

High Commission of India
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(Economic & Commerce Wing)

Economic & Commercial Report on the United Kingdom
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Highlights

- **Unemployment falls below 6% as vacancies hit record high**
- **10th India-UK Joint Economic and Trade Committee (JETCO) Meeting**
- **Revocation of European Commission's Mango Ban from India**

Overview of UK's Economy

Gross Domestic Product (GDP) in volume terms was estimated to have increased by 0.5% in Q4 2014 compared with growth of 0.7% in Q3 2014. Output increased in two of the four main industrial groupings within the economy in Q4 2014. In order of their contribution, output increased by 0.8% in services and 1.3% in agriculture. In contrast, output decreased by 1.8% in construction and 0.1% in production.

The **Consumer Prices Index (CPI)** grew by 0.5% in the year to December 2014, down from 1.0% in November. The main contributions to the fall came from the December 2013 gas and electricity price rises falling out of the calculation and the continuing drop in motor fuel prices.

The **deficit on trade in goods and services** was estimated to have been £1.4 billion in November 2014, compared with £2.2 billion in October 2014. This reflects a deficit of £8.8 billion on goods, partly offset by an estimated surplus of £7.4 billion on services. The narrowing of the deficit reflects a fall in imports of goods rather than an increase in exports. Between October and November 2014, exports of goods fell by £0.1 billion to £24.4 billion. Imports of goods fell by £1.1 billion to £33.2 billion over the same period, reflecting a £0.7 billion decrease in imports of oil.

The **Bank of England kept interest rates at 0.5%** and maintained the stock of purchased assets financed by the issuance of central bank reserves at £375 billion.

Unemployment falls below 6% as vacancies hit record high

In a further sign of the strength of the UK labour market, the independent figures showed that job vacancies had risen by 127,000 to hit a 14-year record high. The unemployment rate was 5.8%, lower than for June to August 2014 (6.0%) and lower than for a year earlier (7.1%). There were around 700,000 job opportunities across the country, showing that the government's long-term economic plan to back businesses and create jobs is working. The total number of people without a job has fallen by nearly one million since 2010. The number of people in jobs increased by more than half a million over the last year - averaging over 1,400 every day - to a record 30.8 million. Over 80% of the annual rise is in full-time employment, while the number of people working part-time, but who want to work full-time, fell by 125,000.

UK's Economy (External)

UK PM celebrates US investment and jobs boost on Washington trip

During UK PM's recent visit to the US, a number of UK-US trade and investment deals were announced worth more than £1.1 billion that will create 1,700 new jobs in the UK. Some of the deals include: IBEX Global anticipates adding over 100 jobs to their Bristol site in 2015 to 2016. The Carlyle Group, one of the world's largest alternative asset managers, sponsors funds which have extensive commitments in the United Kingdom, and now, one of its investment funds, Carlyle International Energy Partners, is seeking to commit £660 million (\$1 billion) of equity capital into the UK's Oil & Gas industry in the North Sea. An investment to create a new £400 million integrated all-weather, year round leisure, health, sport and education destination - Peak Resorts near Chesterfield is located at the heart of the UK population on the edge of the 550 square miles (1,000 square kilometre) Peak District National Park. The project brings together leading hospitality, university, sport and medical expertise and offers 600 holiday apartments, hotel and hostel units with 250 woodland lodges. A £500,000 deal between London-based SME Shadow Robot and US SME Moley Robotics to develop advanced next-generation robotics hands. £1.3 million in US government funding for Watford-based Smiths Detection, for explosive detection R&D for its wearable chemical detection technology, already used by over 100,000 troops in the UK, US, and around the world.

UK and Pakistan held joint conference on financial and professional services

The third annual UK Pakistan Trade and Investment Conference took place on January 26, 2015 in London which focussed on financial and professional services. The conference was organised by UK Trade and Investment (UKTI) and was part of a series of events throughout the year designed to highlight to UK business the opportunities in Pakistan's growing economy – and to put key Pakistani business leaders in contact with UK investors. The conference was hosted by Mr Tobias Ellwood, Parliamentary Under Secretary of State for the Foreign and Commonwealth Office and the Minister for Pakistan. Business representatives from the UK and delegates from Pakistan, led by Dr Miftah Ismail, Chairman of the Pakistan Board of Investment, attended.

