainly to a GBP 7.2 billion increase in services imports. The largest contributors to the increase in services imports were transport, travel and other business services. The trade deficit in goods widened GBP 1.8 billion, reaching GBP 138.8 billion. In 2018 exports of goods increased by 3.3% compared to 2017 (amounting to GBP 350 billion) and goods imports increased by 2.7% (reaching GBP 488.8 billion).

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods ( <i>million USD</i> )	690,466	625,806	635,762	644,055	673,965
Exports of Goods ( <i>million USD</i> )	505,205	460,446	409,397	444,982	486,850
Imports of Services ( <i>million USD</i> )	210,230	207,704	198,653	209,775	229,531
Exports of Services ( <i>million USD</i> )	361,350	345,052	327,176	347,345	372,745
Imports of Goods and Services ( <i>Annual % Change</i> )	3.6	5.4	4.4	3.5	0.7
Exports of Goods and Services ( <i>Annual % Change</i> )	1.0	3.8	2.7	6.1	-0.9
Imports of Goods and Services ( <i>in % of GDP</i> )	29.9	29.0	30.1	31.6	31.8
Exports of Goods and Services ( <i>in % of GDP</i> )	28.5	27.7	28.4	30.4	30.0
Trade Balance ( <i>million USD</i> )	-199,138	-179,777	-181,160	-175,088	-189,860
Trade Balance (Including Service) ( <i>million USD</i> )	-42,802	-40,556	-43,559	-32,251	-50,188
Foreign Trade ( <i>in % of GDP</i> )	58.4	56.7	58.5	61.9	61.8

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

### Main Partner Countries

Main Customers (% of Exports)	2018	Main Suppliers (% of Imports)	2018
United States	13.4%	Germany	13.7%
Germany	9.7%	China	9.4%
Netherlands	7.0%	United States	9.4%
France	6.5%	Netherlands	8.3%

<b>Main Customers</b> <i>(% of Exports)</i>		<b>2018</b>	<b>Main Suppliers</b> <i>(% of Imports)</i>		<b>2018</b>
Ireland		5.8%	France		5.6%
China		5.6%	Belgium		5.2%
Switzerland		5.2%	Italy		4.0%
Belgium		3.9%	Norway		3.8%
Spain		2.8%	Spain		3.1%
Italy		2.8%	Ireland		2.7%

Source: Comtrade, 2017

**Main Products**

<b>490.8 bn USD of products exported in 2018</b>		<b>671.6 bn USD of products imported in 2018</b>	
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	8.6%	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	6.6%
Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	6.5%	Petroleum oils and oils obtained from bituminous minerals, crude	3.9%
Petroleum oils and oils obtained from bituminous minerals, crude	5.6%	Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	3.8%
Turbo-jets, turbo-propellers and other gas turbines	5.1%	Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing $\geq 70\%$ by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	3.3%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	3.9%	Turbo-jets, turbo-propellers and other gas turbines	3.0%
Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	3.4%	Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras	3.0%
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing $\geq 70\%$ by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	2.8%	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	2.6%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	1.8%		

<b>490.8 bn USD of products exported in 2018</b>		<b>671.6 bn USD of products imported in 2018</b>	
Undenatured ethyl alcohol of an alcoholic strength by volume of < 80%; spirits, liqueurs and other spirituous beverages (excl. compound alcoholic preparations of a kind used for the manufacture of beverages)	1.6%	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	2.6%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	1.4%	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	2.5%
		Petroleum gas and other gaseous hydrocarbons	2.1%

Source: Comtrade, 2017

See More Products [More imports \(Intracen Data\)](#)  
[More exports \(Intracen Data\)](#)

## MAIN SERVICES

<b>327.4 bn USD of services exported in 2016</b>		<b>205.5 bn USD of services imported in 2016</b>	
Other business services	27.36%	Travel	31.67%
Financial services	25.42%	Other business services	28.58%
Travel	12.74%	Transportation	14.57%
Transportation	10.75%	Computer and information services	7.08%
Computer and information services	7.88%	Financial services	6.99%
Insurance services	7.30%	Royalties and license fees	5.84%
Royalties and license fees	5.24%	Cultural and recreational services	2.34%
Cultural and recreational services	1.50%	Government services	2.09%
Government services	1.06%	Construction services	0.71%
Construction services	0.74%	Insurance services	0.13%

Source: United Nations Statistics Division, Latest Available Data

## Exchange Rate System

Local Currency	British Pound (GBP)
Exchange Rate Regime	Floating exchange regime.
Level of Currency Instability	Very limited exchange risk since the pound sterling is a major currency. However, the 'Brexit' vote provoked a sharp decline in the pound's value, signalling a certain degree of volatility.
Exchange Rate on :	

Monetary Indicators	2014	2015	2016	2017	2018
British Pound (GBP) - Average Annual Exchange Rate For 1 USD	0.61	0.65	0.74	0.78	0.75

Source: World Bank - Latest available data.

## TRADE COMPLIANCE

The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information as soon as it becomes available.

International Conventions	<p>Member of <a href="#">World Trade Organisation</a></p> <p>Member of <a href="#">OECD</a></p> <p>Party to the <a href="#">Kyoto Protocol</a></p> <p>Party to the <a href="#">Washington Convention</a> on International Trade in Endangered Species of Wild Fauna and Flora</p> <p>Party to the <a href="#">Basel Convention</a> on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal</p> <p>Party to the <a href="#">Montreal Protocol</a> on Substances That Deplete the Ozone Layer</p> <p>Party to the <a href="#">Wassenaar Arrangement</a> on Export Controls For Conventional Arms and Dual-Use Goods and Technologies</p> <p>Party of the <a href="#">International Coffee Agreement 2007</a></p>
Main International Economic Cooperation	<p>As a member of the <a href="#">European Union</a>, the UK is also part of the European Union Customs Union. It participates in the free trade arrangements of the EU and <a href="#">European Free Trade Association</a> (EFTA). However, it has not adopted the Euro as its currency, which is the British Pound. It is a member of the World Trade Organisation and <a href="#">G8</a>. The European Union is a signatory to <a href="#">multilateral and bilateral agreements</a> with many countries.</p>
Party of the ATA Convention on Temporary Admissions and Use of the Carnets	<p>Yes</p> <p><i>As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.</i></p> <p><a href="#">Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.</a></p>
Party of the TIR Convention	<p>Yes</p> <p><i>As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.</i></p> <p><i>The UNCTAD Website Allows You to <a href="#">Read the TIR Convention</a>, <a href="#">See the List of Member Countries</a> And to <a href="#">Find Further Information</a>.</i></p>
Accompanying Documents For Imports	<ul style="list-style-type: none"> <li>- Bill of Lading</li> <li>- Consular Invoices</li> <li>- Certificates of Origin</li> <li>- Commercial Invoices</li> <li>- Dangerous Goods Certification</li> <li>- C3</li> <li>- C2</li> <li>- Valuation Declaration and General Valuation Statement (GVS)</li> </ul>

Further information on the website [business link](#).

Free Zones	In 2015, there is only one <a href="#">Free Zone</a> : the Ronaldsway Airport Free Zone (Ballasala, Isle of Man).
For Further Information	<a href="#">Her Majesty's Revenue &amp; Customs</a> <a href="#">The Department for Business, Enterprise and Regulatory Reform</a> (BERR)
Non Tariff Barriers	In accordance with its <a href="#">European Union</a> membership, the United Kingdom applies the European Union (EU) rules that are in force in all European Union countries. While the EU has a rather liberal foreign trade policy, there is a certain number of restrictions, especially on farm products, following the implementation of the <a href="#">CAP</a> (Common Agricultural Policy): the application of compensations on import and export of farm products aimed at favouring the development of agriculture within the EU, implies a certain number of control and regulation systems for the goods entering EU territory. Moreover, for sanitary reasons, regarding Genetically Modified Organisms (after being allowed in the European territory), their presence should be systematically specified on packaging. The beef cattle bred on hormones is also forbidden to import.
Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO	The United States have registered a complaint against the United Kingdom regarding the Customs classification of certain computer equipment. Further information on <a href="#">WIPO website</a> .
Assessment of Commercial Policy	<a href="#">UK's commercial policy</a> , as seen by the WTO

Learn more about [How to Export to the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

## STANDARDS

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National Standards Organisations	<a href="#">BSI Group</a> , British Standards Institution
Integration in the International Standards Network	The UK is a member of the <a href="#">International Organisation for Standardisation</a> and a full member of the <a href="#">International Electrotechnical Commission</a> . It is also a member state of the <a href="#">International Telecommunication Union</a> . There are also some specific EU standards: European Committee for Electrotechnical Standardisation ( <a href="#">CENELEC</a> ), European Telecommunications Standards Institute ( <a href="#">ETSI</a> ), European Committee for Standardisation ( <a href="#">ECS</a> ), handling all other standards.
Obligation to Use Standards	Most standards are voluntary although they can be made mandatory by law or regulation. Products are subject to the European Union's legislation (General product safety Directive, technical legislation) as well as to the national British legislation.
Classification of Standards	There are over 27,000 British Standards in use and 2,000 are produced annually. <a href="#">CE</a> is the European certification mark. It is compulsory for a country to be able to sell on the market.
Assessment of the System of Standardization	By complying with British Standards, suppliers demonstrate that their products or services are safe and fit for purpose. Customers look for the independent verification that technical standards provide. Certification marks earned by businesses whose products and practices consistently stand up to rigorous examination are instantly recognizable and act as respected badges of quality, safety and performance.

Online Consultation of Standards      The [BSI Shop](#) offers a full catalogue of standards and publications, many of which are available as PDF downloads; [on-line catalog of European Standards](#); [ISO catalog](#); [IEC catalog](#).

Certification Organisations      [The United Kingdom Accreditation Service](#). Follow this link for a [list of accreditation standards](#)

Associations of Standards Users      [BSS is the UK member of the International Federation of Standard Users \(IFAN\)](#) .

Latest Update: December 2019

## Tax System

### CORPORATE TAXES

**Tax Base For Resident and Foreign Companies**

A company is resident taxpayer if it is incorporated in the UK or if its place of central management and control is in the UK.  
 A foreign company will be deemed to have a permanent establishment in the United Kingdom if:

- it has a fixed place of business in the UK through which the business of the company is wholly or partly carried on, or
- an agent acting on behalf of the company and habitually exercises authority to do business on behalf of the company in the UK.

**Tax Rate**

Main corporate income tax rate, not applicable to profits from oil rights and extraction	19% (where the taxable profits can be attributed to the use of patents, a reduced rate of 10% applies) (17% as from 1 April 2020)
Diverted profits tax	25%, applies if multinational companies use artificial arrangements to divert profits overseas in order to avoid UK taxes

**Tax Rate For Foreign Companies**

Resident companies are taxable in the United Kingdom on their worldwide income. A non-resident company is subject to UK corporation tax only on the trading profits of a UK permanent establishment or the trading profits attributable to a trade of dealing in or developing UK land (even if there is no PE in the UK) and, from 6 April 2019, on the direct and (certain) indirect disposals of UK property. Any other UK-source income received by a non-resident company is subject to UK income tax at the 19% basic rate, without any allowances.

