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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

# Country Targeting Strategy 2011/12

## Country Intelligence

### United Kingdom



December 2011

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## Country background and economic overview

The United Kingdom has historically played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith in the 19th century, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two World Wars and the Irish republic withdraw from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council, a founding member of NATO, and of the Commonwealth, the UK pursues a global approach to foreign policy. The UK is also an active member of the EU, although it chose to remain outside the Economic and Monetary Union. Devolution and constitutional reform have been significant recent issues in the UK. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1999. The latter was suspended until May 2007 due to wrangling over the peace process, but devolution was fully completed in March 2011.

The UK, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Over the past two decades, the government has greatly reduced public ownership and contained the growth of social welfare programs. 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 and the UK became a net importer of energy in 2005. Services, particularly banking, insurance, and business services, account by far for the largest proportion of GDP while industry continues to decline in importance. Since emerging from recession in 1992, Britain's economy enjoyed the longest period of expansion on record during which time growth outpaced most of Western Europe. In 2008, however, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Sharply declining home prices, high consumer debt, and the global economic slowdown compounded Britain's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the BROWN government to implement a number of measures to stimulate the economy and stabilize the financial markets; these include nationalizing parts of the banking system, cutting taxes, suspending public sector borrowing rules, and moving forward public spending on capital projects. Financing burgeoning public deficits and debt levels, the CAMERON government in 2010 initiated a 5-year austerity programme, which aims to lower London's deficit from 10% of GDP in 2010 to nearly 1% by 2015. The Bank of England periodically coordinates interest rate moves with the European Central Bank, but Britain remains outside the European Economic and Monetary Union (EMU).

## Country statistics

Indicator	Measure	Rank
<b>Geography</b>		
Area	243,610 sq km	80
	land: 241,930 sq km	
	water: 1,680 sq km	
Coastline	12,429 km	
Natural resources	coal, petroleum, natural gas, iron ore, lead, zinc, gold, tin, limestone, salt, clay, chalk, gypsum, potash, silica sand, slate, arable land	
Land use	arable land: 23.23%	
	permanent crops: 0.2%	
	other: 76.57% (2005)	
Irrigated land	1,950 sq km (2008)	
<b>Demographics and population development</b>		
Population size	62,698,362 (July 2011 est.)	22
Population structure	0-14 years: 17.3%	
	15-64 years: 66.2%	
	65 years and over: 16.5% (2011 est.)	
Popn growth rate	0.557% (2010 est.)	47
Net migration rate	2.15 migrant(s)/1,000 population (2010 est.)	32
Urbanization	80% of total population (2010)	
	growth: 0.7% (2010-15 est.)	
Sex ratio	0.98 male(s)/female (2011 est.)	
Life expectancy at birth	80.05 years (2010 est.)	28
Total fertility rate	1.91 children born/woman (2011 est.)	138
HIV prevalence rate	0.2% (2009 est.)	104
Literacy rate	99% (2003 est.)	
School life expectancy	16 years (2008)	
<b>The economy</b>		
Currency	British pound: 0.639/US\$ (2010 est.); 0.618 (2009 est.)	
GDP (PPP)	total: \$2.173 trillion (2010 est.)	8
	growth: 1.3% (2010 est.); -4.9% (2009 est.)	164
	per capita: \$34,800 (2010 est.)	37
	agriculture: 0.7%	

Indicator	Measure	Rank
GDP composition	industry: 21.7%	
	services: 77.6% (2010 est.)	
Labour force	31.37 million (2009 est.)	20
	unemp rate: 7.8% (2010 est.); 7.6% (2009 est.)	86
Labour force by occupation	agriculture: 1.4%	
	industry: 18.2%	
	services: 80.4% (2006 est.)	
Poverty rate	14% (2006 est.)	
Gross investment (% of GDP)	14.7% of GDP (2010 est.)	167
Public debt	76.1% of GDP (2010 est.)	23
Inflation rate	3.3% (2010 est.); 2.2% (2009 est.)	112
Commercial bank prime rate	3.962% (Dec 2010)	174
Agricultural products	cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish	
Industries	machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum, paper and paper products, food processing, textiles, clothing, other consumer goods	
Electricity	production: 346 billion kWh (2009 est.)	12
	consumption: 344.7 billion kWh (2008 est.)	12
Oil	production: 1.393 million bbl/day (2010 est.)	21
	consumption: 1.622 million bbl/day (2010 est.)	15
	exports: 1.311 million bbl/day (2009 est.)	20
	imports: 1.4 million bbl/day (2009 est.)	13
	reserves: 2.858 billion bbl (1 Jan 2011 est.)	31
Natural gas	production: 56.3 billion cu m (2010 est.)	7
	consumption: 94.28 billion cu m (2010 est.)	8
Current account balance	-\$56.19 billion (2010 est.)	194
Trade	exports: \$410.2 billion (2010 est.)	10
	imports: \$563.2 billion (2010 est.)	7
Export commodities	manufactured goods, fuels, chemicals; food, beverages, tobacco	

Indicator	Measure	Rank
Import commodities	manufactured goods, machinery, fuels; foodstuffs	
Export partners	US 11.4%, Germany 11.2%, Netherlands 8.5%, France 7.7%, Ireland 6.8%, Belgium 5.4% (2010)	
Import partners	Germany 13.1%, China 9.1%, Netherlands 7.5%, US 9.74%, France 6.1%, Belgium 4.9% (2010)	
Reserves of forex & AU	\$82.41 billion (31 Dec 2010 est.)	24
FDI stock	at home: \$1.076 trillion (31 Dec 2010 est.)	4
	abroad: \$1.675 trillion (31 Dec 2010 est.)	3
<b>Communications</b>		
telephones	main lines: 33.32 million (2010)	10
	mobile cellular: 80.799 million (2010)	14
Internet	country code: .uk	
	hosts: 7.03 million (2010)	14
	users: 51.444 million (2010)	7
<b>Transportation</b>		
Airports	505 (2010)	14
	with paved runways: 306	
	with unpaved runways: 199	
Pipelines	condensate 8 km; gas 14,071 km; liquid petroleum gas 59 km; oil 595 km; refined products 4,907 km (2010)	
Railways	16,454 km	16
Roadways	394,428 km	17
Ports and terminals	Dover, Felixstowe, Immingham, Liverpool, London, Southampton, Teesport (England); Forth Ports, Milford Haven (Wales) <b>oil terminals:</b> Fawley Marine terminal, Liverpool Bay terminal (England), Braefoot Bay terminal, Finnart oil terminal, Hound Point (Scotland)	

**Data sources**

Central Intelligence Agency [CIA]; *the World Factbook*. [www.cia.org](http://www.cia.org). Accessed: December 2, 2011