

High Commission of India  
London  
(Economic & Commerce Wing)

**Economic & Commercial Report on the United Kingdom  
for May 2014**

**Macro-Economy**

According to the latest figures from the Office for National Statistics (ONS), UK Gross Domestic Product (GDP) in volume terms was estimated to have increased by 0.8% between Q4 2013 and Q1 2014, unrevised from the previous estimate of GDP published in April 2014. GDP is estimated to have increased by 1.7% in 2013, compared with 2012, unrevised from the estimate in April 2014. Between Q1 2013 and Q1 2014 GDP in volume terms increased by 3.1%, unrevised from the previously published estimate. GDP in current prices was estimated to have increased by 1.2% between Q4 2013 and Q1 2014.

**Monthly External Trade Review (in £ million)**

Year	UK Exports to India	% change	UK Imports from India	% change	Total	% change	India's Balance of Trade
2005	2798	+25.25	2781	+21.60	5579	+23.40	-17
2006	2693	-3.75	3121	+12.23	5814	+4.21	+428
2007	2968	+10.21	3809	+22.04	6777	+16.56	+841
2008	4135	+39.32	4490	+17.88	8625	+27.27	+355
2009	2941	-28.88	4558	+1.51	7499	-13.06	+1617
2010	4071	+38.42	5781	+26.83	9852	+31.38	1710
2011	5677	+40.04	6114	+4.83	11791	+19.33	+397
2012	4665	-17.82	6210	+1.57	10875	-7.76	+1545
2013	5051	+10.93	6182	+3.15	11233	+6.51	+1131
Jan-March 2014	783	-26.27	1642	+8.16	2425	-6.00	+859

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

**Trade and Investment Enquiries from India:** 60

**Trade and Investment Enquiries from UK:** 03

**Tenders from India:** 24

## **News in a nutshell:**

### **UK manufacturing activity rising fast**

Activity in Britain's factories is increasing at the fastest pace for five months as the economy strengthens, according to a poll of manufacturers. The Markit manufacturing purchasing managers' index – based on a closely watched but unofficial survey of the sector – rose from 55.8 in March to 57.3 in April. Numbers over 50 indicate that activity is increasing. The index reading was the highest in five months and one of the best since 2010, just before UK manufacturing slipped into a double-dip recession. The survey comes after news the economy grew a healthy 0.8 per cent in the first quarter of this year. Sterling jumped to a new five-year high against the dollar on the news. The currency, which had been edging higher ahead of the data release, climbed 0.2 per cent after the numbers, to \$1.6905 versus the dollar – the highest since July 2009. Official data earlier in the week also showed a recovery in the manufacturing sector, which accounts for about a tenth of the UK economy. Manufacturing output rose 1.3 per cent in the first quarter of this year, following an increase of 0.6 per cent in the final quarter of last year.

### **Largest employment rise in over 4 decades**

Employment has seen the largest quarterly rise since records began over 40 years ago and the unemployment rate has fallen again to a new 5-year low, according to figures published by the Office for National Statistics (ONS) this morning. The number of people in a job rose 283,000 in the last 3 months – the largest quarterly increase in 43 years. Employment increased by 722,000 on the year – almost the population of Leeds – meaning a record 30.43 million people are in work. Creating jobs and supporting enterprise as the economy grows are central to the government's long-term plan to help hardworking people secure their future. The number of unemployed young people fell by 48,000 in the last 3 months, and has been falling now for the last 8 months. Youth unemployment excluding those in full-time education is now at its lowest level since 2008.

### **Hugo Swire champions major UK investment in Mongolia**

Mr Hugo Swire, Minister of State at the Foreign & Commonwealth Office was in Mongolia for two days of political calls, including on Foreign Minister Bold, and work with UK and Mongolian business. He became the first British Minister to visit the Oyu Tolgoi mine – a \$7bn dollar investment by Rio Tinto with the potential to transform Mongolia's economy. Mr Swire said: "The Foreign Secretary's visit to Mongolia last year was testament to the importance we place on our partnership with Mongolia. We were the first western country to establish relations with Mongolia in 1963, and in 2013 we celebrated fifty years of diplomatic relations. They remain as strong now as they were at the start." He also said: "I look forward to working together on international issues around security, defence and economic growth as well as promoting British business and meeting Chevening scholars. And I hope in particular to have productive discussions on the future development of the Oyu Tolgoi mine – a major British investment and a huge opportunity for Mongolia." Mr Swire's visit to Mongolia follows a two-day visit to China where he met government representatives in Beijing before travelling on to Xi'An to learn more about another of China's emerging cities.