**Capital Gains Taxation**

Capital gains form part of a company's taxable profits but are exempt if they arise from the disposal of substantial shareholdings in both UK and foreign companies. Substantial shareholding is often defined interest in a minimum of 10% of an investee company for a period of 12 months in the six years preceding the purchase. Non-resident companies are generally not subject to capital gains tax unless gains are obtained by their permanent establishment in the UK. From April 2019, gains from the disposal of UK property and certain UK property-related investment assets by non-residents are subject to UK tax. For disposals prior to April 2019, the scope of the charge is restricted to disposals of UK residential property only, and to narrower categories of non-resident person.

**Main Allowable Deductions and Tax Credits**

In general, all expenses that are not capital in nature and that are used for trading purposes are deductible. Local municipal taxes are generally deductible. Interest is deductible within the debt cap rules that apply to companies that are members of large groups. Most donations to charities by companies are deductible. Provisions for future costs can be deducted for tax purposes under certain conditions.



An R&D tax credit is available at 12% of R&D expenditure for large companies (as of 1 January 2018) while SMEs can claim a tax deduction of 230% of their R&D expenditure. A patent box regime is gradually being introduced over 5 years to allow companies to apply an effective 10% rate to all profits derived from qualifying patents from 1 April 2013. Expenditures on the production of movies, animation, video games, high-end TV show and orchestral concerts are 100% tax-deductible.

Operating losses can be offset by the profits of the current fiscal year while the exceeding loss can be carried forward to the previous year. Operating losses incurred prior to 1 April 2017 can be carried forward indefinitely and offset by operating profits from future tax years. Operating losses incurred after 1 April 2017 can be offset by any type of profit. In both cases, the carryforward is capped at 50% of profits above an intra-group limit of GBP 5 million per year.

Capital losses can only be offset by capital gains and their carryback is prohibited.

**Other Corporate Taxes** A general anti-abuse rule (GAAR) applies across a range of taxes on transactions made after 17 July 2013.

Profits that arise from oil or gas extraction, or oil or gas rights, in the United Kingdom and the UK Continental Shelf ('ring-fence profits') are subject to tax in the United Kingdom (a full rate of 30% for profits over GBP 300 000 and a reduced rate of 19% for profits below GBP 300 000). Such activities also attract 100% capital allowances on most capital expenditure. A supplementary tax charge of 10% applies to 'adjusted' ring fence profits in addition to ordinary corporate income tax. On the other hand, oil companies can claim marginal relief on their profits between GBP 300,000 and 1.5 million.

An annual tax on enveloped dwellings is charged on the acquisition and holding of high-value residential properties (property over GBP 500,000) through a company or other 'non-natural' person. The minimum charge is GBP 3,600 for a property valued at GBP 500,000 (minimum value for 2018/19).

A bank levy is applied at 0.16% for short-term chargeable liabilities and 0.08% for long-term chargeable equity and liabilities (the rates will drop progressively by 2021 to level off at 0.10% and 0.05% respectively). The first GBP 20 million or chargeable liabilities is exempt. Bank profits are also subject to an 8% supplementary tax charge on profits above GBP 25 million from 1 January 2016.

There are several environmental taxes, including: a Landfill tax, a Climate change levy and an Aggregates levy.

Since 1 April 2017, employers are required to pay 0.5% of their total payroll in excess of GBP 3 million to create a fund to support apprenticeships.

A stamp duty is charged at 0.5% on instruments effecting sales of shares.

**Other Domestic Resources**

[HM Revenue & Customs](#)

[Consult the Doing Business website](#), to obtain a summary of the taxes and mandatory contributions.

**Country Comparison For Corporate Taxation**

	<b>United Kingdom</b>
Number of Payments of Taxes per Year	8.0
Time Taken For Administrative Formalities (Hours)	105.0

	United Kingdom
Total Share of Taxes (% of Profit)	30.0

Source: Doing Business - 2017.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. \*\*\*\* The Greater the Index, the Higher the Level of Investor Protection.

## ACCOUNTING RULES

### Accounting System

Accounting Standards	Financial statements of domestic and foreign public must be prepared in accordance with IFRS Standards (except in the case of foreign companies whose home jurisdiction's standards are deemed by the EU to be equivalent to IFRS Standards). There are five possible financial reporting frameworks for SMEs, the most common being FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. This framework is based on the IFRS for SMEs Standard with several modifications.
Accounting Regulation Bodies	<a href="#">Financial Reporting Council</a>
Accounting Law	The Companies Act of 2006 and the Third Country Auditors Regulation of 2007 regulate the accountancy profession in the UK.
Difference Between National and International Standards (IAS/IFRS)	IFRS Standards are required for all domestic public companies and listings by foreign companies (except in the case of a foreign company whose home jurisdiction's standards are deemed by the EU to be equivalent to the IFRS Standards. There are 5 possible financial reporting frameworks for SMEs, which are all based to some extent on IFRS Standards for SMEs.
Accounting News	<a href="#">Accounting Web</a> <a href="#">Accountancy Live</a>

### Accounting Practices

Tax Year	The corporate tax year begins on 1 April. A company's financial year normally is 12 months' long and companies may prepare their accounts to any date. A company's corporation tax accounting period is usually the 12-month period for which it prepares its accounts but special rules apply where the accounts cover a period of more than 12 months. For company accounting periods that straddle the start of the tax year, the taxable income is time-apportioned and taxed in accordance with the rates prevailing in the two tax years that the accounting year overlaps.
Accounting Reports	English companies must keep account books where are registered all the operations of the company and establish annual accounts including an annual report, a profit and loss account, a balance sheet, a table of financial flows, an appendix, an opinion of the auditors, a statement upon losses and earnings recorded, the comparison between the movements of interests of the shareholders and a note upon the result on historical costs basis.
Publication Requirements	Financial statements must be prepared annually. Small companies (those meeting two of the three following requirements: annual

turnover of no more than GBP 10.1 million, balance sheet total not more than GBP 5.1 million and a workforce of no more than 50 employees) may submit a shortened balance sheet and notes, and a special auditors' report.

Medium-sized companies (those meeting two of the three following requirements: turnover of no more than GBP 36 million and balance sheet total of no more than GBP 18 million and 250 employees or less) may submit as a minimum a profit and loss account, a statement of other comprehensive income, a balance sheet and a statement of changes in equity, a directors' report, a strategic report, an auditor's report and notes to the accounts.

## Accountancy Profession

Accountants	Only the "Chartered accountants" and "Certified accountants" are authorised and have the possibility given by the Accounting Commission to exercise a mission of audit or auditorship.
Professional Accountancy Bodies	<a href="#">The Institute of Chartered Accountants in England and Wales</a> <a href="#">The Association of Chartered Certified Accountants</a> <a href="#">Chartered Institute of Public Finance and Accountancy</a> <a href="#">Institute of Chartered Accountants of Scotland</a> <a href="#">Association of Accounting Technicians</a> <a href="#">Institute of Financial Accountants</a>
Member of the International Federation of Accountants (IFAC)	Yes
Member of Other Federation of Accountants	Member of <a href="#">Accountancy Europe</a>
Audit Bodies	Companies have to seek a statutory auditor to conduct an annual audit of the financial health of their organisation. Subject to meeting certain additional criteria, small companies may be exempt from the requirement to have their accounts audited. For more information, consult the <a href="#">Financial Reporting Council</a> .

## CONSUMPTION TAXES

Nature of the Tax	Value-Added Tax (VAT)
Standard Rate	20%
Reduced Tax Rate	<p>A reduced VAT rate of 5% applies to: children's car seats; certain social housing; some social services; electricity, natural gas and district heating supplies (for domestic use only); some energy-saving domestic installations and goods; LPG and heating oil (for domestic use only); some renovation and repairs of private dwellings; some medical equipment for disabled persons.</p> <p>Some goods and services are zero-rated: certain social housing; printed books (excluding e-books); newspapers and periodicals; renovations to private housing (Isle of Man only); collections of domestic refuse; household water supplies (except distilled and mineral water); supplies of food and drink (some exceptions); take away food (if bought on the catering premises); cut flowers and plants for food production; prescribed pharmaceutical products; certain medical supplies for disabled persons; domestic passenger transport; children's clothing and footwear; children's diapers; live animals destined for human consumption; seed supplies; supply of animal feed;</p>

supplies of residential caravans and houseboats; some construction work on new buildings; some supplies of new buildings; sewerage services; motor cycle and bicycle helmets; commercial ship and aircraft stores; intra-community and international passenger transport; some gold ingots, bars and coins.

**Exclusion From Taxation**

Exempt goods and services include: insurance, finance and credit, education and training, fund raising events by charities, subscriptions to membership organisations, selling, leasing and letting of commercial land and buildings.

**Method of Calculation, Declaration and Settlement**

A business can only charge VAT if it is registered with the HMRC. VAT applies to 'taxable supplies' such as the sale of goods and provision of services, the sale of business assets, commission, gifts and so on. Different rules apply to imports, exports and charities. Registration is compulsory for businesses whose taxable supplies exceed GBP 85,000 for 2018/19 or where a business expects that its taxable supplies will exceed this threshold within the next 30 days (deregistration is possible if taxable supplies fall below GBP 83,000). A VAT return is typically filed every 3 months with the HMRC.

For further information, you can consult the [VAT guide](#) of the HM Revenue & Customs.

**Other Consumption Taxes**

Excise duties are chargeable on most hydrocarbon oil products, alcoholic drinks, and tobacco products.

The Soft Drinks Industry Levy (Sugar Tax) is applied at two rates: GBP 0.18 per litre of drink if it contains between 5–8 grams of sugar per 100 millilitres, GBP 0.24 per litre of drink if it contains 8 grams of sugar per 100 millilitres or more.

The Inheritance tax (IHT) is a transfer tax payable at 40% on a taxpayer's chargeable worldwide estate above the nil-rate band (NRB), which has been GBP 325,000 since 6 April 2009. Allowances apply for residential property left to descendants.

Individuals leaving the United Kingdom by air are required to pay a duty, which, in practice, is invariably included in the cost of the air ticket.

**INDIVIDUAL TAXES**

**Tax Base For Residents and Non-Residents**

A statutory resident test (SRT) is applied to determine if an individual is a resident or non-resident taxpayer of the UK. The test includes a combination of physical presence and connection factors. For an extensive list of the criteria used to assess the residency of an individual, [click here](#).

**Tax Rate**

Income tax rate 2019/20	Progressive rate up to 45%
GBP 0 - 5,000	0% (this starting rate applies to savings income only. The 0% starting rate will not apply if non-savings income is above this limit)
GBP 0 - 37,500	20% (Basic rate)
GBP 37,501 - 150,000	40% (Higher rate)
Over GBP 150,000	45% (Additional rate)

**Allowable Deductions and Tax Credits**

Tax relief can be claimed on personal allowances (the standard amount is GBP 12,500 for the 2019-2020 tax year, which can be reduced for total income over GBP 100,000, or increased in case of a marriage allowance), work or business expenses and certain pension contributions, charity donations, maintenance payments and time spent working on a ship outside the UK. Contributions for pension schemes can be deducted,

provided they respect certain conditions.

Necessary business expenses can be deducted from employment income and are not taxable if paid for or reimbursed by the employer.

Expenses that do not qualify for tax relief include: alimony, medical expenses, social security contributions, council tax and other UK taxes, most insurance premiums, mortgage interest payments (some relief for commercially let properties), fines and penalties (except for fines, such as parking penalties, incurred in the course of a trade), contingent liabilities.

