

Report Overview

This report will outline the strongest industries in the United Kingdom and further evaluate niches in London. The research will focus on the city previously mentioned and will have a focus on the top industries in those cities as well as a focus on the college's interest in European Countries.

The United Kingdom at a Glance

The UK, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The UK has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining; the UK has been a net importer of energy since 2005. Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing, meanwhile, has declined in importance but still accounts for about 10% of economic output.¹

In 2008, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Falling home prices, high consumer debt, and the global economic slowdown compounded the UK's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then BROWN (Labor) government to implement several measures to stimulate the economy and stabilize the financial markets. Facing burgeoning public deficits and debt levels, in 2010 the then CAMERON-led coalition government (between Conservatives and Liberal Democrats) initiated an austerity program, which has continued under the Conservative government. However, the deficit remains one of the highest in the G7, standing at 3.6% of GDP as of 2017, and the UK has pledged to lower its corporation tax from 20% to 17% by 2020. The UK had a debt burden of 90.4% GDP at the end of 2017.²

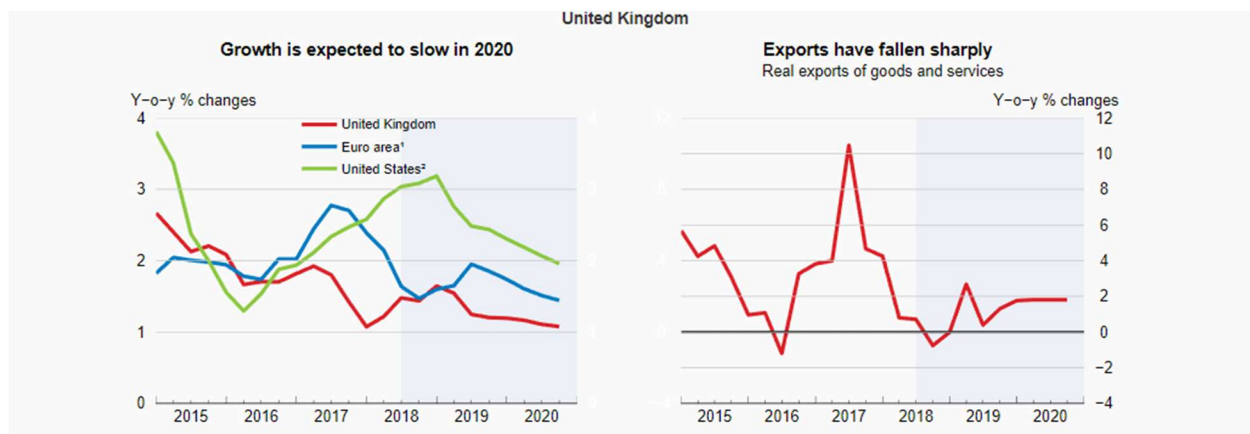
- Population: 65.1 million (July 2018)
- GDP per capita: (EUR) 39,467 equiv. (USD) 44,300 (2017)
- GDP: (EUR) 2.61 trillion equiv. (USD) 2.93 trillion (2017)
- Unemployment: 4.4% (2017)
- Youth unemployment: 11.2% (July 2018)
- Inflation: 2.7% (2017)

The UK economy has begun to slow since the referendum vote to leave the EU in June 2016. A sustained depreciation of the British pound has increased consumer and producer prices,

¹ https://www.cia.gov/library/publications/the-world-factbook/attachments/docs/original/UK_general_one_pager.pdf?1538703664

² <https://www.oecd.org/eco/outlook/united-kingdom-economic-forecast-summary.htm>

weighing on consumer spending without spurring a meaningful increase in exports. The UK has an extensive trade relationship with other EU members through its single market membership, and economic observers have warned the exit will jeopardize its position as the central location for European financial services. Prime Minister MAY is seeking a new "deep and special" trade relationship with the EU following the UK's exit. However, economists doubt that the UK will be able to preserve the benefits of EU membership without the obligations. The UK is expected to officially leave the EU by the end of March 2019.³



*Covers 17 countries that are both euro area and OECD members.

** Projections from 2018Q4.⁴



London overview

If London were a country, it's economy would be the 8th largest in Europe, ahead of many major European nations including Belgium, Norway and Sweden. The economy reflects the character of London itself – global, open, innovative, diverse and dynamic – and these characteristics help to make it one of the most prosperous cities in the world. London is a global economic centre and there are more people living and working in the capital than

ever before. This enables many people in London to enjoy a very high standard of living with average weekly household incomes higher than the rest of the UK.⁵ London is also a global financial capital, with a unique ecosystem that has built up around it. Today, there are more head

³ <https://www.cia.gov/librarY/publications/the-world-factbook/geos/uk.html#field-anchor-people-and-society-population>

⁴ <https://www.oecd.org/eco/outlook/economic-forecast-summary-united-kingdom-oecd-economic-outlook.pdf>

⁵ https://www.london.gov.uk/sites/default/files/economic-development-strategy-2018_1.pdf

offices of banks in London than in any other city in the world, and over 250 foreign banks have an office in London. Other sectors like tech and the creative industries are also growing, with global leaders like Apple, Google, Amazon, Facebook and many others, investing in the city. 40% of the world's largest 250 companies now base their European headquarters in London.⁶

Population: 3.6 million

Unemployment rate: 8.4%

GDP per capita: (EUR) 36,798 equiv. (USD) 42,145

London focuses mainly in the following areas: advanced urban services, cultural/creative industries, financial/business services, life sciences, carbon reduction/ environmentally friendly goods, tech sector, and tourism. While inner London specializes in information/communication, financial/insurance, technology, entertainment/hospitality, and food services, outer London focuses more on healthcare, education, business, administration, retail, transport, wholesale, and manufacturing.⁷ Of small companies less than 250 staff in London, here lies the top five in terms of revenue (in millions of euros): the7stars (Media agency - 283.6), Resourcing Group (Recruitment - 96.3), Oktra (Interior Design - 73.3), Peldon Rose (Office Design - 38.7), and The Berkeley Partnership (Consultancy - 27.7). For big companies with 3,000+ staff, here also lies the top five companies in terms of number employed (in thousands): Deloitte (Professional services - 16.1), Accenture (Management and technology consultancy - 10.7), River Island (Fashion Retailer - 0.8), Marriott Hotels International (Hotels - 0.7), UK Power Networks (Energy Provider - 0.6). Similarly, the top five non-profits in London are (by thousands of employees) The Royal College of Nursing (Professional Association - 0.9), Family Action (Charity - 0.7), Royal Society of Chemistry (Professional Association - 0.5), Network Homes (Housing - 0.5), and Phoenix Futures (Charity and housing - 0.5).⁸

⁶ <https://magazine.startus.cc/londons-fastest-growing-sectors-in-2018/>

⁷ <https://primeofficespace.co.uk/latest/top-ten-industries-in-uk/>

⁸ <https://appointments.thetimes.co.uk/article/best100companies/>