UK appoints first Agriculture and Food Counsellor in China

The UK's first Agriculture and Food Counsellor in China has been appointed to help increase UK's growing food and drink exports to China. The announcement was made during Rt Hon Elizabeth Truss, Secretary of State for Environment, Food and Rural Affairs's recent visit to China. The new role, made possible with significant funding from the Agriculture and Horticulture Development Board (AHDB), will help British firms tap into China's growing interest in speciality foods - a market expected to be worth a potential £39 billion this year.

UK and Singapore hold inaugural financial dialogue

The United Kingdom and Singapore held the inaugural UK-Singapore Financial Dialogue in Singapore on January 28, 2015 in Singapore. The dialogue was chaired by Ms Jacqueline Loh, Deputy Managing Director of the Monetary Authority of Singapore (MAS), and Mr Charles Roxburgh, Director General (Financial Services) of HM Treasury, and attended by senior officials from MAS, the Ministry of Finance (MOF), HM Treasury, the Financial Conduct Authority and the Prudential Regulation Authority. The dialogue facilitated deeper financial and economic cooperation between the two countries. Discussions covered a broad range of issues encompassing the global economy, financial regulatory reforms and financial market development – including offshore Renminbi (RMB), fintech and payments, infrastructure financing, Islamic Finance, insurance and asset management. The meeting deepened mutual understanding and strengthened financial ties between both countries.

UK-India Bilateral

UK-India Trade Review (in £ million)

Year	UK Exports to India	% change	UK Imports from India	% change	Total	% change	India's Balance of Trade
2010	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-November 2014	3557	-25.10	5855	+2.14	9412	-10.19	+2298

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

Trade and Investment Enquiries from India: 68

Trade and Investment Enquiries from UK: 03

Tenders from India: 22

European Commission Lifts Ban on Import of Mangoes from India

A proposal by the Commission to lift the import ban of mango fruits from India was endorsed by Member State experts meeting on January 20, 2015 at the relevant Regulatory Committee concerned with Plant Health. The import into the EU territory of certain fruit and vegetables [taro, eddo (*Colocasia* sp), mango (*Mangifera* sp), bitter gourd (*Momordica* sp), eggplant (*Solanum melongena*) and snake gourd (*Trichosanthes* sp)] from India was prohibited last April due to a high number of consignments intercepted at arrival in the EU infested with quarantine pests, mainly insects, not known to occur in the Union which may establish and threaten the European productions.

An audit carried out by the Commission's Food and Veterinary Office in India in September 2014 showed significant improvements in the phytosanitary export certification system. India has also provided assurances that appropriate measures are now available to ensure that the exports of mango fruits are free from quarantine pest, like the fruit flies not known to occur in the Union. The measures will allow the import of mango fruits before the start of the next import season in March 2015. At later stage, when more evidence is collected regarding the Indian phytosanitary certification, the prohibition of the vegetables will be reviewed.

10th India-UK Joint Economic and Trade Committee (JETCO) Meeting in London

The 10th India-UK JETCO meeting was held on January 19, 2015 in London. Smt Nirmala Sitharaman, Hon'ble Minister of State for Commerce & Industry, Government of India led the Indian delegation. Rt Hon Vince Cable, UK Secretary of State for Business, Innovation and Skills led the UK side. The meeting saw both industry and government come together for productive discussions in the three Working Groups constituted on the themes of Education & Skill Development, Smart Cities and Technological Collaboration, Advanced Manufacturing

and Engineering. The two Ministers attended the JETCO plenary session where the outcomes of the discussions held by the three working groups were presented by the respective co-chairs.

The Education and Skill Development Working Group agreed to focus on six on-going areas - industry interfacing, integration of vocational skills in education, capacity building, action research, cross sectoral collaboration and the skills fund. Mutual recognition of qualifications and creation of structured pathways between institutions and levels, framework to framework mapping, the India-UK Skills Pledge and centres of excellence were also taken forward as specific action points. The Smart Cities Working Group agreed to focus on the Infrastructure Finance; exploring a model which empowers the local authority while exploiting opportunities presented by carbon reduction; Good governance and best practice standards as applied to smart city frameworks; arrange a follow up business to business workshop in India to look more closely at the key themes and issues that have emerged around integrated planning and sectors in a nominated city/town, using real life examples; Work with the education and skills working group to identify skills gaps and mobilise skills training providers and higher education institutions to address the skills gap. The Technological Collaboration, Advanced Manufacturing and Engineering Working Group agreed to expand the Tool Rooms initiative, develop and deploy training programs in system engineering and design through government, academia and industry linkages.