For further information, consult the [guide](#) of the UK Government.

Special Expatriate Tax Regime

Where an individual is resident and domiciled in the UK, he or she is subject to UK income tax and capital gains tax on worldwide income and gains. Where an individual is resident but not domiciled in the UK, he or she is also subject to UK income tax on worldwide income but may choose to pay tax on foreign income and capital gains on a remittance basis, subject to a supplementary charge. Non-resident individuals are taxed on UK-sourced income and capital gains realized from the disposal of UK residential property.

Residents who are not domiciled or deemed domiciled in the UK may make a claim for the remittance basis of taxation to apply to overseas income, in exchange for an additional tax liability of GBP 30,000 per annum for taxpayers who have been UK resident for seven out of the previous nine tax years, rising to GBP 60,000 once resident for 12 out of the previous 14 tax years.

Expatriate allowances are included in taxable income but may be available for exemption for certain subsistence expenses.

Capital Tax Rate

An Inheritance tax (IHT) is generally applicable upon death, to the value of the estate and gifts made within the previous seven years, subject to a reduction for gifts made between four and seven years before death. Where assets are worth more than GBP 325,000, IHT is 40%. Where more than 10% of assets are distributed to charity, a reduced IHT of 36% may apply to the rest of the estate.

The UK does not levy a net wealth tax.

A real property tax applies to the occupation of domestic property, to the value of the estate on 1 April 1991 in England and Scotland and 1 April 2003 in Wales. If occupied by a single adult, the tax is reduced by 25%. Stamp duty, land tax or land and buildings transaction tax apply to the purchase of property (15% on the purchase of residential property worth more than GBP 500,000).

Weekly paid employees pay National insurance contributions at a rate of 12% on weekly income between GBP 162 and 892 (plus 2% on income exceeding this amount).

Self-employed individuals pay contributions at 9% on yearly earnings between GBP 8,632 and GBP 50,000 (plus GBP 3 per week, and an additional 2% contribution for profits above the upper limit).

DOUBLE TAXATION TREATIES

Withholding Taxes

*The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information as soon as it becomes available.*

Dividends: 0% (20% for dividends paid by a real estate investment fund on its tax-exempt rental income), Interest: 20% for non-residents, Royalties: 20% (rates can be lower as part of a tax treaty)

## SOURCES OF FISCAL INFORMATION

Tax Authorities	<a href="#">HM Revenue &amp; Customs</a> <a href="#">Ministry of Finance</a> , Ministry of Finance
Other Domestic Resources	<a href="#">UK Trade &amp; Investment</a> <a href="#">HM Revenue &amp; Customs - Tax guide for individuals</a> <a href="#">HM Revenue &amp; Customs - Tax guide for VAT</a>

Learn more about [Service Providers in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

## Legal Environment

### BUSINESS CONTRACT

General Observation	In English (common) law, there are 3 key elements to the creation of a contract: these are offer and acceptance, consideration and an intention to create legal relations. See an overview by following this <a href="#">link</a> .
Law Applicable to the Contract	You must be particularly vigilant about the law applicable to the contract and the methods of conflict resolution. Indeed, the UK is not a signatory to the <a href="#">Vienna Convention on International Contracts</a> . <a href="#">Click here to visualize the list of signatory countries</a> .
Advisable Incoterms	<a href="#">FOB</a> , <a href="#">CFR</a> , <a href="#">CIF</a>
Language of Domestic Contract	English. It can be translated, but will then often include a clause stating that the English version will prevail for all interpretation purposes.

### INTELLECTUAL PROPERTY

National Organisations	<p><a href="#">The UK Intellectual Property Office</a>, <a href="#">Department for Business, Innovation and Skills</a>. The Government web page <a href="#">Intellectual property and your work</a> offers useful tips on protecting intellectual property.</p> <p>The United Kingdom is part of the <a href="#">Paris Convention for the Protection of Industrial Property</a> and of the Agreement establishing the <a href="#">World Intellectual property Organization (WIPO)</a>. The United Kingdom signed the <a href="#">Patent Co-operation Treaty</a> and the <a href="#">Agreement of Nice</a>.</p>
International Membership	Member of the <a href="#">WIPO</a> (World Intellectual Property Organization) Signatory to the <a href="#">Paris Convention</a> For the Protection of Intellectual Property

### National Regulation and International Agreements

Type of property and law	Validity	International Agreements Signed
Patent Patent Act 1977	20 years	<a href="#">Patent Cooperation Treaty (PCT)</a>
Trademark Trademarks Act 1994	10 years	<a href="#">Trademark Law Treaty Protocol Relating to the Madrid Agreement</a> Concerning the International Registration of Marks
Design Design Act 1949	5 years	



Type of property and law	Validity	International Agreements Signed
<p>Copyright</p> <p>Copyrights, Designs and Patents Act 1988</p>	<p>70 years except for typographical arrangements, where it is 25 years.</p>	<p><a href="#">Berne convention</a> For the Protection of Literary and Artistic Works</p> <p><a href="#">Convention for the Protection of Producers of Phonograms</a> Against Unauthorized Duplication of Their Phonograms</p> <p><a href="#">Rome Convention</a> For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations</p> <p><a href="#">WIPO Copyright Treaty</a></p> <p><a href="#">WIPO Performances and Phonograms Treaty</a></p>

## LEGAL FRAMEWORK OF BUSINESS

The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information as soon as it becomes available.

### Equity of Judgments

Equal Treatment of Nationals and Foreigners	Equal treatment is guaranteed under the law.
The Language of Justice	English
Recourse to an Interpreter	In case of penal action, an interpreter should be made available for individuals who do not speak or understand English sufficiently. Interpreters should be registered with the <a href="#">NRPSI</a> (National Register of Public Service Interpreters).
Legal Similarities	<p><i>This information is subject to change and regular updating as a result of the UK's exit process from the EU. We will publish the updated information as soon as it becomes available.</i></p>

The United Kingdom is a constitutional monarchy based on parliamentary democracy. In the absence of a written constitution, the main source of the law in the country is the common law with early Roman and modern continental influences. Scotland has a separate legal system. The UK accepts compulsory ICJ (International Court of Justice) jurisdiction but with reservations. As a member of the EU, the national law of the UK complies with the conditions of the Community legislation.

### The Different Legal Codes

<p><a href="#">English Criminal Code</a></p>	<p>Criminal Law Act of 1977</p>
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Checking National Laws Online	<p><a href="#">British Law - Community information site for citizens and small businesses</a></p>
Other Useful Resources	<p><a href="#">Public Services</a></p> <p><a href="#">The Law Society International Division</a></p>
Country Guides	<p><a href="#">LexMundi</a>, A guide to doing business in the UK compiled by MMS</p>

Learn more about [Lawyers and Legal in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

### The Jurisdictions

<a href="#">House of Lords</a>	The House of Lords is the final court of appeal in all matters under English law, Welsh law and Northern Irish law.
<a href="#">Court of Appeal</a>	Criminal Division and Civil Division.
<a href="#">High Court</a>	Queen's Bench Division; Administrative Court; Family Division; Divisional Court; Chancery Division; Divisional Court.
<a href="#">Crown Court</a>	Trials of indictable offences, appeals from magistrates' courts, cases for sentences.
<a href="#">Magistrates' Courts</a>	Trials of summary offences, committals to the Crown Court, family proceedings courts and youth courts.
<a href="#">County Courts</a>	Majority of civil litigation subject to nature of the claim.
<a href="#">Tribunals</a>	Hear appeals from decisions on immigration, social security, child support, pensions, tax and lands.

### Court Officials

Judges	They are high-level lawyers appointed by the Ministry of Justice on the basis of their competences and personal reputation.
Justices of the Peace from Magistrates' Courts)	Professionals such as teachers, entrepreneurs, who carry out their duties part-time, assisted by Clerks to the Justices who advise them on legal procedures.
Solicitors	Solicitors look after the legal preparation of the case, which includes the analysis of the facts and the identification of relevant documents. They advise their clients on applicable regulations and alternative modes of conflict resolution, prepare conclusions and liaise with the other party's solicitor. They are the client's main contact.
Barristers	In recent years, the distinction between solicitors and barristers has been broken down and certain solicitors are now allowed to appear as advocates in higher courts, as long as they have been authorized to do so by the relevant authority.
Notaries Public	Notaries public undertake work for private individuals, and for commercial firms engaged in international trade.

Learn more about [Legal and Compliance in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

### INTERNATIONAL DISPUTE RESOLUTION

Arbitration Law	The main goals of the <a href="#">Arbitration Act 1996</a> were to provide a clear and accessible statement of the law; to limit judicial involvement in the arbitral process and to limit rights of appeal against arbitral awards. To the extent that the Arbitration Act differs from the UNCITRAL Model Law, most of
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these differences can be opted out of by the parties. They do not, therefore, significantly constrain party autonomy. At a practical level, it is important for the parties to be aware of the flexibility of the Arbitration Act so that they are best positioned to craft the optimal arbitration procedure for the contract and subject matter at hand.

Conformity to International Commercial Arbitration Rules	Party to the <a href="#">New York Convention</a> on the Recognition and Enforcement of Foreign Arbitral Awards. Party to the <a href="#">Geneva Protocol</a> on Arbitration Clauses. Party to the <a href="#">Geneva Convention</a> of the Execution of Foreign Arbitral Awards.
Appointment of Arbitrators	The parties are free to agree on the procedure for appointing the arbitrator or arbitrators. See <a href="#">paragraph 16 (Part I)</a> of the Arbitration Act 1996.
Arbitration Procedure	Within certain bounds, the parties are free to agree the arbitral process they choose and the evidence that will be used in the procedure.
Permanent Arbitration Bodies	<a href="#">The Academy of Experts</a> (Sectors Covered: The Professional Body for Expert Witnesses.) <a href="#">The Chartered Institute of Arbitrators (CIARB)</a> (Sectors Covered: A recognized world leader in providing training and qualifications in Arbitration, Mediation and Adjudication.) <a href="#">The London Maritime Arbitrators Association (LMAA)</a> (Sectors Covered: Maritime arbitration) <a href="#">FALCA</a> (Sectors Covered: Fast and Low Cost Arbitration) <a href="#">The Society of Construction Arbitrators</a> (Sectors Covered: Construction Dispute Resolution) <a href="#">London Court of International Arbitration</a> (Sectors Covered: International arbitration) <a href="#">International Chamber of Commerce's International Court of Arbitration</a> (Sectors Covered: International commercial arbitration) <a href="#">Stock Exchange Panel on Takeovers and Mergers</a> (Sectors Covered: Takeover bid disputes)

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Latest Update: December 2019

