GLOBAL BRITAIN

PLEASE SUPPLY ADDITIONAL TEXT, WAS / IS MISSING FROM WORD DOC

The UK is one of the world's leading economies, with the third-highest stock of assets owned through Foreign Direct Investment (FDI) in the world and ranked fifth in the world for total value of exports. The challenge looking forward is how to build on the past and ensure Britain remains a significant player on the global stage. To boost FDI, government must first and foremost ensure there is a stable framework for business investment and growth. It should introduce policy changes such as better targeting of promotion resources; ensuring government institutions give FDI the priority it deserves; and refreshing our messages to the world to showcase all that Britain has to offer.

To boost exports, government must work in partnership with the UK's world-class leading logistics sector to ensure goods reach their markets efficiently and support SMEs to find new markets. There should be increased emphasis on cementing existing relationships as well as concluding trade agreements. There is a clear need to improve trading relationships with the EU, which remains our biggest trading partner.

Retaining Britain's place on the global stage also means keeping our most successful businesses who may be looking overseas for finance. British growth capital should be made more accessible. Finally, government should only diverge from EU rules where it adds value to UK plc. We encourage close alignment on regulations that impact Britain's global trade, such as standards on manufactured goods, while supporting divergence where there is a clear benefit, such as the Mansion House reforms that will help unlock additional investment for UK firms.

RECOMMENDATIONS

1. Implement trade deals which improve export potential for business

The government must negotiate improved UK trading terms with our largest trading partner, the European Union and complete the current pipeline of free trade negotiations including Switzerland, Gulf Co-operation Council, Türkiye, and India. A new focus on ensuring businesses large and small are getting the full benefits from trade deals current and new is needed from government. The Office for Budget Responsibility in March 2024 estimated growth in UK exports volumes of only 0.3% a year until the end of the forecast period in 2028[ix].

2. Grow Foreign Direct Investment in the UK

Ensure the fundamentals are in place by providing a stable policy framework and a supportive business environment for investment. Focus FDI promotion on the largest investor nations such as the US, EU and India, while investigating new high growth markets, and establish an FDI Council to secure strategic government and business support. Draw together our world-leading cultural and diplomatic institutions and multinational business network to create a new 'Team UK' to facilitate further growth. ONS research has concluded that firms which attract FDI are around 72% more productive than domestically oriented firms without any FDI links, even accounting for size, industry, and location[x].

3. Continue reforms to increase UK investment

The new government should continue and build on the Mansion House compact reforms requiring defined contribution (DC) pension schemes to allocate at least 5% of their default funds to unlisted equities by 2030, potentially unlocking up to £50bn in investment. According to HM Treasury the Mansion House Reforms could unlock an additional £75bn for high-growth businesses, while reforms to DC pension schemes could increase a typical earner's pension pot by 12% throughout a career[xvi].