### **PM marks £1 billion investment boost for UK SMEs**

UK Prime Minister had visited a construction site in London to mark a £1 billion investment boost for the UK's small and medium businesses (SMEs) by Balfour Beatty. Balfour Beatty said that this investment - the largest ever spend by a UK construction contractor - is expected to support around 50,000 extra jobs in comparison to their 2013 spend with smaller businesses, bringing the total number of SME jobs in the supply chain to 200,000. During the visit, the Prime Minister met with site workers and apprentices who are building

innovative new student accommodation, as well as small business incubator space in the heart of London. He also met with some of the SMEs in the supply chain who are beneficiaries of the increased investment. Construction contributes £90 billion to the UK economy. Around 10% of all UK jobs (2.9 million) are construction-related and the sector accounts for 6.7% of the UK economy. The global construction market is set to grow by 70% by 2025.

### **UK and China agree £2 billion digital media link-up**

Creative companies from the UK and China are set to benefit from £2 billion worth of trade and investment opportunities, Business Secretary Vince Cable announced during his 8 day visit to China. He formally launched the Global Digital Media and Entertainment Alliance between the UK and China. The Alliance was agreed during the summit between China's Premier Li Keqiang and Prime Minister David Cameron during his visit to China in December 2013 and will promote long term relationships in the digital media and entertainment sectors, opening doors to the Chinese market for UK companies.

### **UK-India Trade and Investment News**

#### **Mumbai's Indsur Group acquires second UK firm**

Mumbai-based S.M. Lodha promoted Indsur Group has announced the acquisition of a leading British thermal engineering company. The acquisition of CDA Contracts Limited was completed through its UK-headquartered arm Indsur Nevron Eurotherm Limited. CDA Contracts, which specialises in industrial processes, energy, chemical and other sectors for over 15 years worldwide, marks the second acquisition by Indsur Group in the UK – the first being Nevron Eurotherm Insulation Limited in October 2012, now called Indsur Nevron Eurotherm Limited. The announcement of the acquisition coincided with the launch of Indsur Nevron's new UK headquarters, to be located at India Buildings in Liverpool. Indsur Group is a Rs 475-crore diversified business headquartered in Mumbai. The Group has a presence across various industry sectors such as steel castings, forging, auto components, thermal engineering, pipes for oil and natural gas etc, with manufacturing facilities located in India and several countries. Recently, the Group had set up a state-of-the-art facility to make power infrastructure castings in India at its Halol plant near Baroda, which is also a major supplier to various European countries.

#### **India-UK trade gets a 6.6% boost**

Trade between India and the UK has registered a 6.6 per cent growth rate in 2013, according to latest ONS figures. The UK's Office of National Statistics (ONS) data shows that the total value of two-way trade of goods and services between the UK and India was £16.4 billion in 2013, compared to £15.4 billion in 2012. British exports to India were valued at over £7.6 billion last year, compared to £6.9 billion in the previous year. The major export items from the UK to India include non-ferrous metals, non-metallic mineral manufactures, power generating machinery and equipment, metalliferous ores and metal scrap, transport equipment, electrical machinery & appliances, general industrial machinery and equipment, professional, scientific and controlling instruments and apparatus, road vehicles, and machinery specialised for particular industries. Indian imports are made up of apparel and clothing accessories, road vehicles, petroleum, petroleum products and related materials, textile yarn and fabrics, miscellaneous manufactured article, medicinal and pharmaceutical products, footwear, manufactures of metal not elsewhere specified, organic chemicals, general industrial machinery and equipment.

**Marks & Spencer plans 100 stores by 2016; eyes leadership position in India**

UK-based apparel chain Marks & Spencer (M&S) is planning to open 60 more stores in India by 2016 in order to claim a "leadership position" in the domestic retail market. The retailer "plans to build a leadership position in the Indian market, targeting a total of 100 stores by 2016," M&S said in a statement today. At present, M&S operates 40 stores in India through 51:49 joint venture with Reliance Retail. A total of 100 stores also include 20 lingerie and beauty stores.

**Vodacom to buy Tata Communications' Neotel for around \$676 mn**

British telecom major Vodafone's South African subsidiary Vodacom has reached an agreement to buy Neotel, controlled by Tata Communications, for 7 billion rand (around \$676 million). "The shareholders of Neotel and Vodacom SA announced that they have favourably concluded an agreement on the commercial structure and terms to proceed for Vodacom to acquire 100 per cent of the shares of Neotel, valued at an enterprise value of ZAR 7.0 billion (about ₹3,950 crore)," Tata Communications said in a statement. Neotel, South Africa's second-biggest fixed-line phone operator, is 68.5 per cent owned by Tata Comm. It competes with former State-owned service provider Telkom.

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