## Reaching the Consumers

### CONSUMER PROFILE

Consumer Profile	<p>Like many Western countries, the United Kingdom has an aging population. The median age is 40.5, compared to 39.6 in 2010. People under 24 represent almost 30% of the population while people over 55 represent 30.3% of the total. The population growth rate is 0.51%. On average, there are 2.3 people per household with 31.1% of households living alone, 36.6% are couples with or without children, and 11.3% are other types of households (for example, roommates). Regarding the ratio of men to women, there are 99 men for every 100 women. 83.4% of the population lives in urban areas for 2018. London and its surroundings are high density areas, and there are other densely populated areas in the centre such as around Manchester and Liverpool, but also around Edinburgh and Glasgow as well as in southern Wales, around Cardiff, and east of Northern Ireland. The main cities are London, Manchester, Birmingham, West Yorkshire, Glasgow and Southampton / Portsmouth. The level of education is high with 81% of adults aged 25 to 64 having a secondary education, and 43% have going on to university, more than the OECD average. Some 86.7% of the active population is employed while 12.7% are entrepreneurs and self-employed. The sectors employing the most manpower are wholesale and retail sales (14.13%), health and social services (12.53%), scientific and technical occupations (8.56%), support and service (8.51%), education (8.44%), manufacturing (7.74%), hotels and restaurants (6.85%) and construction (6.78%).</p>
Purchasing Power	<p>The GDP per capita PPP is approximately 30,981 pounds (\$ 39,720). The average salary in the UK is 27,600 pounds. Between 2017 and 2018, purchasing power increased by 0.7%. Adjusted disposable income per capita is 21,820 pounds which is below the average for OECD countries. In 2018, consumption increased by approximately 1% per quarter. The Gini index on income inequality set of 33.2. The pay gap between men and women is one of the highest in the European Union. The average annual salary of a man is 30,525 pounds while that of women is 25,336 pounds. However, over the last few years, the difference in salary between the two sexes has narrowed. The highest salaries are in the finance sector, business management and aviation. The trades with the lowest wages are bartenders, maintenance workers, hairdressers and salesmen. England has the highest unadjusted disposable income (19878 pounds), ahead of Scotland (18,321 pounds), Wales (15,835 pounds) and Northern Ireland (15719).</p>
Consumer Behaviour	<p>The United Kingdom is a mass consumer society, even though ecological and responsible consumption is growing. The main factors influencing purchase are price, quality, design, brand or environmental benefits. After-sales service should also be considered and claims are common. The British are increasingly buying online, but in 2017 bricks and mortar stores attracted consumers again. For 5 straight years Amazon was number 1 but in 2017 it went down to 4th to be taken over by M &amp; S. The country is also experiencing a return of Aldi discount stores. The level of consumer confidence is largely affected by Brexit and has been declining since August. Online commerce is an important market. In 2018, it increased by 14.9%. The market share of ecommerce on total sales to consumers has increased from 2.8% in 2017 to 20.6% in 2018. Smartphones have become the main tool to go on the internet. Regarding the choice of product origins, 6 British out of 10 say that UK origin is as important as price.</p> <p>Brand loyalty will often depend on price. About 64% of the population is faithful if the brand offers a good value product. Social networks are also important in the purchase decision. The penetration rate is 58%, and Facebook is the main network. Facebook</p>

and Instagram influence the choice of travel destinations. Influence is stronger for those under 24 and over 55. 57% of Britons are worried about the amount of personal data shared online, the usage and their rights.

Ethical and environmental business practices are becoming increasingly important. Half of consumers are willing to buy more expensive products if the brand supports an important cause . For 6 years, sales of organic products have increased to 2.2 billion pounds. Purchases of organic products are generally made in independent stores or delivered at home. Consumers buy food but also beauty products (24% growth in 2018) and textiles (25% growth in 2018). Respect for the environment also encourages the circular economy and the second-hand market. The growth rate of this market is 7.3% in 2018, and 4.9 in 2017. This growth is even more marked on the fashion market, which should exceed that of luxury by 2022. About 7% of British use collaborative platforms in 2016 and growth prospects are positive, especially in large cities.

**Household Consumption Expenditure**

Sector	Percentage
Housing, water, electricity, gas and other fuels	26.0%
Transport	13.0%
Various goods and services	12.0%
Culture and leisure	9.0%
Restaurants and leisure	9.0%
Food and non-alcoholic beverages	8.0%
Clothing and shoes	5.0%
Furnishings, household equipment, everyday maintenance of the house	5.0%
Alcoholic beverages, tobacco and narcotics	3.0%
Communication	1.0%
Health	1.0%
Education	1.0%

Source: [OECD Stats, 2017](#).

**Consumer Recourse to Credit** In the United Kingdom, payment cards are widely used. Of the 164 million transactions in 2016, 100 million were made with debit cards, 59 with credit cards and 5 with private cards. Household debt stands at 86.35% of GDP, a relatively high level in Europe and rising. The outstanding debt to households is 428 billion pounds in 2018. The average debt per capita is 37,000 pounds, and 61% of the inhabitants have a debt. Consumer credit is rising in the UK, but is slowing. They mainly finance vehicles, education costs and durable goods. Consumer credit is expected to continue to grow at a slow pace.

**Growing Sectors** Home and garden equipment, appliances, hobbies, culture, personal care, vehicles, drugs, audio-visual equipment, alcoholic and non-alcoholic beverages, food services, shoes, clothing, food, dishes and household utensils and telephony.

**Consumers Associations** [Citizens advice](#) , Several causes including consumer protection [Which?](#) , Consumer Association

[Ambudsman Association](#) , Consumer resolution

**Population in Figures**

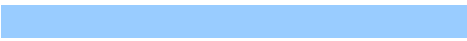

Total Population:	66,488,991
Urban Population:	83.4%
Rural Population:	16.6%
Density of Population:	275 Inhab./km <sup>2</sup>
Men (in %)	49.3%
Women (in %)	50.6%
Natural increase:	0.65%
Medium Age:	39.0
Ethnic Origins:	European origin (about 87%), African origin (about 3%), Indian (about 3%), Pakistani (about 2%), mixed (about 2%) and other origin (about 3%). ( <a href="#">Office of National Statistics</a> )

**Population of main metropolitan areas**

Name	Population
London	12,090,254
Birmingham	1,919,346
Manchester	1,885,530
Leeds	1,181,206
Newcastle	1,065,336
Glasgow	956,593
Liverpool	943,613
Sheffield	898,347
Nottingham	849,372
Bristol	815,137






Source: [OECD](#), 2012 - Latest available data.

**Age of the Population**

Life Expectancy in Years	
Men:	79.4 
Women:	83.0 

Source: [United Nations, Population division, World Population Prospects: The 2009 revised population database](#), 2009 - Latest available data.

Distribution of the Population By Age Bracket in %	
Under 5:	6.0% 

Distribution of the Population By Age Bracket in %	
6 to 14:	11.4% 
16 to 24:	13.2% 
25 to 69:	57.6% 
Over 70:	11.8% 
Over 80:	4.7% 

Source: [United Nations, Department of Economic and Social Affairs, Population Division, Prospects 2010](#) - Latest available data.

### Household Composition

Average Age of the Head of the Household	51.0 Years
Total Number of Households (in million)	25.7
Average Size of the Households	2.4 Persons
Percent of Households of 1 Person	29.1%
Percent of Households of 2 Persons	28.5%
Percent of Households of 3 or 4 Persons	27.7%
Percent of Households of 5 Persons and More	6.0%

Source: [Central Survey Unit, 2006-2007; Trends in Europe and North America, The statistical yearbook of the Economic Commission for Europe 2008, UNECE., 2008](#) - Latest available data.

### Consumption Expenditure

Purchasing Power Parity	2017	2018	2019	2020 (e)	2021 (e)
Purchasing Power Parity (Local Currency Unit per USD)	0.70	0.70	0.70	0.70	0.70

Source: [IMF - World Economic Outlook Database, 2015](#)

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

Household Final Consumption Expenditure	2016	2017	2018
Household Final Consumption Expenditure (Million USD, Constant Price 2000)	1,811,313	1,851,348	1,880,657
Household Final Consumption Expenditure (Annual Growth, %)	3.6	2.2	1.6
Household Final Consumption Expenditure per Capita (USD, Constant Price 2000)	27,613	28,026	28,285
Household Final Consumption Expenditure (% of GDP)	65.8	65.7	n/a

Source: [World Bank, 2015](#)



<b>Consumption Expenditure By Product Category as % of Total Expenditure</b>	<b>2017</b>
Housing, water, electricity, gas and other fuels	26.0%
Transport	13.0%
Other goods and services	12.0%
Recreation and culture	9.0%
Restaurants and hotels	9.0%
Food and non-alcoholic beverages	8.0%
Clothing and footwear	5.0%
Furnishings, household equipment and routine maintenance of the house	5.0%
Alcoholic beverages, tobacco and narcotics	3.0%
Communication	1.0%
Health	1.0%
Education	1.0%

Source: [OECD Stats](#), Latest available data

<b>Information Technology and Communication Equipment, per 100 Inhabitants</b>	<b>2012</b>
Telephone Subscribers	130.8
Main Telephone Lines	52.6
Cellular mobile subscribers	130.8
Internet Users	87.0
PCs	80.2

Source: [International Telecommunication Union](#), Latest available data

## MARKETING OPPORTUNITIES

### Media in Which to Advertise

**Television** Advertising on TV is expensive but reaches consumers massively. For 2016 as a whole, ad spend grew 3.7%, reaching GBP 21.4 billion, marking the seventh consecutive year of market growth. TV advertising's growth in 2016 was driven by a 12.6% rise in video-on-demand ad revenues.

Main Televisions  
[BBC \(British Broadcasting Corporation\)](#)  
[BBC World](#)  
[ITV](#)  
[Channel 4](#)  
[ITN](#)

**Press** In regional or local newspapers, it is suited only for a product with strong potential in a specific region. Specialised magazines are worth considering to reach a focused target. In recent years, printed newspaper circulations have been sliding while online readership has surged. In 2016 the slide in print media continued. Ad spend on

national newspaper brands fell 10% to GBP 10.1 billion.

Main Newspapers

[The Independent](#)

[The Times](#)

[The Sun](#)

[Daily Telegraph](#)

[Metro](#)

[The Guardian](#)

[The Economist](#)

**Mail** Direct mail can be personalised, customised, targeted and very creative. The volume of direct mail has increased by 87% in the last 10 years, even though in 2016 direct mail dropped 10.4% to GBP 1.7 billion.

**In Transportation Venues** Used in major cities on the side of buses and taxis. Also as posters and flat-panel videos in the street. Digital out-of-home was up by over a quarter, but despite its digital growth, the sector saw spend recede overall by 0.6% during the first quarter of 2017.

Market Leaders:

[Verifone Media \(agency\)](#)

**Radio** There are many radio stations at national, regional and local level, with a substantial audience. Some stations do not accept advertising. Digital radio offers new channels representing specific interests, with more opportunities for precise targeting. They can also display text, which means advertisements can also include telephone numbers, product information and offers. In 2016 the radio advertising market grew by 5.4% to reach GBP 646 million.

Main Radios

[BBC Radio National services.](#)

[Virgin radio - national commercial pop and rock station](#)

[Talk Sport - national commercial sports station](#)

[Classic FM - national commercial classical music station](#)

**Web** Online ad spend continues to grow via internet revenues, including digital across news and magazine brands, TV and radio. Digital formats continued to dominate, with internet ad spend up 13.4% to GBP 10.3 billion for the 2017. Mobile accounted for 99% of this growth, with ad spend for mobile platforms scoring a record increase of 45.4% to GBP 3.9 billion. There were more than 60 million internet users in the UK in 2016, nearly 93% of the population (Internetlivestats). Around 64% of British people have an active social media account, with Facebook being the leading platform.