The Hon'ble Minister and the UK Secretary of State agreed to a regular and on-going dialogue, including meetings of the Working Groups over the next year, in order to implement the outcomes of JETCO in support of future UK-India collaboration. It was decided that a meeting at official level will be held to review the progress before the next edition of JETCO in New Delhi in 2016. The Hon'ble Minister and the UK Secretary of State focused on building on the £17.5bn bilateral trade in goods and services in 2013 through enhanced UK and Indian business led collaboration, existing examples of which are highlighted by the "GREAT Collaboration's" campaign, as well as opportunities presented by Government of India's 'Make in India' programme, better market access for UK and Indian firms and improvements to the business environment in both countries.

Visit of Lord Livingston to India

Lord Livingston, UK Minister for Trade and Investment led a contingent of over 60 British companies and 100 delegates to Vibrant Gujarat. This was one of the largest delegations of any country at Vibrant Gujarat 2015, with sectors including advanced engineering, manufacturing, retail, financial services, infrastructure, design and education. UK delegation ranged from global CEOs such as Vittorio Collao, of Vodafone and Sam Walsh of Rio Tinto, to smaller world leaders in their field such as DELCAM and Ricardo. During his visit, Lord Livingston also inaugurated the new UK India Business Centre in Mumbai with Shri Subhash Desai, Minister for Industries, Government of Maharashtra. In the spirit of the Indian government's 'Make in India' campaign, the two ministers witnessed the signature of a new agreement between the UK-India Business Council (UKIBC) and the Maharashtra Industrial Development Corporation (MIDC) offering UK support and expertise as Mumbai works to contribute to an improvement in India's ranking in the World Bank's Ease of Doing Business Index.

UK's OPG Power Ventures to invest 1.5 billion pounds in Gujarat

Lord Livingston, UK Minister for Trade and Investment during his visit to India announced that British energy giant OPG Power Ventures will further invest 1.5 billion pounds in Gujarat. It has completed construction of a 300 MW thermal power plant in Kutch, in which it has invested 400 million pounds, an official release said. The UK-registered company is employing 600 people in India and is listed on the London stock exchange since 2008, it said.

Tata adds more UK jobs at JLR plant

Tata Motors owned Jaguar Land Rover (JLR) announced 1,300 new jobs at its UK plant to build a new car model which will hit the road in 2016. The additional workforce, intended for its Solihull plant in the West Midlands region of England, coincides with Jaguar's entry into the sports utility vehicle (SUV) sector. JLR was bought over by Tata Motors from Ford back in 2008 and currently employs 30,500 UK staff. Over the past year the company has invested nearly £1.5 billion in new production facilities at its Solihull plant. In October 2014, the company also launched a new engine plant in the West Midlands region, which is expected to generate a total of 5,500 jobs in the supply chain.

Varroc inks pact with UK-based Scorpion Auto

Auto component manufacturer Varroc Engineering has entered into a technical collaboration with the UK-based Scorpion Automotive Pvt Ltd. Under the pact, the Indian company headquartered in Aurangabad will make and market security-based products and marketing solutions for the automotive industry. The licence agreement is for the design, manufacture and sale of products like alarms, immobilisers, heated grips, throttle locks, smart chargers and vehicle tracking devices for two-wheelers and four-wheelers for OEMs and aftermarket customers in India. The collaboration also provides the exclusive rights to Varroc to manufacture the licensed security products for their global markets.

UK's footwear brand Church's entering India through tie-up

UK's luxury footwear brand Church's will now be available in India, priced at up to Rs 72,000, following an exclusive distribution tie-up with multi-brand retailer Heel & Buckle. Heel & Buckle, luxury footwear multi-brand retailer, at present has three outlets in Mumbai, Delhi and Gurgaon. Heel & Buckle is looking at expanding its footprint and will open up to 12 outlets this year across the country and up to 120 Shop-in-Shops in the next 2-3 years. The Church's brand was founded in 1873 in Northampton, England by Thomas Church and his three sons.