Market Leaders:

[Jellyfish](#)

[AUK](#)

[Media Agency Group](#)

**Main Advertising Agencies**

[Saatchi & Saatchi](#)

[Publicis Groupe SA](#)

[WPP Group plc](#)

[Dentsu Aegis](#)

## Main Principles of Advertising Regulations

*The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process*

from the EU. We will publish the updated information as soon as it becomes available.

Beverages/Alcohol	The rules have been strengthened particularly with the intention of protecting the young in the four areas where they may be considered vulnerable to alcohol misuse: sexual behavior, immoderate drinking, youth appeal and anti-social behaviour. In the United Kingdom, the Advertising Standards Authority have banned several ads that don't comply with the restrictions in the EU directives. In Scotland, the Alcohol Act of 2010 introduced a number of restrictions on discounts and special offers related to alcohol products. Promoters are therefore urged to seek legal advice before carrying out alcohol promotions in Scotland. <a href="#">For more information visit the website of the Advertising Standards Authority.</a>
Cigarettes	On 14 February 2003 the <a href="#">Tobacco Advertising and Promotion Act 2002</a> came into force, prohibiting the advertising and promotion of tobacco products. It does not, however, cover advertisements for rolling papers or filters and does permit certain tobacco advertising at point of sale. The relevant EU directives banning tobacco advertising apply within the United Kingdom, in addition to UK laws restricting tobacco advertising. The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. For more information visit the website of the <a href="#">Advertising Standards Authority.</a>
Pharmaceuticals/Drugs	The advertising of medicinal products in the UK is controlled by a combination of legislation and codes of practice. The 2 main ones are: the Medicines (Advertising) regulations 1994 and the Medicines (Monitoring of Advertising) Regulations 1994. Consult the text on the website International Comparative Legal Guide Series. At European Union level, the advertising of medical products is regulated by Council Directive 2001/83/EC. You can consult the UK Government's guide on how to promote pharmaceutical products <a href="#">here</a> .
Other Rules	As a general rule, all marketing and advertising must be: an accurate description of the product or service, legal, decent, truthful, honest, socially responsible (not encouraging illegal, unsafe or anti-social behaviour). Consult the UK advertising codes <a href="#">here</a> .
Use of Foreign Languages in Advertisement	Retailers must ensure that all goods they sell display the compulsory information, in English, on each item. Generally, if an advertisement contains any foreign languages or signs, the advertiser must provide an English translation for them.
Organizations Regulating Advertising	<a href="#">Advertisers Standards Authority</a> <a href="#">Committee of Advertising Practice</a> <a href="#">Ofcom</a>

Learn more about [Sales in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

## Selling

### MARKET ACCESS PROCEDURES

*The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information as soon as it becomes available.*

#### Brexit Process

In the context of the ongoing Brexit process, customs regulations and procedures, tariff regulations and cross-border trade taxation are subject to amendments on behalf of the UK Government if the UK leaves the EU without an agreement. For the most up-to-date information on the applicable market access procedures, please refer to the latest guidance documents published on the UK Government website :

[Preparing your business for Brexit](#)

[Customs, VAT and Excise regulations if the UK leaves the EU without a deal](#)

### Customs Procedures

#### Import Procedures

When importing goods into the United Kingdom, exporters must complete an [Intrastat declaration](#). An individual declaration must be completed when the value of goods subject that are subject to custom duties exceeds 6,000 GBP. However, if you regularly import dutiable goods, you can save time by completing and registering a general valuation statement. Detailed procedures are available on [the British Government website](#).

As part of the 'SAFE' standards advocated by the World Customs Organisation (WCO), the European Union has set up a new system of import controls, the 'Import Control System' (ICS), which aims to secure the flow of goods at the time of their entry into the customs territory of the EU. This control system, part of the Community Programme eCustoms, has been in effect since 1 January 2011. Since then, operators are required to pass an Entry Summary Declaration (ENS) to the customs of the country of entry, prior to the introduction of goods into the customs territory of the European Union.

The Modernised Customs Code, which entered into force in 2008, simplifies procedures, for example by computerising and centralising transactions.

Despite the ongoing Brexit process, the existing EU regulations will remain enforced until the official date of the departure of the UK from the EU, planned for 31 January 2020, if no agreement on the transition period is approved before that date. For more details on how to prepare your business if the UK leaves the EU with no deal, please visit the official [Brexit guidance](#) website of the British government.

#### Specific Import Procedures

[Customs Freight Simplified Procedures \(CFSP\)](#) are an electronic declaration method designed to enhance and simplify customs procedures for clearing imported goods either at the border or upon removal from a free zone or customs warehouse. A limited range of goods requires import licenses. These include firearms and explosives, nuclear materials, controlled drugs and certain items of military equipment. Products imported temporarily (for re-export, examination and testing, repair, sample display, etc.) may be admitted without payment of duties and taxes.

#### Importing Samples

It is possible to import goods deemed to be of negligible value, such as commercial samples, free of duty and VAT. For further information visit the [HM Revenue and Customs page on VAT and duties exemptions](#).

## Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required)	Customs duty (and import VAT) is payable when the value of the imported goods is over GBP 135.
Average Customs Duty (Excluding Agricultural Products)	The average rate effectively applied to manufactured goods, minerals and metals in the EU, as evaluated by UNCTAD, was 1.46% in 2014. The duties for non-European countries are relatively low, especially for manufactured goods (4.2% on average for the general rate). It is one of the lowest in the world. More detailed Customs tariffs can be found at this <a href="#">government website</a> .
Products Having a Higher Customs Tariff	Textile, clothing items (high duties and quota system) and food-processing industry sectors (average duties of 17.3% and numerous tariff quotas, PAC) still know protective measures. In order to get exhaustive regulations and customs tariffs rates regarding their products, exporters shall refer to the <a href="#">TARIC</a> code and its <a href="#">database</a> , which includes all applicable customs duties and all customs trade policy measures for all the goods.
Preferential Rates	Granted to imports from countries with which the European Union has signed trade agreements. In order to get exhaustive regulations and customs tariffs rates regarding their products, exporters shall refer to the <a href="#">TARIC</a> code and its <a href="#">database</a> , which includes all applicable customs duties and all customs trade policy measures for all the goods.
Customs Classification	The <a href="#">Combined Nomenclature of the European Community</a> (EC) integrates the HS nomenclature and supplements it with its own subheadings with an eight digit code number and its own Legal Notes created for Community purposes.
Method of Calculation of Duties	When the country of origin of the merchandises which are exported to United Kingdom is not part of the European Union, customs duties are calculated Ad valorem on the CIF value of the goods, in accordance with the <a href="#">Common Customs Tariff (CCT)</a> .
Method of Payment of Customs Duties	Duties are payable in cash (in Euros, by check, by cash money order, by bank transfer); an extension of the time limit for payment may be granted through systems of collection credit or duty credit.
Import Taxes (Excluding Consumer Taxes)	None.

## Labeling and Packaging Rules

Packaging	It must conform to European legislation on the prevention of health risks to consumers and the protection of the environment, especially as regards waste treatment. Packaging in wood or vegetable matter must be subjected to a phytosanitary inspection. For further information, consult the <a href="#">summary of European legislation concerning this</a> .
Languages Permitted on Packaging and Labeling	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. Thus the use of a foreign language is allowed, as long as an English translation is provided.
Unit of Measurement	All labels require metric units although dual labelling is also acceptable. The EU has also mandated that certain products be sold in standardized quantities.
Mark of Origin "Made In"	In the UK, it is compulsory to <a href="#">indicate the origin of a product</a> .

Labeling Requirements	<a href="#">Origin, weight and dimension, chemical composition and appropriate hazard warnings are required</a> 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 labelling. Dual labelling is strongly supported by the UK .
Specific Regulations	<a href="#">Council Directive 80/232/EC</a> provides permissible ranges of nominal quantities, container capacities and volumes for a variety of products such as certain foodstuffs, cleaning products, pet foods, solvents and cosmetics. This legislation is currently being reviewed in an effort to simplify it.

## DISTRIBUTING A PRODUCT

### Distribution Network

#### Types of Outlet

Department stores	Clothing, cosmetics, jewellery, food <a href="#">Marks &amp; Spencer, John Lewis, House of Fraser, Selfridges, Harrod's</a>
Supermarkets and hypermarkets	Food supermarkets and specialized department stores – Some opened 24/7 Monday morning to Sunday 4pm. <a href="#">Tesco, Sainsbury, Asda, Morrisons, Waitrose</a>
Convenience stores	General food, drink and everyday products <a href="#">Budgens, Tesco Metro/Express, Sainsbury Local.</a>
Discount stores	Miscellaneous goods offered at an attractive price (opportunistic purchases) <a href="#">Aldi, Netto.</a>
Home centres	Gardening, decoration, products for the home <a href="#">B&amp;Q, Homebase, Currys.</a>
Cooperatives	General food and everyday items, plus pharmacy, travel, financial services, funeral services etc.
Drug stores	Cosmetics, toiletries, pharmaceuticals <a href="#">Boots</a>

### Evolution of the Retail Sector

**Growth and Regulation** The UK grocery market was valued at £184.5 billion (US\$239.8 billion) in 2017. This is an increase of 0.3% over 2016. Groceries account for 9% of total household spending in the UK, making it the third largest area of expenditure, following housing and transport. Food and grocery expenditures account for 51% of retail spending (excluding restaurants).

There are 87,141 grocery stores in the UK. These are split into four sectors:

**Supermarket Chains:** Supermarkets have a sales area of 3,000-25,000 square feet and sell a broad range of grocery items. Superstores are defined as stores that have a sales area above 25,000 square feet, selling a broad range of grocery and non-food items. Four supermarket chains dominate UK food retailing, accounting for 70% of the market.

**Discounters:** The discounters Aldi and Lidl continue to gain market share. At the end of 2017, the discounters combined market share reached 11.8% of the British grocery market for the first time. They are predicted to grow 55% by 2021, to £41.8

billion. Consumers typically do their shopping in both a main supermarket and a discounter, therefore getting the best offers and prices.

Convenience stores: These stores have sales areas of less than 3,000 square feet, are open for long hours, and sell products from at least eight different grocery categories. It can be divided into : Co-operative stores, Gas stations, Convenience outlets at supermarkets, Non-affiliated independent, Traditional convenience store.

Alternative Channels: This category includes a wide range of outlets such as internet or catalogue home

In general, each retail chain focuses on specific market segments. For example, Tesco targets the middle market, providing both economy and up-scale products. Sainsbury's is pitched slightly up-market of Tesco, with Asda/Walmart slightly down-market of Tesco. Morrison's and The Cooperative compete at much the same level as Asda/Walmart. Waitrose, part of the John Lewis Partnership, is the most up-market of the leading chains. Iceland, Aldi and Lidl are all price-focused outlets.

The UK has one of the most advanced private label markets in the world and is seen as a flagship market for private label development. The UK's major supermarket chains dominate the private label market and on average 47% of products in their stores are private label. Originally, private label goods were a copy of a branded product but today they are often innovative and marketed as a premium or high quality brand.

The value of the UK online grocery market has seen tremendous growth in recent years and in 2017 was valued at £10.4 billion. Online grocery sales are predicted to reach £16.0 billion by 2022 as the internet becomes more widely used and relied upon by UK shoppers.

Market share

Grocery sales in the UK are dominated by Tesco, Asda, Sainsbury's and Morrison's. These four trademarks had a combined market share of more than 70% of the UK grocery market, divided as followed (*Kantar WorldPanel* November 2017) :

- Tesco - 28.0% market share
- Sainsbury's - 16.2% market share
- Walmart - 15.3% market share
- Morrison's - 10.4% market share
- Aldi - 6.7% market share
- Lidl - 5.1% market share
- Iceland - 2% market share

Online grocery shopping is now offered by UK supermarket chains - Tesco, Sainsbury, Asda, Waitrose and Morrisons. Outside of these suppliers, the market is mainly populated by a wide range of niche, specialised retailers, many of which offer products that are not always available in major supermarkets.

Retail Sector Organisations

[British Retail Consortium](#)  
[Institute of Grocery Distribution](#)

**E-commerce**

Internet access

According to the [British Office for National Statistics](#), in 2017 90% of households in Great Britain had internet access, with the highest levels of connectivity being in London and the southeast of England, both at 94%. Household internet access has been growing in the UK, and since 2006 it has grown by 32%, with increases across all regions and countries. The largest rise was in Scotland, increasing from 48% in 2006 to 90% in 2017. As of 2018, 90% of adults in the UK were internet users, a slight growth



of 1% from the previous year. However, out of the 10% of adults who aren't internet users, 8.4% of them have never used the internet (and more than half were aged 75 or older). When it comes to age, the internet is most used by younger generations. Almost every person (99%) aged between 16 and 34 were internet users in 2018. However, that percentage drops to 44% for people aged 75 years and over. In 2017, 78% of adults aged 16 to 75 and older used the internet away from home or work. In terms of how people access the internet, 73% of them do so using a mobile phone or smartphone, a number that has more than doubled since 2011, when that rate was 36%. The second most popular devices are laptops and tablets (43%), followed by other handheld devices (such as MP3 or e-book readers) used by 14% of people. The most popular internet activity in the UK in 2017 was emailing (82%), followed by finding information about goods and services (71%), and reading online news, newspapers or magazines (64% - a figure that has tripled in a decade). Internet banking is also a popular internet activity, and it rose by 33% since 2007, reaching 63% of adults in 2017. As of July 2018, the most popular search engines in the UK were Google (82.85%), followed by Bing (12.1%), Yahoo! (2.53%), MSN (1.57%) and DuckDuckGo (0.57%).

E-commerce market

According to the [Office for National Statistics](#), online shopping has been constantly growing in the UK. The British e-commerce market is by far the biggest in Europe. With a total value of US\$ 207 billion, it is worth almost twice as much the second biggest market, France (US\$ 108 billion). In 2017, B2C e-commerce turnover in the UK was GBP 13.7 billion (US\$ 17.6 billion). That represented a 13.65% increase from the previous year, and a growth rate of 14.3% is predicted for 2018, which means e-commerce in the UK could be worth US\$ 20.6 billion by the end of 2018. Almost half of online consumers in the UK use their mobile phone or tablet to search for products and then use their desktop to place the order. However, almost 59% of digital buyers in the UK made online purchases using their smartphone in 2017.

E-commerce sales and customers

Research shows that over half of online UK consumers feel there is more choice online, but that doesn't mean they only make their purchases on the internet. In fact, according to the Ecommerce Foundation, 93% of online shoppers also shop in-store. During holiday season e-commerce rises substantially in the UK. In 2017, there were 45.36 million e-commerce users in the UK, a number that is expected to grow to 49.42 million by 2021. The average revenue per user was US\$ 1,639.24, which is also predicted to grow, reaching US\$ 2,251.82 in 2021. As for age groups, younger people tend to be more active shopping on the internet than older people, but those aged between 55 and 64 have had the largest rise in the last decade, a 30% rise since 2008, reaching 75% by the end of 2017. On the other hand, the age group with the smallest rise in online shopping was those aged 25 to 34 years, with growth of 17%, reaching 89% in 2017. In 2017, 77% of adults had bought goods or services online, a rise of 24% since 2008. The most popular purchases were clothes and sports goods, bought by 56% of people in 2017. Household goods were the next most popular items, purchased by 50% of people, followed by holiday accommodation, which was purchased by 44%. Most people buy from local sellers, with 93% of adults who had bought online in 2017, doing so from online sellers in the UK, while 31% had bought from sellers in other EU countries and 31% had bought from the rest of the world. Credit cards are the most popular payment method, with almost 40% of all online transactions being paid using a credit card. Over 30% of online purchases are paid with debit cards. Another popular online payment method is PayPal which, along with credit and debit cards, represent 96% of all online payments.

Social media

Social media is a common part of everyday life in the United Kingdom. [According to Statista](#), at the beginning of 2018 there were 44 million active social media users in the UK, which represents a penetration rate of almost 65%. As of July 2018, the leading social media platforms in the United Kingdom ranked by market share were Facebook



(63.76%), followed by Twitter (14.89%), Pinterest (10.38%), YouTube (3.96%), Instagram (3.23%), Tumblr (1.81%), reddit (0.69%) and LinkedIn (0.67%). Facebook has been the most popular social network in the UK throughout recent years. It is particularly popular among those aged between 25-34, of which 5.6 million women and 5.6 million men were using the social media platform in [January 2018](#). The total number of Facebook users in 2018 was 32 million (and is expected to rise to about 41 million by 2021), making it the largest platform by far, followed by Twitter (with 20 million users), YouTube (19.1 million), LinkedIn (19 million), Instagram (14 million), Snapchat (13.6 million), Google+ (12.6 million), Pinterest (10.3 million), Tumblr (9 million) and reddit (6.6 million). With a growing number of social media users, businesses are focusing more on those platforms to market their products and services. The most popular social networks for businesses are Facebook (which is favoured due to the high number of users), followed by YouTube, LinkedIn, Instagram and Twitter.

## Direct Selling

Evolution of the Sector The [World Federation of Direct Selling Associations \(WFDSA\)](#) 2017 report shows retail direct selling in the United Kingdom grew 1%, was valued at USD 3.698 billion, and involved 550,000 independent representatives (80% of which were female in the UK according to [SELDIA](#)). Another [2017 WFDSA report](#) divides retail sales as follows: wellness (43%); cosmetics and personal care (28%); clothing and accessories (16%); book, toys, stationery, etc. (8%); and household goods and durables (3%).

[Euromonitor International](#) notes traditional direct selling companies are struggling due to internet retailing and their old-fashioned image. Avon remains the leading direct selling company with 160,000 independent representatives, although it has seen steady declines in sales; to counteract this, Avon launched My Avon Online Stores and optimised mobile sites. Apparel and footwear direct selling companies are also facing greater competition from companies such as Primark and H&M in both price and fashion trends. Person-to-person remain the most important direct sales channel but is quickly being replaced by party plan sales.

The [Direct Selling Association UK](#), [SELDIA](#) and [Direct Selling Europe](#) promote best practices in the industry.

## Using a Commercial Agent

The Advantages For small to medium companies, partnering with an experienced and established local distributor is an advisable entry strategy. Regardless of the size of the company, however, market knowledge is essential and cultural specifics important. Distributors position products and brands in the market through advertising and promotion and assist with after-sales service, which is increasingly important for British customers. The criteria for using or not a commercial agent will be linked to the degree of risk that the company wants to take on, which in itself will determine how much control can be derived.

Where to Be Vigilant National laws governing the relationships between agent and principal, and between distributor and supplier, are broadly harmonized within the EU, where Directives establish the rights and obligations of the parties. In the case of EU agents and their non-EU principals, should the agreement fail, the law will generally favor the agent, who is in any case entitled to a compensation. It is therefore advisable to have any potential agreements checked by a lawyer.

Elements of Motivation	Agents are remunerated by way of a commission, whereas a distributor will apply a margin when selling goods. The agent's commission will generally be lower than the distributor's margin.
The Average Amount of Commission	The British Agents register publishes a guide to Agency Agreements and Contracts, see <a href="#">British Agent Register website</a> . European Council <a href="#">Directive 86/653/EEC</a> establishes the rights and obligations of the principal and its agent.
Breach of Contract	The British Agents register publishes a guide to Agency Agreements and Contracts, see <a href="#">British Agent Register website</a> .
Finding a Commercial Agent	<a href="#">The Manufacturers' Agents' Association (MAA)</a> <a href="#">Alibaba</a>

Learn more about [Traders, Agents in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

### Setting Up a Commercial Unit

The Advantages	Setting up a commercial unit in the UK shows commitment to the market. A permanent presence also allows for greater understanding of the country's culture, consumption habits of the market targeted, competitors' strategies and better acceptability of the offer.
Where to Be Vigilant	Setting up can be expensive and risky if the market has not yet been established.
Different Possible Forms of Settlement	
A Representative Office	A representative office is appropriate when there is no local representative, or if the activities of the UK company supplement the parent company's (i.e. a warehouse to store goods distributed by UK distributors). A representative office must be registered with Companies House.
A Branch Office	Setting up a branch is only pertinent if business is being conducted from the UK or if a local representative has been nominated by the parent company. A branch does not constitute a separate legal entity and all its activities are carried out for and on behalf of the parent company. It cannot exist alongside a representative office. A branch office must be registered with Companies House and produce yearly a set of statutory documents.
A Company	In 2015, there are more than 3,394,000 registered companies in the UK, where it is a straightforward process to establish a company. Setting up a local company will generally be of the Limited type. Despite requiring more time and expense, it can offer better protection for proprietary information, easier access to credit and more effective market penetration.

### Franchising

Evolution of the Sector	The franchising sector in the UK encompasses over 900 franchise systems. These systems have franchised nearly 40,000 units that employ over 530,000 full and part-time staff. The franchising sector is highly diversified. Industry reports indicate that the number of franchise systems reached 1,000 by 2016. Hotels and catering is a core sector of franchising and is arguably the sector with the highest profile within the franchising industry. The industry is now worth more than £12 billion a year to the economy. Other than the general laws of England, Wales and Scotland, there are currently no
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franchise-specific laws.

Franchisors are subject to the laws relating to fraud and the Misrepresentation Act 1967 when selling franchises, but there is no obligation to issue a formal pre-contract disclosure document to potential franchisees.

There are no laws that confer compensation rights on expired or non-renewed franchising, distribution or agency agreements (except in the latter case under the Commercial Agents (Council Directive) Regulations 1993 (implementing Directive 86/653/EEC on self-employed commercial agents, and relating only to the sale of products by a commercial agent).

Some Big Franchises [Autosmart \(en anglais\)](#), Vehicle cleaning products  
[Driver Hire](#)  
[Oscar](#), Pet Foods  
[Pirtek](#), Fluid transfer  
[Prontaprint](#), Printing  
[Rosemary Conley](#), Taxassist Accountants  
[Taxassist Accountants](#)

For Further Information [British Franchise Association](#)  
, Ministry for Trade and Investment

## Finding Assistance

Export Trading [Institute of Export](#)  
Companies

Learn more about [Sales in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

## Buying

### CUSTOMS PROCEDURES

*The information in this section is subject to change and regular updating as a result of the ongoing UK's exit process from the EU. We will publish the updated information as soon as it becomes available.*

Export Clearance	There is free movement of goods within the EU.  To go out of the EU, <a href="#">Customs clearance</a> is necessary. The Customs clearance office checks the export declaration (which need only be brief), may control the goods and authorizes the collection of the goods. The goods are placed for a period of 20 days maximum (45 days in ports) in warehouses or Customs clearance areas (temporary bond).
Necessary Declaration	The Customs declaration must contain information on the origin of the goods, the Customs tariff and Customs valuation of the goods. For additional information, please visit the <a href="#">UK Customs website</a> .

### INDUSTRIAL AND MANUFACTURING PROFILE

Type of Production	The industrial sector contributes around 21% of the UK 's GDP, with engineering and allied industries (transport, electronics) as the single largest sector. Other significant sectors include chemical and chemical-based products.
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### Type of Manufacturers

Useful Resources	<a href="#">UK Trade &amp; Investment – Investment Services</a> <a href="#">Department for Business, Innovation &amp; Skills</a>
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### IDENTIFYING A SUPPLIER

#### Business Directories

Multi-sector Directories	<p><a href="#">192.com</a> - Information about people, businesses &amp; places in the UK. Lists full names, addresses, age guides, property prices, aerial photos, company &amp; director reports, etc.</p> <p><a href="#">All.biz - United Kingdom</a> - Directory of companies in the UK.</p> <p><a href="#">B2B Directory United Kingdom</a> - The B2B Business Directory provides FREE UK business listings for thousands of UK companies</p> <p><a href="#">Britaine.co.uk</a> - A search engine for companies in the United Kingdom.</p> <p><a href="#">British Companies</a> - Website compiling British retailers, manufacturers and wholesalers, governing bodies and associations.</p> <p><a href="#">British Exporters</a> - British exporters database.</p> <p><a href="#">DSA members companies</a> - List of 41 companies in the field of direct selling.</p> <p><a href="#">eSources.co.uk</a> - Wholesale directory of UK wholesale distributors, suppliers and products.</p> <p><a href="#">Free Index</a> - Free UK Directory.</p> <p><a href="#">Northcote.co.uk</a> - UK companies' annual reports.</p> <p><a href="#">The Wholesaler UK</a> - Wholesale trade directory for the UK.</p> <p><a href="#">Thomson Local</a> - Directory of companies in the United Kingdom.</p> <p><a href="#">UK Business Directory</a> - Online UK business directory.</p> <p><a href="#">UK Food Export</a> - UKFEX is an independent guide for international buyers searching for food and beverage products from the UK.</p>
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- [Yell](#) - The United Kingdom's Yellow Pages.
- [Yell](#) - The United Kingdom's Yellow Pages.
- [Yellow Pages](#) - Find businesses in the United Kingdom.
- [Ziplleaf](#) - Business directory for several countries in the world.

## Marketplaces

- Regional Marketplaces [Zentrada](#)  
[EUREX](#)

## CONTROLLING THE QUALITY OF THE PRODUCTS

- Quality Control Organizations [CQI](#)

## ORGANIZING GOODS TRANSPORT TO AND FROM THE UNITED KINGDOM

Main Useful Means of Transport 97% of the British external trade volume is handled by sea transport: it consists in about 500 million tons a year. There are hundreds of ports well-equipped for goods transportation. The most important are [London](#), [Plymouth](#), [Southampton](#), [Aberdeen](#), [Felixstowe](#), [Dover](#) and Peel Ports ([Clydeport](#), [Heysham](#), [Liverpool](#), [Manchester](#) and [Sheerness](#)) England, Scotland, and Wales have more than 80 ports as members in the [British Ports Association](#), whose aim is to represent and protect its members from the market turmoil and to integrate European and international policies. The domestic connections are regularly ensured by domestic companies like [KLM UK](#), [Easyjet](#) and [British Airways](#).

Roads are dense and effective. United Kingdom is a powerful market of the European road transport and since the market was liberalized on the European level, this sector has undergone strong upheavals. The government, through the [Department of Transport](#), has called on the private sector to finance the creation, financing and construction of new roads, and a toll-system on highways will be the next step.

Various plans of improvement of the railway infrastructure such as the modernization of tracks in West Midlands, a high speed connection between South and North as well as a project joining the East and the West are under study.

Since December 1994, Great Britain has been connected with the European continent by the [Chunnel](#), exploited by Eurotunnel company and the train [Euro star \(Eurotunnel\)](#). An overview of the British rail system can be found on [Rail.co.uk](#).

## By Sea

- Ports [British Ports Association](#)  
[Port of London](#)
- Transport Professionals [Anglo Pacific](#)  
[Andrews Shipping](#)  
[Turkon Line UK](#)  
[Norbulk Shipping](#)
- Government Transport Organisations [Department for Transport Maritime Sector](#)

## By Air

Airports	<a href="#">Heathrow International Airport</a> <a href="#">Air Freight at Gatwick</a>
Transport Professionals	<a href="#">British Airways</a>
Government Transport Organisations	<a href="#">Civil Aviation Authority</a> <a href="#">Department for Transport Aviation and Airports</a>

## By Road

Transport Professionals	<a href="#">Freight Transport Association</a> <a href="#">C&amp;K</a> <a href="#">Custom Haulage</a> <a href="#">W.H.Barley</a>
Government Transport Organisations	<a href="#">UK Department for Transport Road Network and Traffic</a>

## By Rail

Transport Professionals	<a href="#">Euro Star</a>
Government Transport Organisations	<a href="#">Department for Transport High Speed Rail</a> <a href="#">Department for Transport Rail Network</a>

Learn more about [Sourcing in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

## Operating a Business

### LEGAL FORMS OF COMPANIES

#### Choose a legal structure for your business

Private limited company by shares or Ltd	Number of partners: One or more directors Capital (max/min): No minimum share capital requirements, typically the minimum subscribed is GBP 1. The entire capital must be unlocked. Shareholders and liability: Liability is limited to the amount contributed.
Public limited company (Plc)	Number of partners: One or more directors Capital (max/min): Minimum share capital requirement is GBP 50,000 of which 25% must be paid up in full Shareholders and liability: Liability is limited to the amount contributed.
General partnership	Number of partners: At least two partners Capital (max/min): No minimum capital requirements Shareholders and liability: Partners' liability is joint and indefinite.
Limited liability partnership (LLP) or Limited partnership (LP)	Number of partners: At least two partners Capital (max/min): No minimum capital requirements Shareholders and liability: Liability is limited.
Community interest company	Number of partners: No minimum Capital (max/min): No minimum capital requirements Shareholders and liability: Partners' liability is joint and several
Unlimited company ou Unltd	Number of partners: No minimum Capital (max/min): No minimum capital requirements Shareholders and liability: Partners' liability is joint and several
Enterprises Federation	<a href="#">The Confederation of British Industries Federation of Small Businesses</a>
Find a Company or a Financial Report	<a href="#">Companies House website</a> , Companies House incorporates and dissolves limited companies, registers the information companies are legally required to supply, and makes that information available to the public. Companies House is an executive agency, sponsored by the Department for Business, Innovation & Skills.

### BUSINESS SETUP PROCEDURES

<b>Setting Up a Company</b>	<b>United Kingdom</b>
Procedures (number)	4.00
Time (days)	4.50

Source: *Doing Business*.

For Further Information [Consult the Doing Business website](#), to know about procedures to start a Business in United Kingdom.

[Trade Register](#)

The Competent Organisation

[Companies House](#)

## Recovery Procedures

Bankruptcy Laws      The idea governing UK bankruptcy law is to give "honest" debtors a clean start by relieving them of the majority of their debts and enabling them to repay their creditors via the sale of any existing assets. More information on [Clear start](#).

## THE ACTIVE POPULATION IN FIGURES

	2012	2013	2015
Labour Force	31,900,000	30,150,000	32,940,000

Source: CIA - The World Factbook

	2015	2016	2017
Total activity rate	62.68%	62.66%	62.65%
Men activity rate	50.68%	50.50%	50.29%
Women activity rate	56.92%	56.95%	56.99%

Source: ILO, Laborstat - Yearly Statistics

Employed Persons, by Occupation (% of Total Labour Force)	2015
Human health and social work activities	13.3%
Wholesale and retail trade; repair of motor vehicles and motorcycles	13.0%
Education	10.5%
Manufacturing	9.6%
Construction	7.2%
Professional, scientific and technical activities	7.0%
Public administration and defence; compulsory social security	5.9%
Accommodation and food service activities	5.2%
Transportation and storage	5.0%
Administrative and support service activities	4.8%
Information and communication	4.0%
Financial and insurance activities	4.0%
Arts, entertainment and recreation	2.7%
Agriculture, forestry and fishing	1.1%
Real estate activities	1.1%
Water supply; sewerage, waste management and remediation activities	0.7%
Electricity, gas, steam and air conditioning supply	0.6%
Mining and quarrying	0.5%



**Employed Persons, by Occupation (% of Total Labour Force)**

**2015**

Source: *ILO, Laborstat - Yearly Statistics*

For Further Statistics [National statistics](#)

**WORKING CONDITIONS**

**Opening Hours**

Legal Weekly Duration 40 hours

Maximum Duration The average working hours are calculated over a 17-week period. You can work more than [48 hours](#) in one week as long as the average on this period is less than 48.

Night Hours Under the Working Time Regulations, night time is described as the period between 11.00 pm and 6.00 am. You're considered as a night worker if you regularly work for at least three hours during this period. As a night worker, you shouldn't work more than an average of eight hours in each 24-hour period, (excluding overtime).

Working Rest Day If you're an adult worker you usually have the right to 24 hours clear of work each week or 48 hours clear each fortnight.

Paid Annual Vacation A salaried employee is entitled to a minimum of [5.6 weeks](#).

Retirement Age Default retirement age (formerly 65) has been phased out - most people can now work for as long as they want to. Retirement age is not the same as State Pension age, which can be between 61 and 68, depending on the person's date of birth and gender.

Child Labour and Minimum Age For Employment 13 for part time work. The website [WorkSmart](#) from the [TUC](#) shows that the type of work is restricted to light agricultural or horticultural work or as allowed by by-laws. Thus, the true minimum age for general work is 14 years. 16 is the minimum age for a full time work (if left school) and 18 for night work.

**THE COST OF LABOUR**

**Pay**

Minimum Wage GBP 1 220 per month (source: Eurostat, 2018, lastest available data)

Average Wage GBP 2 930 per month (source: OECD, 2017, lastest available data)

**Other Forms of Pay**

Pay For Overtime There's no legal right to pay for working extra hours, and there are no minimum statutory levels of overtime pay, although your average pay rate must not fall below the National Minimum Wage.

Pay For Night Hours Your employer might decide to reward you for working antisocial hours (for example, you may get free transport, food or extra pay). You only have a legal right to any of these if your contract says you do, but it's good practice for employers to offer them.

Pay For Overtime at Night If your night work involves special hazards or heavy physical or mental strain, you can't be made to work more than eight hours in any 24-hour period. This includes overtime. More information on [Direct.gov.uk](#).

## Social Security Costs

The Areas Covered	National insurance (NI) covers pension, employment and support allowance, maternity allowance and bereavement benefits.
Contributions	<p>Contributions Paid By the Employer: In general, national insurance contributions are taxed at 13.8% on all earnings in excess of £155 per week and are deductible for corporate income tax. For more details on thresholds, refer to the gov.uk website <a href="#">here</a>.</p> <p>Contributions Paid By the Employee: National insurance (NI) contribution is a withholding tax on payroll. Employees are classified as Class 1 and are subject to a 12% tax if weekly pay is £155 to £815 and 2% if weekly pay is over £815. NI deductions are not imposed on earnings below the Lower Earnings Limit (LEL) of £112 per week. Class 1 contributors pay less if they are in a contracted out workplace pension, a married woman or a widow, or are deferring NI as they have more than one job.</p>
Competent Organization	<a href="#">Department for Work and Pensions (DWP)</a>

## MANAGEMENT OF HUMAN RESOURCES

### Recruitment

Method of Recruitment	Increasing numbers of applications are completed by Internet. Nevertheless, recruitment agencies and head hunters are the most common ways to be recruited.
Recruitment Agencies	<a href="#">Reed</a> .
Recruitment Websites	<a href="#">Reed</a> <a href="#">Search Jobsite</a> <a href="#">Indeed</a> <a href="#">Monster</a> <a href="#">Craigslist</a>

### The Contract

Type of Contract	Legal clauses regulate employment contracts and to a lesser degree collective agreements and individual negotiations.
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### Breach of Contracts

Retirement	The State Pension age is currently 65 for men and 60 for women, but it will rise to 66 for everyone by 2020. Your working life is the period over which you have to have met the contribution conditions for the basic State Pension. It is normally 49 years.
Dismissals	All information available on <a href="#">Advice guide</a> .
Labour Laws	<a href="#">Advice guide</a> <a href="#">UK government</a> <a href="#">Consult the Doing Business website</a> , to obtain a summary of the labour regulations that apply to local enterprises.

### Dispute Settlement

### Conciliation Process

Cases of Dispute	Physical violence, moral harassment, sexual harassment, working conditions, etc.
Legal Framework	The arbitrator (acting alone or chairing a panel) considers the written and oral submissions of the parties, makes a decision, and where appropriate, an award which the parties agree to accept and implement. The arbitration process is confidential, relatively fast, cost efficient, non-legalistic and informal. Further information on <a href="#">Labour relations agency</a> .

### Judicial Structures

Legal Framework	<a href="#">Labour Laws</a>
Competent Legal Body	<a href="#">Labor relations agency</a> .

### Social Partners

Social Dialogue and Involvement of Social Partners	Union membership has been relatively stable in the past few years, although the trend has been slightly downward over the past decade. About 20% of full time UK employees belong to a union, a low proportion by UK historical standards. Public sector workers have a much higher share of union members (60%) while the private sector is about 15%. Manufacturing, transport, and distribution trades are highly unionised. Unionisation of the workforce in the UK is prohibited only in the armed forces, public-sector security services, and police forces.
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The following confederations can be listed : [TUC](#) ( TRADE UNION CONGRESS), [STUC](#) ( THE SCOTTISH TRADE UNION CONGRESS) and Wales TUC.

Unionisation Rate	25.4% in 2014.
Unions	<a href="#">TUC</a> <a href="#">Scotland TUC</a> <a href="#">Wales TUC</a> <a href="#">UNITE</a>
Regulation Bodies	<a href="#">Department for Work and Pensions</a>

Learn more about [Operating a Business in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

## Investing

### FDI IN FIGURES

According to the [UNCTAD World Investment Report 2019](#), FDI inflows to the United Kingdom stood at USD 64.5 billion in 2018, down from USD 101.2 billion a year earlier. The UK was the sixth destination for global FDI flows, after the United States, China, Hong Kong, Singapore and the Netherlands, against fourth a year earlier. Flows were considerably below the record high of USD 196.1 billion recorded in 2016. The Brexit process raises concerns among certain investors about higher trade costs with Europe. The UK's main investing partners (in terms of FDI stock) are the United States, the Netherlands, Japan, Jersey, France and Luxembourg. Most FDI flows are directed towards the energy and waste sectors, trade and repair, metal and machinery products, financial services and administrative and support services-related activities.

Despite the Brexit process, the British economy is resilient: London continues to be the financial capital of Europe with 57% of Fortune 500 companies having their European headquarters in Europe. At the same time, the UK keeps a strong currency, despite its recent depreciation, and is one of the most important European consumer markets. The UK was ranked 9th out of 190 economies in the [2019 Doing Business ranking](#) established by the World Bank, losing two positions compared to the previous year.

<b>Foreign Direct Investment</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
FDI Inward Flow <i>(million USD)</i>	196,132	101,238	64,487
FDI Stock <i>(million USD)</i>	1,475,561	1,805,818	1,890,384
Number of Greenfield Investments***	1,286	1,317	1,538
FDI Inwards <i>(in % of GFCF****)</i>	57.9	n/a	n/a
FDI Stock <i>(in % of GDP)</i>	45.5	n/a	n/a

Source: UNCTAD, Latest available data.

Note: \* The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. \*\* The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. \*\*\* Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. \*\*\*\* Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

### FDI STOCK BY COUNTRY AND INDUSTRY

<b>Main Investing Countries</b>	<b>2017, in %</b>	<b>Main Invested Sectors</b>	<b>2017, in %</b>
United States	23.6	Electricity, gas, water and waste	22.6
The Netherlands	18.5	Retails and wholesale trade, repair of motor vehicles and motorcycles	12.8
Luxembourg	9.8	Metal and machinery products	9.7
Jersey	6.5	Financial services	9.4
France	5.8	Information and communication	6.7
Japan	4.2	Administrative and support service activities	4.4
Switzerland	3.8		

Source: [National Statistics](#) - Latest available data.

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Main Foreign Companies	Many UK companies have been acquired by foreign companies: Chivas Brothers by Pernot Ricard (France), Aggregate Ind by Holcim (Switzerland), Paladin Resources by Talisman Energy (Canada), Body Shop by L'Oréal (France), etc.
Sources of Statistics	<a href="#">Department of innovation, universities and skills</a> <a href="#">National Statistics</a>

## WHAT TO CONSIDER IF YOU INVEST IN THE UNITED KINGDOM

Strong Points	<p>One of the main strengths of the UK economy in attracting FDI is that its economy is one of the most liberal in Europe and its business environment is extremely favourable to FDI :</p> <p>The country is ranked 7th in the <a href="#">World Bank's 2018 Doing Business guide</a> .</p> <p>The speed of launching a business is, for example, a very good indicator: setting up a business takes on average 13 days in the United Kingdom while the European average is 32 days. According to this indicator, the country is ranked first in Europe and sixth in the world.</p> <p>London has many strengths: it is a world leader in the financial services sector, its banking sector is healthy and robust</p> <p>Exports are structurally competitive and diversified</p> <p>The legal framework is among the most flexible in the world</p> <p>The unemployment rate is one of the lowest in Western economies.</p>
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Weak Points	<p>The main weaknesses of the UK's economy are:</p> <p>Too much contribution of the financial sector to the GDP</p> <p>Lack of investment in infrastructure</p> <p>An industrial sector that sometimes suffers from the high level of competitiveness and competition from the many foreign companies in the country</p> <p>Productivity growth is very low</p> <p>Trade deficit is high</p> <p>GDP per capita has stagnated for some years</p> <p>The prospects for improving the British economy are difficult to measure and remain suspended in the agreement that the government will negotiate during the Brexit discussions.</p>
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Government Measures to Motivate or Restrict FDI	<p>Freely liberal, the economic policies of the current government and its predecessors have always striven to create a flexible and attractive economic environment for FDI. For example, once they are established in the country, foreign companies are treated exactly like British companies. In the EU, the UK government is a strong advocate for the rights of all UK companies, regardless of their nationality or that of their owners.</p> <p>All major economic decisions are now hanging on the exit negotiations of the country from the EU.</p>
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## PROTECTION OF FOREIGN INVESTMENT

Bilateral Investment Conventions Signed By the United Kingdom	The UK has concluded 106 Bilateral Investment Treaties (BITs) with other countries, of which 94 are in force. More information is available on the website of <a href="#">UNCTAD</a> .
International Controversies	There is one case of controversy registered, that of Eurotunnel versus France and the United Kingdom.

Registered By UNCTAD  
 Organizations Offering Their Assistance in Case of Disagreement [UKinvest](#) , UK trade and investment  
[Westlaw](#) , Legal information service  
 Member of the Multilateral Investment Guarantee Agency [Yes](#)

### Country Comparison For the Protection of Investors

	United Kingdom
Index of Transaction Transparency*	10.0
Index of Manager’s Responsibility**	7.0
Index of Shareholders’ Power***	8.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. \*\*\*\* The Greater the Index, the Higher the Level of Investor Protection.

### PROCEDURES RELATIVE TO FOREIGN INVESTMENT

**Freedom of Establishment** With a few exceptions, the UK does not discriminate between nationals and foreign individuals in the formation and operation of private companies. The UK was the world's eleventh largest recipient of foreign direct investment in 2014 (UNCTAD). Foreign companies establishing British subsidiaries generally encounter no special nationality requirements on directors or shareholders, although at least one director of any company registered in the UK must be ordinarily resident in the UK.

**Acquisition of Holdings** In the United Kingdom, a majority holding interest in the capital of a local company is legal.

**Competent Organisation For the Declaration** [Companies House](#)

Learn more about [Foreign Investment in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

### OFFICE REAL ESTATE AND LAND OWNERSHIP

**The Possibility of Buying Land and Industrial and Commercial Buildings** Yes

**Risk of Expropriation** Expropriation of corporate assets or nationalization of an industry requires a special Act of Parliament. In the event of nationalization, the British government follows customary international law, providing prompt, adequate, and effective compensation.

### INVESTMENT AID

Forms of Aid	<p>The <a href="#">Invest in Britain</a> Department of the <a href="#">Ministry of Industry and Trade</a> provides its services in order to inform foreign companies on aids to set up in Great Britain. Companies zones have been created to encourage industrial and commercial development. These zones allow companies to benefit from tax exemptions. Companies can contact the <a href="#">Department of Trade and Industry</a> to obtain further details relating to the different regions.</p> <p>The main form of support is the Selective Finance for Investment scheme in England, which aims to encourage significant investment in projects that lead to long-term improvements in productivity, skills and employment. It is a discretionary grant that may be offered to overseas companies (and UK owned companies) opening a new operation, or expanding/ modernizing an existing operation in an Assisted Area. It is available to both manufacturing and service projects meeting certain criteria. See <a href="#">gov.uk/</a></p>
Privileged Domains	Services, R&D.
Free Zones	There is only one <a href="#">Free Zone</a> , the Ronaldsway Airport Free Zone (Ballasala, Isle of Man).
Organizations Which Finance	<a href="#">Invest UK</a>

## INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy	Coal production, financial services, business services, aerospace, chemical, pharmaceutical and automotive industries.
High Potential Sectors	Renewable energies, information and communication technologies, creative industries (music, cinema, theater, design, etc.), or the luxury industry and distribution.
Privatization Programmes	No new programs have been proposed since the large-scale privatisation program of the 1980s by the government of Margaret Thatcher.
Tenders, Projects and Public Procurement	<a href="#">Government Procurement Service</a> , Government Procurement Service <a href="#">Tenders Info</a> , Tenders in the United Kingdom <a href="#">Ted - Tenders Electronic daily</a> , Business opportunities in the EU <a href="#">DgMarket</a> , Tenders Worldwide

## SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors	None. The British economy is one of the most liberal in the world.
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## FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency	<a href="#">Department for International Trade</a> <a href="#">Invest in Great (Support for exporters and inward investors)</a>
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Learn more about [Investing in the United Kingdom](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

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